



**UNIONE DI BANCHE ITALIANE S.C.P.A.**

*(incorporated as a co-operative company limited by shares in the Republic of Italy  
and registered at the Companies' Registry of Bergamo under registration number 03053920165)*

**Euro 5,000,000,000 Covered Bond (*Obbligazioni Bancarie Garantite*) Programme  
unconditionally and irrevocably guaranteed as to payments  
of interest and principal by  
UBI FINANCE CB 2 S.R.L.**

*(incorporated as a limited liability company in the Republic of Italy and registered at the Companies'  
Registry of Milan under registration number 07639080964)*

Except where specified otherwise, capitalised words and expressions in this Prospectus have the meaning given to them in the section entitled "Glossary".

Under this Euro 5,000,000,000 covered bond programme (the "**Programme**"), Unione di Banche Italiane S.c.p.a. ("**UBI Banca**" or the "**Issuer**") may from time to time issue *obbligazioni bancarie garantite* (the "**Covered Bonds**") denominated in any currency agreed between the Issuer and the relevant Dealer(s). The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed Euro 5,000,000,000 (or its equivalent in other currencies calculated as described herein). UBI Finance CB 2 S.r.l. (the "**Guarantor**") has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee (the "**Covered Bond Guarantee**") which is collateralised by a pool of assets (the "**Cover Pool**") made up of a portfolio of mortgages assigned to the Guarantor by the Sellers and certain other assets held by the Guarantor, including funds generated by the portfolio and such assets. Recourse against the Guarantor under the Covered Bond Guarantee is limited to the Cover Pool.

This prospectus (the "**Prospectus**") has been approved as a base prospectus issued in compliance with the Directive 2003/71/EC, which includes the amendments made by Directive 2010/73/EC (the "**Prospectus Directive**") by the Central Bank of Ireland (the "**Central Bank**"), as competent authority in Ireland under Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and European law pursuant to the Prospectus Directive. Such approval relates only to the Covered Bonds which are to be admitted to trading on a regulated market for the purposes of the Prospectus Directive and/or which are to be offered to the public in any member state of the European Economic Area. Application has been made to the Irish Stock Exchange for Covered Bonds issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the Official List and trading on its regulated market, which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC (MiFID). The Programme also permits Covered Bonds to be issued on the basis that (i) they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer or (ii) they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system. An investment in Covered Bonds issued under the Programme involves certain risks. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Covered Bonds.

From their issue dates, the Covered Bonds will be held in dematerialised form. The Covered Bond issued in dematerialised form will be held on behalf of their ultimate owners by Monte Titoli S.p.A. ("**Monte Titoli**") for the account of the relevant Monte Titoli account holders. Monte Titoli will also act as depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream**"). The Covered Bonds issued in dematerialised form will at all times be evidenced by book-entries in accordance with the provisions of Article 83-*bis* of Italian Legislative Decree No. 58 of 24 February 1998 and with the joint regulation of the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") and the Bank of Italy dated 22 February 2008 and published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 54 of 4 March 2008, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Covered Bonds issued in dematerialised form.

Each Series or Tranche may, on or after the relevant issue, be assigned a rating specified in the relevant Final Terms by any rating agency which may be appointed from time to time by the Issuer in relation to any issuance of Covered Bonds or for the remaining duration of the Programme, to the extent that any of them at the relevant time provides ratings in respect of any Series of Covered Bonds. The current long term counterparty credit of the Issuer has been rated, respectively, "BBB+" by Fitch Ratings Ltd. ("**Fitch**"), "Baa3" by Moody's Investors Service Ltd. ("**Moody's**") and "BBB-" by Standard & Poor's Credit Market Services Italy S.r.l. ("**S&P**" and together with Fitch and Moody's, the "**Rating Agencies**") and "F2" from Fitch, "P-3" from Moody's and "A-3"

from S&P. For the avoidance of doubt, any references in this Prospectus to Fitch, Moody's, and/or S&P shall refer to the terms as defined hereby unless otherwise stated). Whether or not each credit rating applied for in relation to relevant Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended, the "**CRA Regulation**") will be disclosed in the Final Terms. The credit ratings included or referred to in this Prospectus have been issued by the Rating Agencies, each of which is established in the European Union and has been registered under the CRA Regulation. As such Moody's, Fitch and S&P are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/list-registered-and-certified-CRAs>) in accordance with the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency.

*Arranger and Dealer for  
the Programme*  
**BARCLAYS**

The date of this Prospectus is 29 July 2014.

*This Prospectus is a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purposes of giving information which, according to the particular nature of the Covered Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and of the Guarantor and of the rights attaching to the Covered Bonds.*

*The Issuer and the Guarantor accept responsibility for the information contained in this Prospectus and the Final Terms for each Tranche of Covered Bonds issued under the Programme. To the best of the knowledge of the Issuer and Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the Sellers, together with the Issuer and the Guarantor, accepts responsibility for the information contained in this Prospectus in the sections entitled "The Sellers" and "Description of the Cover Pool". To the best of the knowledge of the Sellers, Issuer and Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in the sections entitled "The Sellers" and "Description of the Cover Pool" is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*This Prospectus is to be read and construed in conjunction with any supplements hereto, with all documents which are incorporated herein by reference (see "Information Incorporated by Reference") and, in relation to any Tranche (as defined herein) of Covered Bonds, with the relevant Final Terms (as defined herein).*

*No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or the UBI Banca Group or any of the Dealers or the Arranger. Neither the delivery of this Prospectus nor any sale made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Guarantor or the UBI Banca Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the UBI Banca and the UBI Banca Group or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealers to subscribe for, or purchase, any Covered Bonds.*

*The distribution of this Prospectus and the offering or sale of the Covered Bonds in certain jurisdictions maybe restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Covered Bonds may not be offered, sold or delivered within the United States or to US persons. There are further restrictions on the distribution of this Prospectus and the offer or sale of Covered Bonds in the European Economic Area, including the United Kingdom and the Republic of Italy, and in Japan. For a description of certain restrictions on offers and sales of Covered Bonds and on distribution of this Prospectus, see "Subscription and Sale".*

*None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Covered Bonds. Each potential purchaser of Covered Bonds should determine for itself the relevance of the information contained in this Prospectus and its purchase of Covered Bonds should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to advise any investor or potential investor in Covered Bonds of any information coming to the attention of any of the Dealers or the Arranger.*

*In this Prospectus, unless otherwise specified or unless the context otherwise requires, all references to "**£**" or "**Sterling**" are to the currency of the United Kingdom, "**dollars**" are to the currency of the United States of America and all references to "**€**", "**euro**" and "**Euro**" are to the lawful currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended from time to time. References to "**£**" or "**UK Sterling**" are to the currency of the United Kingdom; reference to "**Japanese Yen**" is to the currency of Japan; reference to "**Swiss Franc**" or "**CHF**" are to the currency of the Swiss Confederation.*

*Figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same item of information may vary, and figures which are totals may not be the arithmetical aggregate of their components.*

*In connection with any Tranche of Covered Bonds, one or more Dealers may act as a stabilising manager (the "Stabilising Manager"). The identity of the Stabilising Manager will be disclosed in the relevant Final Terms. References in the next paragraph to "the issue" of any Tranche are to each Tranche in relation to which any Stabilising Manager is appointed.*

*In connection with the issue of any Tranche of Covered Bonds, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there can be no assurance that the Stabilising Manager(s) (or any person acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.*

*The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.*

#### **Market Share Information and Statistics**

This Prospectus contains third party information and statistics on pages 108-109 under paragraph named "The UBI Banca Group" under Section headed "The Issuer", regarding the market share of the UBI Banca Group which are derived from, or are based upon, the Issuer's analysis of data obtained from the Bank of Italy. Such data have been reproduced accurately in this Prospectus and, as far as the Issuer is aware and is able to ascertain from information published by the Bank of Italy, no facts have been omitted which would render such reproduced information inaccurate or misleading.

#### **Certain Definitions**

UBI Banca is the surviving entity from the merger between Banche Popolari Unite S.c.p.a. ("**BPU**") and Banca Lombarda e Piemontese S.p.A. ("**Banca Lombarda**" or "**BL**"), which was completed with effect from 1 April 2007. Pursuant to the merger, Banca Lombarda e Piemontese S.p.A. merged by incorporation into Banche Popolari Unite S.c.p.a. which, upon completion of the merger, changed its name to Unione di Banche Italiane S.c.p.a. Accordingly, in this Prospectus:

- (a) references to "**UBI Banca**" are to Unione di Banche Italiane S.c.p.a. in respect of the period since 1 April 2007 and references to the "**Group**" or to the "**UBI Banca Group**" are to UBI Banca and its subsidiaries in respect of the same period;
- (b) references to "**BPU**" are to Banche Popolari Unite S.c.p.a. in respect of the period prior to 1 April 2007 and references to the "**BPU Group**" are to BPU and its subsidiaries in respect of the same period;
- (c) references to the "**Issuer**" are to UBI Banca in respect of the period since 1 April 2007 and to BPU in the period prior to that date; and
- (d) references to "**Banca Lombarda**" are to Banca Lombarda e Piemontese S.p.A. and references to the "**Banca Lombarda Group**" are to Banca Lombarda and its subsidiaries in the period prior to 1 April 2007.

### **The Covered Bonds may not be a suitable investment for all investors**

Each potential investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understands thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of the Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

### **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) it can legally invest in Covered Bonds (ii) Covered Bonds can be used as collateral for various types of borrowing and "repurchase" arrangements and (iii) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

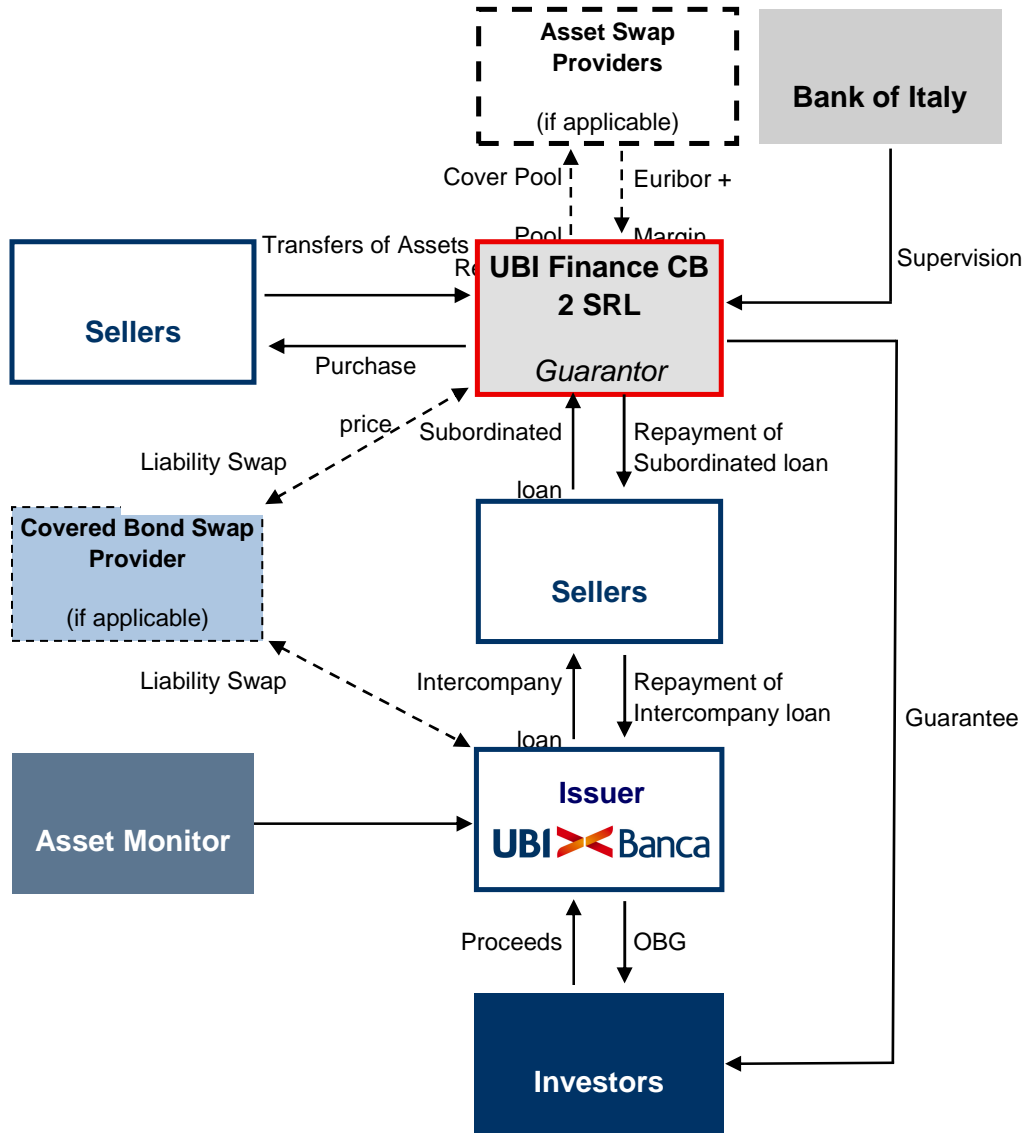
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## OVERVIEW OF THE PROGRAMME

*This section constitutes a general description of the Programme for the purposes of Article 22(5) of Commission Regulation (EC) No. 809/2004. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Covered Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Prospectus shall have the same meaning in this overview.*

### Structure Diagram



## PARTIES

<b>Issuer</b>	<p>Unione di Banche Italiane S.c.p.A., a co-operative company limited by shares incorporated under the laws of Italy.</p> <p>For a more detailed description of the Issuer, see "<i>The Issuer</i>".</p>
<b>Guarantor</b>	<p>UBI Finance CB 2 S.r.l., a limited liability company incorporated under the laws of Italy.</p> <p>For a more detailed description of the Guarantor, see "<i>The Guarantor</i>".</p>
<b>Sellers</b>	<p>Banca Regionale Europea S.p.A. Banco di Brescia S.p.A. Banca Popolare di Bergamo S.p.A. Banca Popolare Commercio e Industria S.p.A. Banca Carime S.p.A. Banca di Valle Camonica S.p.A. Banca Popolare di Ancona S.p.A. UBI Banca Private Investment S.p.A. Unione di Banche Italiane S.c.p.A.</p> <p>For a more detailed description of the Sellers, see "<i>The Sellers</i>".</p>
<b>Arranger</b>	<p>Barclays Bank PLC</p>
<b>Dealer(s)</b>	<p>Barclays Bank PLC and any other dealer appointed from time to time in accordance with the Programme Agreement, which appointment may be for a specific Series of Covered Bonds issued or on an ongoing basis.</p>
<b>Calculation Agent</b>	<p>Pursuant to the terms of the Cash Allocation Management and Payments Agreement, Unione di Banche Italiane S.c.p.A. (or any other entity being appointed as such in the future) will act as Calculation Agent.</p>
<b>Principal Paying Agent</b>	<p>Pursuant to the terms of the Cash Allocation Management and Payments Agreement, The Bank of New York Mellon (Luxembourg) S.A., Italian Branch (or any other entity being appointed as such in the future) will act as Principal Paying Agent.</p>
<b>Master Servicer</b>	<p>Pursuant to the terms of the Master Servicing Agreement, Unione di Banche Italiane S.c.p.A. will act as Master Servicer.</p>
<b>Sub-Servicers and Service Providers</b>	<p>Each Seller, other than Unione di Banche Italiane S.c.p.A., will act as individual Sub-Servicers and, including Unione di Banche Italiane S.c.p.A. Service Providers under the Master Servicing Agreement and the Sub-Servicing Agreements.</p>
<b>Representative of the Covered Bondholders</b>	<p>BNY Mellon Corporate Trustee Services Limited, as Representative of the Covered Bondholders. The Representative of the Covered Bondholders will act as such pursuant to the Intercreditor Agreement, the Programme Agreement, the Conditions, the Mandate Agreement and the Deed of Charge.</p>
<b>Asset Monitor</b>	<p>A reputable firm of independent accountants and auditors will be appointed as Asset Monitor pursuant to a mandate granted by the Issuer and the Asset Monitor Agreement. The initial Asset Monitor will be Mazars S.p.A.</p>
<b>Asset Swap Providers</b>	<p>Any Seller as counterparty of the Guarantor under any Asset Swap Agreement that may be entered into.</p>



<b>Liability Swap Providers</b>	Any counterparty of the Guarantor under any Liability Swap Agreement that may be entered into.
<b>Italian Account Bank</b>	Unione di Banche Italiane S.c.p.A. will act as Italian Account Bank pursuant to the Cash Allocation Management and Payments Agreement.
<b>Luxembourg Account Bank</b>	UBI Banca International S.A. will act as Luxembourg Account Bank pursuant to the Cash Allocation Management and Payments Agreement.
<b>Guarantor Corporate Servicer</b>	TMF Management Italia S.r.l., a company incorporated under the laws of Italy, has been appointed as Guarantor Corporate Servicer pursuant to the Corporate Services Agreement.
<b>Listing Agent</b>	The Bank of New York Mellon SA/NV, Dublin Branch, whose registered offices is at Hanover Building, Windmill Lane, Dublin 2, Ireland, has been appointed by the Issuer as listing agent.

## THE PROGRAMME

<b>Programme description</b>	A covered bond issuance programme under which Covered Bonds ( <i>Obbligazioni Bancarie Garantite</i> ) will be issued by the Issuer to the Covered Bondholders.
<b>Programme size</b>	The aggregate nominal amount of the Covered Bonds at any time outstanding will not exceed Euro 5,000,000,000 (or its equivalent in other currencies to be calculated as described in the Programme Agreement). The Issuer may however increase the aggregate nominal amount of the Programme in accordance with the Programme Agreement and with Article 2, letter (h), of Regulation (EU) No. 382 of 2014, by publishing a supplement to the Prospectus.

## THE COVERED BONDS

<b>Form of Covered Bonds</b>	The Covered Bonds will be issued in dematerialised form. The Covered Bonds issued in dematerialised form are held on behalf of their ultimate owners by Monte Titoli for the account of Monte Titoli account holders. Monte Titoli will act as depository for Euroclear and Clearstream. The Covered Bonds issued in dematerialised form will at all times be in book entry form and title to the Covered Bonds will be evidenced by book entries. No physical document of title will be issued in respect of the covered bonds issued in dematerialised form.
<b>Denomination of Covered Bonds</b>	The Covered Bonds will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that the minimum denomination of each Covered Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be Euro 100,000 (or where the relevant Tranche is denominated in a currency other than Euro, the equivalent amount in such other currency).
<b>Status of the Covered Bonds</b>	The Covered Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a winding-up, liquidation, dissolution or bankruptcy of the Issuer, any funds realised and payable to the Covered Bondholders will be collected by the Guarantor in accordance with the Securitisation and

Covered Bond Law.

<b>Specified Currency</b>	Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the Covered Bondholders (as set out in the applicable Final Terms).
<b>Maturities</b>	The Covered Bonds will have such Maturity Date as may be agreed between the Issuer and the relevant Dealer(s) and indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by any relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
<b>Redemption</b>	<p>The applicable Final Terms relating to each Series of Covered Bonds will indicate either (a) that the Covered Bonds of such Series of Covered Bonds cannot be redeemed prior to their stated maturity (other than in specified instalments if applicable, or for taxation reasons or if it becomes unlawful for any Covered Bond to remain outstanding or following an Issuer Event of Default or Guarantor Event of Default), (b) that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Covered Bondholders on a date or dates specified prior to the specified Maturity Date and at a price as may be agreed between the Issuer and the Dealer(s) as set out in the applicable Final Terms or (c) that such Covered Bonds will be redeemable at the option of the Covered Bondholders, as provided in Condition 9 (<i>Redemption and Purchase</i>), letter (f) (<i>Redemption at the option of Covered Bondholders</i>) and in the applicable Final Terms.</p> <p>The applicable Final Terms may provide that the Covered Bonds may be redeemable in two or more instalments of such amounts and on such dates as indicated in the Final Terms.</p>
<b>Extended Maturity Date</b>	<p>The applicable Final Terms relating to each Series of Covered Bonds issued may indicate that the Guarantor's obligations under the Covered Bond Guarantee to pay Guaranteed Amounts equal to the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date may be deferred until the Extended Maturity Date. The deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount on the Maturity Date for such Series of Covered Bonds and if the Guarantor does not pay the final redemption amount in respect of the relevant Series of Covered Bonds (for example, because the Guarantor has insufficient funds) by the Extension Determination Date. Interest will continue to accrue and be payable on the unpaid amount up to the Extended Maturity Date. If the duration of the Covered Bond is extended, the Extended Maturity Date shall be the date falling one calendar year after the relevant Maturity Date.</p> <p>For further details, see Condition 9(b) (<i>Extension of maturity</i>).</p>
<b>Extended Instalment Date</b>	If a Series of Covered Bonds is to be redeemed in instalments, the applicable Final Terms may indicate that the Guarantor's obligations under the Covered Bond Guarantee to pay a Covered Bond Instalment Amount and all subsequently payable Covered Bond Instalment Amounts may be deferred by one year until their relevant Extended Instalment Dates. The deferral will occur automatically if the Issuer fails to pay a Covered Bond Instalment Amount on its Covered Bond Instalment Date and if the Guarantor does not pay such Covered Bond Instalment Amount (for example, because the Guarantor has insufficient funds) by the Covered Bond Instalment Extension Determination Date. Interest will continue to accrue and be payable on the unpaid amount up to the relevant Extended Instalment Date, which shall be the date falling one calendar year after the

relevant Covered Bond Instalment Date.

Each Covered Bond Instalment Amount may be deferred when falling due no more than once. At such time, each subsequent but not yet due Covered Bond Instalment Amount will also be deferred, so it is possible that a Covered Bond Instalment Amount may be deferred more than once but it may never be deferred to a date falling after the Maturity Date for the relevant Series.

For further details, see Condition 9(j) (*Extension of principal instalments*).

## Tests

The Programme provides that the assets of the Guarantor are subject to the statutory tests provided for under Article 3 of Decree No. 310 (the "**Statutory Tests**"), which are intended to ensure that the Guarantor can meet its obligations under the Covered Bond Guarantee. Accordingly, for so long as Covered Bonds remain outstanding, the Sellers and the Issuer must always ensure that the following tests are satisfied on each Calculation Date:

- (1) the Nominal Value Test;
- (2) the Net Present Value Test; and
- (3) the Interest Coverage Test.

Further to the Statutory Tests, the Amortisation Test is intended to ensure that if, following an Issuer Event of Default and service of an Issuer Default Notice on the Issuer and the Guarantor (but prior to service on the Guarantor of a Guarantor Default Notice), the assets of the Guarantor available to meet its obligations under the Covered Bond Guarantee fall to a level where Covered Bondholders may not be repaid, a Guarantor Event of Default will occur and all obligations owing under the Covered Bond Guarantee may be accelerated. Under the Cover Pool Management Agreement, the Guarantor must ensure that, on each Calculation Date following service of an Issuer Default Notice on the Issuer and the Guarantor but prior to a Guarantor Event of Default and service of a Guarantor Default Notice, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate principal amount of the Covered Bonds as calculated on the relevant Calculation Date. For further details on the above, see "*Credit Structure*" below

## Asset Monitoring

Pursuant to an engagement letter the Issuer will appoint the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning, *inter alia*, i) the compliance with the issuing criteria set out in Decree No. 310 in respect of the issuance of covered bonds; (ii) the fulfilment of the eligibility criteria set out under Decree No. 310 with respect to the Eligible Assets and Top-Up Assets included in the Cover Pool; (iii) the compliance with the limits on the transfer of the Eligible Assets and Top-Up Assets set out under Decree No. 310; (iv) the compliance with the limits set out in Decree No. 310 with respect to covered bonds issued and the Eligible Assets and Top-Up Assets included in the Portfolios as determined in the Statutory Tests; and (v) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme. Furthermore, under the terms of the Asset Monitor Agreement to be entered into by the Issuer, the Calculation Agent, the Asset Monitor, the Guarantor and the Representative of the Covered Bondholders, the Asset Monitor has agreed with the Issuer and, upon delivery of an Issuer Default Notice, with the Guarantor, to verify, subject to due receipt of the information to be provided by the Calculation Agent to the Asset Monitor, the arithmetic accuracy of the calculations performed by the Calculation

Agent under the Statutory Tests and the Amortisation Test carried out pursuant to the Cover Pool Management Agreement, with a view to confirming whether such calculations are accurate.

<b>Issue Price</b>	Covered Bonds may be issued at par or at a premium or discount to par.
<b>Interest</b>	Covered Bonds may be interest-bearing or non-interest-bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. Covered Bonds may also have a maximum rate of interest, a minimum rate of interest or both (as indicated in the applicable Final Terms). Interest on Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, in each case as may be agreed between the Issuer and the relevant Dealer(s).
<b>Fixed Rate Covered Bonds</b>	Fixed Rate Covered Bonds will bear interest at a fixed rate, which will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such day count fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
<b>Floating Rate Covered Bonds</b>	<p>Floating Rate Covered Bonds will bear interest at a rate determined:</p> <ul style="list-style-type: none"><li>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or</li><li>(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li><li>(c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),</li></ul> <p>in each case, as set out in the applicable Final Terms.</p> <p>The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Covered Bonds, as set out in the applicable Final Terms.</p>
<b>Taxation</b>	<p>All payments in relation to Covered Bonds will be made without tax deduction except where required by law. If any tax deduction is made, the Issuer shall be required to pay additional amounts in respect of the amounts so deducted or withheld, subject to a number of exceptions including deductions on account of Italian substitute tax pursuant to Decree No. 239.</p> <p>Under the Covered Bond Guarantee, the Guarantor will not be liable to pay any such additional amounts.</p> <p>For further detail, see Condition 11 (<i>Taxation</i>).</p>
<b>Issuer cross default</b>	Each Series of Covered Bonds will cross-accelerate as against each other but will not otherwise contain a cross default provision. Accordingly, neither an event of default in respect of any other indebtedness of the Issuer (including other debt securities of the Issuer) nor acceleration of such indebtedness will of itself give rise to an Issuer Event of Default. In addition, an Issuer Event of Default will not automatically give rise to a Guarantor Event of Default, <i>provided however that</i> , where a Guarantor Event of Default occurs and the Representative of the Covered Bondholders serves a Guarantor Default Notice upon the Guarantor, such Guarantor Default Notice will accelerate each Series of outstanding

Covered Bonds issued under the Programme.

For further detail, see Condition 12(a) (*Issuer Events of Default*).

<b>Rating Agency confirmation</b>	The issue of any Series of Covered Bonds in each case as specified in the applicable Final Terms shall be subject to confirmation by the Rating Agency that the then current ratings for any outstanding Covered Bonds will not be adversely affected by the issuance of such Covered Bonds.
<b>Listing and admission to trading</b>	Application has been made to the Irish Stock Exchange for Covered Bonds issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the Official List and to trading on its regulated market.
<b>Rating</b>	Each Series of Covered Bonds is expected to be assigned the following ratings on the relevant Issue Date unless otherwise stated in the applicable Final Terms:

**Fitch Ratings Ltd.**

A+

Whether or not a rating in relation to any Series of Covered Bonds will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. The credit ratings included or referred to in this Prospectus have been issued by Fitch Ratings Ltd. which is established in the European Union and has been registered under the CRA Regulation as resulting from the list of registered credit rating agencies (reference number 2011/247) published on 31 October 2011 by the European Securities and Markets Authority (ESMA) on its website (at <http://www.esma.europa.eu/page/list-registered-and-certified-CRAs>). In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation.

<b>Governing Law</b>	The Covered Bonds and any non-contractual obligations arising out of, or in connection, thereof will be governed by Italian law or by any other law as set out in the relevant Final Terms. The Transaction Documents and any non-contractual obligations arising out of, or in connection, thereof will be governed by Italian law, except for the Swap Agreements, if any, and the deed of charge relating to such Swap Agreements, which will be governed by English law and the Luxembourg Deed of Pledge, which will be governed by Luxembourg law.
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**THE GUARANTOR AND THE COVERED BOND GUARANTEE**

<b>Covered Bond Guarantee</b>	Payments of Guaranteed Amounts in respect of the Covered Bonds when due for payment will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor to make payments in respect of such Guaranteed Amounts when due for payment are subject to the conditions that an Issuer Event of Default has occurred, and an Issuer Default Notice has been served on the Issuer and on the Guarantor or, if earlier, a Guarantor Event of Default has occurred and a Guarantor Default Notice has been served on the Guarantor.
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The obligations of the Guarantor will accelerate once the Guarantor Default Notice mentioned above has been delivered to the Guarantor. The obligations of the Guarantor under the Covered Bond Guarantee constitute direct, unconditional and unsubordinated obligations of the Guarantor collateralised by the Cover Pool and recourse against the Guarantor is

limited to such assets.

For further detail, see "*Overview of the Transaction Documents – Covered Bond Guarantee*".

### **Suspension of Payments**

If a resolution pursuant to Article 74 of the Consolidated Banking Act is passed in respect of the Issuer (the "**Article 74 Event**"), the Guarantor, in accordance with Decree No. 310, shall be responsible for the payments of the Guaranteed Amounts due and payable within the entire period in which the suspension continues (the "**Suspension Period**").

Following an Article 74 Event:

- (i) the Representative of the Covered Bondholders will serve an Issuer Default Notice on the Issuer and the Guarantor, specifying that an Article 74 Event has occurred and that such event may be temporary; and
- (ii) in accordance with Decree No. 310, the Guarantor shall be responsible for payment of the amounts due and payable under the Covered Bonds during the Suspension Period at their relevant due dates, *provided that* it shall be entitled to claim any such amounts from the Issuer.

The Suspension Period shall end upon delivery by the Representative of the Covered Bondholders of a notice to the Issuer, the Guarantor and the Asset Monitor (the "**Article 74 Event Cure Notice**"), informing such parties that the Article 74 Event has been revoked.

Upon the termination of the Suspension Period the Issuer shall again be responsible for meeting the payment obligations under the Covered Bonds.

### **Issuer Events of Default**

If any of the following events (each, an "**Issuer Event of Default**") occurs and is continuing:

- (a) *Non-payment*: the Issuer fails to pay any amount of interest and/or principal due and payable on any Series of Covered Bonds at their relevant Interest Payment Date and such breach is not remedied within the next 15 Business Days, in case of amounts of interest, or 20 Business Days, in case of amounts of principal, as the case may be; or
- (b) *Breach of other obligation*: a material breach of any obligation under the Transaction Documents by the Issuer occurs which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Issuer; or
- (c) *Cross-default*: any of the events described in paragraphs (a) to (b) above occurs in respect of any other Series of Covered Bonds; or
- (d) *Insolvency*: an Insolvency Event occurs with respect to the Issuer; or
- (e) *Article 74 resolution*: a resolution pursuant to article 74 of the Consolidated Banking Act is issued in respect of the Issuer; or
- (f) *Cessation of business*: the Issuer ceases to carry on its primary business; or
- (g) *Breach of Tests*: the Tests are breached and are not remedied within

the Test Grace Period,

then the Representative of the Covered Bondholders shall serve an Issuer Default Notice on the Issuer and the Guarantor demanding payment under the Covered Bond Guarantee, and specifying, in case of the Issuer Event of Default referred to under item (v) (*Article 74 resolution*) above, that the Issuer Event of Default may be temporary.

Upon service of an Issuer Default Notice upon the Issuer and the Guarantor:

- (a) *No further Series of Covered Bonds*: the Issuer may not issue any further Series of Covered Bonds;
- (b) Covered Bond Guarantee:
- (c) interest and principal falling due on the Covered Bonds will be payable by the Guarantor at the time and in the manner provided under the Conditions, subject to and in accordance with the terms of the Covered Bond Guarantee and the Priority of Payments;
- (d) the Guarantor (or the Representative of the Covered Bondholders pursuant to the Intercreditor Agreement) shall be entitled to request from the Issuer an amount up to the Guaranteed Amounts and any sum so received or recovered from the Issuer will be used to make payments in accordance with the Covered Bond Guarantee;
- (e) if (i) the right of the Guarantor under letter (b) above is in any way challenged or revoked and (ii) a Programme Resolution of the Covered Bondholders has been passed to this effect, the Covered Bonds will become immediately due and payable by the Issuer, at their Early Termination Amount together with accrued interest thereon and the Guarantor will no longer be entitled to request from the Issuer the amount set out under letter (b) above;
- (f) *Disposal of Assets*: the Guarantor shall sell the Eligible Assets and Top-Up Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement,

*provided that*, in case of the Issuer Event of Default referred to under item (v) (*Article 74 resolution*) above, the effects listed in items (i) (*No further Series of Covered Bonds*), (ii) (*Covered Bond Guarantee*) and (iii) (*Disposal of Assets*) above will only apply for as long as the suspension of payments pursuant to Article 74 of the Consolidated Banking Act will be in force and effect (the "**Suspension Period**"). Accordingly (A) the Guarantor, in accordance with Decree No. 310, shall be responsible for the payments of the amounts due and payable under the Covered Bonds during the Suspension Period and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds.

For further detail, see Condition 12(a) (*Issuer Events of Default*).

#### **Guarantor Events of Default**

If any of the following events (each, a "**Guarantor Event of Default**") occurs and is continuing:

*Non-payment*: following delivery of an Issuer Default Notice, the Guarantor fails to pay any interest and/or principal due and payable under

the Covered Bond Guarantee and such breach is not remedied within the next following 15 Business Days, in case of amounts of interests, or 20 Business Days, in case of amounts of principal, as the case may be; or

- *Insolvency*: an Insolvency Event occurs with respect to the Guarantor; or
- *Breach of other obligation*: a material breach of any obligation under the Transaction Documents by the Guarantor occurs (other than payment obligations referred to in letter (i) above) which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Guarantor; or
- *Breach of Amortisation Test*: following the service of an Issuer Default Notice (provided that, in case the Issuer Event of Default consists of an Article 74 Event, the Representative of the Covered Bondholders has not delivered an Article 74 event Cure Notice), the Amortisation Test is breached and is not remedied within the Test Grace Period; or
- *Invalidity of the Covered Bond Guarantee*: the Covered Bond Guarantee is not in full force and effect or it is claimed by the Guarantor not to be in full force and effect,

then the Representative of the Covered Bondholders shall or, in the case of the Guarantor Event of Default under letter (iii) (*Breach of other obligation*) above shall, if so directed by a Programme Resolution, serve a Guarantor Default Notice on the Guarantor.

Upon service of a Guarantor Default Notice upon the Guarantor:

- (A) *Acceleration of Covered Bonds*: the Covered Bonds shall become immediately due and payable at their Early Termination Amount together, if appropriate, with any accrued interest;
- (B) *Covered Bond Guarantee*: subject to and in accordance with the terms of the Covered Bond Guarantee, the Representative of the Covered Bondholders, on behalf of the Covered Bondholders, shall have a claim against the Guarantor for an amount equal to the Early Termination Amount, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 11(a) (*Gross up by Issuer*) in accordance with the Priority of Payments;
- (C) *Disposal of assets*: the Guarantor shall immediately sell all assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement; and
- (D) *Enforcement*: the Representative of the Covered Bondholders may, at its discretion and without further notice subject to having been indemnified and/or secured to its satisfaction, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by a Programme Resolution of the Covered Bondholders.

#### **Guarantor Available Funds**

Prior to service of an Issuer Default Notice on the Issuer and the Guarantor under the Covered Bond Guarantee the Guarantor will:

- apply Interest Available Funds to pay interest due on the Term Loans, but only after payment of certain items ranking higher in the Pre-Issuer Event of Default Interest Priority of Payments (including, but not limited to, the Reserve Fund Amount to be credited to the Reserve Fund Account). For further details of the



Pre-Issuer Event of Default Interest Priority of Payments, see "*Cashflows*" below; and

- apply Principal Available Funds towards (subject to compliance with the Tests and, in relation to the relevant Seller, of the Relevant Portfolio Test) repaying Term Loans but only after payment of certain items ranking higher in the relevant Pre-Issuer Event of Default Principal Priority of Payments. For further details of the Pre-Issuer Event of Default Principal Priority of Payments, see "*Cashflows*" below.

Following service on the Issuer and the Guarantor of an Issuer Default Notice (but prior to a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor) the Guarantor will use all monies to pay Guaranteed Amounts in respect of the Covered Bonds and payments to the Other Issuer Creditors and Other Creditors when due for payment subject to paying certain higher ranking obligations of the Guarantor in the Guarantee Priority of Payments. In such circumstances, the Sellers will only be entitled to receive payment from the Guarantor of interest and repayment of principal under the Term Loans after all amounts due under the Covered Bond Guarantee in respect of the Covered Bonds, the Other Issuer Creditor and the Other Creditors have been paid in full (or sufficient funds have been set aside for such purpose).

Following the occurrence of a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor, the Covered Bonds will become immediately due and repayable and Covered Bondholders will then have a claim against the Guarantor under the Covered Bond Guarantee for an amount equal to the Early Termination Amount in respect of each Covered Bond, together with accrued interest and any other amounts due under the Covered Bonds, and Guarantor Available Funds will be distributed according to the Post-Enforcement Priority of Payments, as to which see "*Cashflows*" below.

#### **Cover Pool**

The Covered Bond Guarantee will be collateralised by the Cover Pool constituted by (i) the Portfolio comprised of Mortgage Loans and related collateral assigned to the Guarantor by one or more Sellers in accordance with the terms of the relevant Master Loans Purchase Agreements and (ii) any other Eligible Assets and Top-Up Assets held by the Guarantor with respect to the Covered Bonds and the proceeds thereof which will, *inter alia*, comprise the funds generated by the Portfolio, the other Eligible Assets and the Top-Up Assets including, without limitation, funds generated by the sale of assets from the Cover Pool and funds paid in the context of a liquidation of the Issuer.

For further detail, see "*Description of the Cover Pool*".

#### **Limited recourse**

The obligations owed by the Guarantor to the Covered Bondholders and, in general, to each of the Sellers, the Other Issuer Creditors and the Other Creditors are limited recourse obligations of the Guarantor, which will be paid in accordance with the applicable Priority of Payments. The Covered Bondholders, the Sellers, the Other Issuer Creditors and the Other Creditors will have a claim against the Guarantor only to the extent of the Guarantor Available Funds, including any amounts realised with respect to the Cover Pool, in each case subject to and as provided in the Covered Bond Guarantee and the other Transaction Documents.

#### **Term Loans**

The Sellers, other than UBI Banca have granted to the Guarantor a Term Loan for the purpose of funding the purchase from the relevant Seller of the Eligible Assets included in the initial Cover Pool. Subsequently, each Seller will grant further Term Loans to the Guarantor for the purposes of funding the purchase from the relevant Seller of Eligible Assets and Top-Up Assets

in order to remedy a breach of the Tests or to support further issues of Covered Bonds. The Guarantor will pay interest in respect of each Term Loan but will have no liability to gross up for withholding. Payments from the Guarantor to the Sellers under the Term Loans will be limited recourse and subordinated and paid in accordance with the Priorities of Payments to the extent the Guarantor has sufficient Guarantor Available Funds.

For further detail, see "*Overview of the Transaction Documents – Subordinated Loan Agreement*".

**Excess Receivables and support for further issues**

To support the issue of further Series of Covered Bonds, (i) Excess Receivables may be retained in the Portfolio or (ii) Eligible Assets may be acquired from one or more Sellers with the proceeds of the relevant Subordinated Loan Agreements entered into by such Sellers in order to ensure that the Cover Pool both before and after the issue of the new Series of Covered Bonds complies with the Tests.

**Segregation of Guarantor's rights and collateral**

The Covered Bonds benefit from the provisions of Article 7-*bis* of the Securitisation and Covered Bond Law, pursuant to which the Cover Pool is segregated by operation of law from the Guarantor's other assets.

In accordance with Article 7-*bis* of the Securitisation and Covered Bond Law, prior to and following a winding-up of the Guarantor and an Issuer Event of Default or Guarantor Event of Default causing the Covered Bond Guarantee to be called, proceeds of the Cover Pool paid to the Guarantor will be exclusively available for the purpose of satisfying the obligations owed to the Covered Bondholders, to the Swap Providers under the Swap Agreements entered into in the context of the Programme, the Other Issuer Creditors and to the Other Creditors in satisfaction of the transaction costs.

The Cover Pool may not be seized or attached in any form by creditors of the Guarantor other than the entities referred to above, until full discharge by the Guarantor of its payment obligations under the Covered Bond Guarantee or cancellation thereof.

**Cross-collateralisation**

All Eligible Assets and Top-Up Assets transferred from the Sellers to the Guarantor from time to time or otherwise acquired by the Guarantor and the proceeds thereof form the collateral supporting the Covered Bond Guarantee in respect of all Series of Covered Bonds.

**Claim under Covered Bonds**

The Representative of the Covered Bondholders, for and on behalf of the Covered Bondholders, may submit a claim to the Guarantor and make a demand under the Covered Bond Guarantee in case of an Issuer Event of Default or Guarantor Event of Default.

**Guarantor cross-default**

Where a Guarantor Event of Default occurs, the Representative of the Covered Bondholders will serve upon the Guarantor a Guarantor Default Notice, thereby accelerating the Covered Bond Guarantee in respect of each Series of outstanding Covered Bonds issued under the Programme. However, an Issuer Event of Default will not automatically give rise to a Guarantor Event of Default.

For further detail, see Condition 12(c)(*Guarantor Events of Default*).

**Disposal of assets included in the Cover Pool**

After the service of an Issuer Default Notice on the Issuer and the Guarantor, the Guarantor will be obliged to sell Eligible Assets in the Cover Pool in accordance with the Cover Pool Management Agreement, subject to pre-emption and other rights of the Sellers in respect of the Eligible Assets pursuant to the relevant Master Loans Purchase Agreement. The proceeds from any such sale will be applied as set out in the applicable Priority of Payments.

For further detail, see Condition 12(c) (*Guarantor Events of Default*).

## **SALE AND DISTRIBUTION**

### **Distribution**

Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the restrictions to be set forth in the Programme Agreement.

### **Certain restrictions**

Each Series of Covered Bonds issued will be denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply and will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. There are restrictions on the offer, sale and transfer of Covered Bonds in the United States, the European Economic Area (including the United Kingdom and the Republic of Italy) and Japan. Other restrictions may apply in connection with the offering and sale of a particular Series of Covered Bonds, see "*Subscription and Sale*" below.

## **RISK FACTORS**

*This section describes the principal risk factors associated with an investment in the Covered Bonds and includes disclosure of all material risks in respect of the Covered Bonds. Prospective purchasers of Covered Bonds should consider carefully all the information contained in this document, including the considerations set out below, before making any investment decision. This section of the Prospectus is split into two main sections – General Investment Considerations and Investment Considerations relating to the Issuer and the Guarantor. Any of the risks described below, or additional risks not currently known to the Issuer or that the Issuer currently deems immaterial, could have a significant or material adverse effect on the business, financial condition, operations or prospects of the Issuer and result in a corresponding decline in the value of the Covered Bonds. As a result, investors could lose all or a substantial part of their investment.*

### **General Investment Considerations**

#### ***Issuer liable to make payments when due on the Covered Bonds***

The Issuer is liable to make payments when due on the Covered Bonds. The obligations of the Issuer under the Covered Bonds are direct, unsecured, unconditional and unsubordinated obligations, ranking *pari passu* without any preference amongst themselves and equally with its other direct, unsecured, unconditional and unsubordinated obligations. Consequently, any claim directly against the Issuer in respect of the Covered Bonds will not benefit from any security or other preferential arrangement granted by the Issuer.

The Guarantor has no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default and service by the Representative of the Covered Bondholders on the Issuer and on the Guarantor of an Issuer Default Notice or, if earlier, following the occurrence of a Guarantor Event of Default and service by the Representative of the Covered Bondholders of a Guarantor Default Notice. The occurrence of an Issuer Event of Default does not constitute a Guarantor Event of Default. However, failure by the Guarantor to pay amounts due under the Covered Bond Guarantee would constitute a Guarantor Event of Default which would entitle the Representative of the Covered Bondholders to accelerate the obligations of the Issuer under the Covered Bonds (if they have not already become due and payable) and the obligations of the Guarantor under the Covered Bond Guarantee. Although the mortgage receivables included in the Cover Pool are originated by the Issuer, they are transferred to the Guarantor on a true sale basis and an insolvency of the Issuer would not automatically result in the insolvency of the Guarantor.

#### ***Obligations under the Covered Bonds***

The Covered Bonds will not represent an obligation or be the responsibility of any of the Arranger, the Dealers, the Representative of the Covered Bondholders or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and the Guarantor. The Issuer and the Guarantor will be liable solely in their corporate capacity for their obligations in respect of the Covered Bonds and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

#### ***Extraordinary Resolutions and the Representative of the Covered Bondholders***

A meeting of Covered Bondholders may be called to consider matters which affect the rights and interests of Covered Bondholders. These include (but are not limited to): instructing the Representative of the Covered Bondholders to enforce the Covered Bond Guarantee against the Issuer and/or the Guarantor; waiving an Issuer Event of Default or a Guarantor Event of Default; cancelling, reducing or otherwise varying interest payments or repayment of principal or rescheduling payment dates; altering the priority of payments of interest and principal on the Covered Bonds; and any other amendments to the Transactions Documents. A Programme Resolution will bind all Covered Bondholders, irrespective of whether they attended the Meeting or voted in favour of the Programme Resolution. No Resolution, other than a Programme Resolution, passed by the holders of one Series of Covered Bonds will be effective in respect of another Series unless it is sanctioned by an Ordinary Resolution or an Extraordinary Resolution, as the case may require, of the holders of that other Series. Any Resolution

passed at a Meeting of the holders of the Covered Bonds of a Series shall bind all other holders of that Series, irrespective of whether they attended the Meeting and whether they voted in favour of the relevant Resolution.

In addition, the Representative of the Covered Bondholders may agree to the modification of the Transaction Documents without consulting Covered Bondholders to correct a manifest error or where such modification (i) is of a formal, minor, administrative or technical nature or an error established as such to the satisfaction of the Representative of the Covered Bondholders or (ii) in the opinion of the Representative of the Covered Bondholders, is not or will not be materially prejudicial to Covered Bondholders. It should also be noted that after the delivery of an Issuer Default Notice, the protection and exercise of the Covered Bondholders' rights against the Issuer will be exercised by the Guarantor (or the Representative of the Covered Bondholders on its behalf). The rights and powers of the Covered Bondholders may only be exercised in accordance with the Rules of the Organisation of the Covered Bondholders. In addition, after the delivery of a Guarantor Default Notice, the protection and exercise of the Covered Bondholders' rights against the Guarantor and the security under the Guarantee is one of the duties of the Representative of the Covered Bondholders. The Conditions limit the ability of each individual Covered Bondholder to commence proceedings against the Guarantor by conferring on the Meeting of the Covered Bondholders the power to determine in accordance with the Rules of Organisation of the Covered Bondholders, whether any Covered Bondholder may commence any such individual actions.

***Representative of the Covered Bondholders' powers may affect the interests of the Covered Bondholders.***

In the exercise of its powers, trusts, authorities and discretions the Representative of the Covered Bondholders shall only have regard to the interests of the Covered Bondholders and the Other Creditors, as applicable, but if, in the opinion of the Representative of the Covered Bondholders, there is a conflict between these interests, the Representative of the Covered Bondholders shall have regard solely to the interests of the Covered Bondholders. In the exercise of its powers, trusts, authorities and discretions, the Representative of the Covered Bondholders may not act on behalf of the Sellers.

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Representative of the Covered Bondholders is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, the Representative of the Covered Bondholders shall not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a written resolution of such Covered Bondholders holding not less than 25 per cent. of the Outstanding Principal Amount of the Covered Bonds of the relevant Series then outstanding.

***Extendable obligations under the Covered Bond Guarantee***

Upon failure by the Issuer to pay the Final Redemption Amount of a Series of Covered Bonds on their relevant Maturity Date (subject to applicable grace periods) and if payment of the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series of the Covered Bonds is not made in full by the Guarantor on or before the Extension Determination Date, then payment of such Guaranteed Amounts shall be automatically deferred. This will occur if the Final Terms for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to an extended maturity date (the "**Extended Maturity Date**") to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on or before the Extension Determination Date.

To the extent that the Guarantor has received an Issuer Default Notice in sufficient time and has sufficient moneys available to pay in part the Guaranteed Amounts corresponding to the relevant Final Redemption Amount in respect of the relevant Series of Covered Bonds, the Guarantor shall make partial payment of the relevant Final Redemption Amount in accordance with the Guarantee Priority of Payments and as described in Condition 9(b) (*Extension of maturity*) and 12(b) (*Effect of an Issuer Default Notice*). Payment of all unpaid amounts shall be deferred automatically until the applicable Extended Maturity Date *provided that* any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date may be paid by the Guarantor on any Interest Payment Date thereafter, up to (and including) the relevant Extended

Maturity Date. The Extended Maturity Date will fall one year after the Maturity Date. Interest will continue to accrue and be payable on the unpaid amount in accordance with Conditions 9(b) (*Extension of maturity*) and the Guarantor will pay Guaranteed Amounts, constituting interest due on each Interest Payment Date and on the Extended Maturity Date. In these circumstances, Failure by the Issuer to pay the Covered Bond Instalment Amount on its Covered Bond Instalment Date will (subject to any applicable grace period) be an Issuer Event of Default. Failure by the Guarantor to pay the deferred Covered Bond Instalment Amount on the related Extended Instalment Date will (subject to any applicable grace period) be a Guarantor Event of Default.

Similarly, in respect of Covered Bonds that may be redeemed in instalments, if Extended Instalment Date is specified in the Final Terms and both (a) the Issuer on the Covered Bond Instalment Date and (b) the Guarantor on the relevant Covered Bond Instalment Extension Determination Date fail to pay a Covered Bond Instalment Amount, the requirement to pay such Covered Bond Instalment Amount and all subsequently due and payable Covered Bond Instalment Amounts shall be deferred by one year until their Extended Instalment Dates.

Each Covered Bond Instalment Amount may be deferred when due no more than once. At such time, each subsequent but not yet due Covered Bond Instalment Amount will also be deferred, so it is possible that a Covered Bond Instalment Amount may be deferred more than once but it may never be deferred to a date falling after the Maturity Date for the relevant Series.

#### ***Limited secondary market***

There is, at present, a secondary market for the Covered Bonds but it is neither active nor liquid, and there can be no assurance that an active or liquid secondary market for the Covered Bonds will develop. The Covered Bonds have not been, and will not be, offered to any persons or entities in the United States of America or registered under any securities laws and are subject to certain restrictions on the resale and other transfers thereof as set forth under section entitled "*Subscription and Sale*". If an active or liquid secondary market develops, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment with the result that a Covered Bondholder may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Covered Bondholder to realise a desired yield. Illiquidity may have a severely adverse effect on the market value of Covered Bonds. In addition, Covered Bonds issued under the Programme might not be listed on a stock exchange or regulated market and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market prices of such Covered Bonds may be adversely affected. In an illiquid market, an investor might not be able to sell its Covered Bonds at any time at fair market prices. The possibility to sell the Covered Bonds might additionally be restricted by country specific reasons.

#### ***Ratings of the Covered Bonds***

The ratings that may or may not be assigned to the Covered Bonds address the expectation of timely payment of interest and principal on the Covered Bonds on or before any payment date falling one year after the Maturity Date.

According to Fitch, the ratings that may or may not be assigned to the Covered Bonds may address:

- the likelihood of full and timely payment to Covered Bondholders of all payments of interest on each Interest Payment Date; and
- the likelihood of ultimate payment of principal in relation to Covered Bonds on (a) the final Maturity Date thereof (b) if the Covered Bonds are subject to an Extended Maturity Date in respect of the Covered Bonds in accordance with the applicable Final Terms, the Extended Maturity Date thereof or (c) if principal of the Covered Bonds is payable in instalments and Extended Instalment Date is specified in the applicable Final Terms, the Extended Instalment Dates thereof.

The ratings that may or may not be assigned to the Covered Bonds are set out in the relevant Final Terms Document for each Series of Covered Bonds. A Rating Agency which assigns a rating to the Covered Bonds

may lower its rating or withdraw its rating if, in the sole judgment of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may reduce. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.

European regulated investors are generally restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings referred to in this Prospectus and/or the Final Terms, is set out in relevant section of this Prospectus and will be disclosed in the Final Terms.

**A credit rating is not a recommendation to buy, sell or hold Covered Bonds and may be subject to revision or withdrawal by the Rating Agencies.** The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Covered Bonds.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Covered Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency equivalent market value of the Covered Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Controls over the transaction*

The Bank of Italy Regulations require that certain controls be performed by the Issuer aimed at, inter alia, mitigating the risk that any obligation of the Issuer or the Guarantor under the Covered Bonds is not complied with. Whilst the Issuer believes it has implemented the appropriate policies and controls in compliance with the relevant requirements, investors should note that there is no assurance that such compliance ensures that the aforesaid controls are actually performed and that any failure to properly implement the respective policies and controls could have an adverse effect on the Issuers' or the Guarantor's ability to perform their obligations under the Covered Bonds.

#### *EU Savings Tax Directive*

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings Directive) within its jurisdiction to, or collected by such a paying agent for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg are instead required (to operate a withholding system with the rate of withholding currently at 35 per cent. unless during this

transitional period they elect to abolish the withholding system in favour of automatic information exchange under the Directive. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of this automatic information exchange.

In any case, the transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries, including Switzerland and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, an individual resident or certain limited types of entity established in one of those territories. The Council of the European Union formally adopted a Council Directive amending the EU Savings Tax Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest. Investors who are in any doubt as to their position should consult their professional advisers. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Covered Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

#### ***Implementation in Italy of the EU Savings Directive***

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree 84**"). Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payments and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

Either payments of interest on the covered bonds or the realisation of the accrued interest through the sale of the covered bonds would constitute "payments of interest" under article 6 of the directive and, as far as Italy is concerned, article 2 of Decree 84. Accordingly, such payments of interest arising out of the covered bonds would fall within the scope of the directive.

#### ***Changes of law***

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on Italian law (and, in the case of the Deed of Charge, the English Account Bank Agreement and the Swap Agreements, English law and, in case of Luxembourg Deed of Pledge, Luxembourg Law) in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Italian or English law or administrative practice or to the law applicable to any Transaction Document and to administrative practices in the relevant jurisdiction. Except to the extent that any such changes represent a significant new factor or result in this Prospectus containing a material mistake or inaccuracy, in each case which is capable of affecting the assessment of the Covered Bonds, the Issuer and the Guarantor will be under no obligation to update this Prospectus to reflect such changes.

#### ***U.S. Foreign Account Tax Compliance Withholding***



Pursuant to the U.S. Foreign Account Tax Compliance Act ("**FATCA**"), the Issuer and other non-U.S. financial institutions through which payments on the Covered Bonds are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Covered Bonds issued or materially modified on or after the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register and (ii) any Covered Bond that are treated as equity for U.S. federal tax purposes, whenever issued.

Under existing guidance, this withholding tax may be triggered on payments on the Covered Bonds if (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in FATCA, including any accompanying U.S. regulations or guidance) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "Participating FFI"), (ii) the Issuer is required to withhold on "foreign passthru payments", and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (b) any FFI to or through which payment on such Covered Bonds is made is not a Participating FFI or otherwise exempt from FATCA withholding.

The application of FATCA to amounts paid with respect to the Covered Bonds is not completely clear. In particular, Italy entered into an intergovernmental agreement with the United States to help implement FATCA for certain Italian entities on 10 January 2014. The full impact of such an agreement on the Issuer and the Issuer's reporting and withholding responsibilities under FATCA is not completely clear. The Issuer will be required to report certain information in relation to its U.S. account holders to the government of Italy and/or the Italian Tax Authorities in order (i) to obtain an exemption from FATCA withholding on payments it receives and/or (ii) to comply with any applicable Italian law. However, it is not yet certain how the United States and Italy will address withholding on "foreign passthru payments" (which may include payments on the Covered Bonds) or if such withholding will be required at all.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Covered Bonds as a result of FATCA, none of the Issuer, the Guarantor, any paying agent or any other person would be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive amounts that are less than expected.

Each Covered Bondholder should consult its own tax adviser to obtain a more detailed explanation of FATCA and to learn how FATCA might affect each holder in its particular circumstance.

### ***Securitisation and Covered Bond Law***

The Securitisation and Covered Bond Law was enacted in Italy in April 1999 and amended to allow for the issuance of covered bonds in 2005. The Securitisation and Covered Bond Law was further amended by Law Decree no. 143 of 23 December 2013 (the "**Destinazione Italia Decree**") as converted into Law no. 9 of 21 February 2014 and by Law Decree no. 91 of 24 June 2014 (the "**Decree Competitività**") which is still subject to the conversion into law by the Italian Parliament. As at the date of this Prospectus, no interpretation of the application of the Securitisation and Covered Bond Law as it relates to covered bonds has been issued by any Italian court or governmental or regulatory authority, except for (i) the Decree of the Italian Ministry for the Economy and Finance No. 310 of 14 December 2006 ("**Decree 310**"), setting out the technical requirements for the guarantee which may be given in respect of covered bonds and (ii) Part III, Chapter 3 of the "*Disposizioni di Vigilanza per le Banche*" (Circolare No. 285 of 17 December 2013) as amended and supplemented from time to time (the "**Bank of Italy Regulations**") concerning guidelines on the valuation of assets, the procedure for purchasing top-up assets and controls required to ensure compliance with the legislation. Consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation and Covered Bond Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

***The return on an investment in Covered Bonds will be affected by charges incurred by investors***

An investor's total return on an investment in any Covered Bonds will be affected by the level of fees charged by the nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Covered Bonds, custody services and on payments of interest, principal and other amounts. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Covered Bonds.

***Priority of Payments***

Recent English insolvency and U.S. bankruptcy court rulings may restrain parties from making or receiving payments in accordance with the order of priority agreed between them.

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a swap counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "flip clauses").

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflicting judgment are not yet known, particularly as the U.S. Bankruptcy Court approved, in December 2010, the settlement of the case to which the judgment relates and subsequently the appeal was dismissed.

If a creditor of the Guarantor (such as the Swap Providers) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales, and it is owed a payment by the Guarantor, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the Italian law governed Transaction Documents. In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy law. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as Swap Counterparty, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). If a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the Guarantor to satisfy its obligations under the Covered Bonds.

Given the general relevance of the issues under discussion in the judgments referred to above, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Covered Bonds. If any rating assigned to the Covered Bonds is lowered, the market value of the Covered Bonds may reduce.

### ***Risks related to the structure of a particular issue of Covered Bonds***

A wide range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### ***Covered Bonds subject to optional redemption by the Issuer***

An optional redemption feature of Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

#### ***Fixed/Floating Rate Covered Bonds***

Fixed/Floating Rate Covered Bonds may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

#### ***Interest rate risks***

Investments in Fixed Rate Covered Bonds involve the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Covered Bonds.

#### ***Floating rate risks***

Investments in Floating Rate Covered Bonds involve the risk for the Covered Bondholders of fluctuating interest rate levels and uncertain interest earnings.

#### ***Covered Bonds issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### ***Prospectus to be read together with applicable Final Terms***

The terms and conditions of the Covered Bonds included in this Prospectus apply to the different types of Covered Bonds which may be issued under the Programme. The full terms and conditions applicable to each Series (or Tranche) of Covered Bonds can be reviewed by reading the Conditions of the Covered Bonds as set out in full in this Prospectus, which constitute the basis of all Covered Bonds to be offered under the Programme, together with the applicable Final Terms which complete the Conditions of the Covered Bonds in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Covered Bonds (or Tranche).

## **Investment Considerations relating to the Issuer**

### ***Risks associated with general economic, financial and other business conditions***

The results of the UBI Banca Group are affected by the global economic and financial conditions. During recessionary periods, there may be less demand for loan products and a greater number of the UBI Banca Group's customers may default on their loans or other obligations. Interest rate rises may also have an impact on the demand for mortgages and other loan products. Fluctuations in interest rates in the Eurozone influence its performance. These risks are exacerbated by concerns over the levels of the public debt of certain Euro-zone countries and their relative weaknesses. There can be no assurance that the European Union and International Monetary Fund initiatives aimed at stabilising the market in Greece, Portugal and Ireland will be sufficient to avert "contagion" to other countries. A rating downgrade might restrict the availability of funding or increase its cost for individuals and companies at a local level. This might have a material adverse effect on the Group's operating results, financial conditions and business outlook.

Furthermore, if sentiment towards the banks and/or other financial institutions operating in Italy were to deteriorate materially, or if the UBI Banca Group's ratings and/or the ratings of the sector were to be further adversely affected, this may have a materially adverse impact on the Group. In addition, such change in sentiment or reduction in ratings could result in an increase in the costs and a reduction in the availability of wholesale market funding across the financial sector which could have a material adverse effect on the liquidity and funding of all Italian financial services institutions, including the UBI Banca Group.

Pressures on sovereign bond prices, as a result of speculation, may directly affect the fair value of UBI Banca Group's exposures to sovereign debt securities and loans, resulting in losses, write-downs and impairment charges.

Furthermore, the concerns on sovereign perceived creditworthiness may also impact both the availability and the cost of funding. In fact, the deterioration of the sovereign perceived risk could affect the price or raise the collateral requirements (eligibility criteria) of securities used by banks to secure funding from private markets (for instance, repos) or from central banks, reducing the availability of funding or increasing its costs.

Finally, to face the sovereign debt crisis, the Italian Parliament has recently approved many austerity measures, including a tax treatment of securities issued by banks, which now render such securities less attractive to investors and which could increase the funding costs for UBI Banca Group.

Any further downgrade of the Italian sovereign credit rating or the perception that such a downgrade may occur could severely destabilise the markets and have a material adverse effect on the operating results, financial condition and prospects of UBI Banca Group as well as on the marketability of the Covered Bonds. This might also impact on UBI Banca Group's credit ratings, borrowing costs and access to liquidity. Any further Italian sovereign downgrade or the perception that such a downgrade may occur would likely have a material effect in depressing consumer confidence, restricting the availability, and increasing the cost, of funding for individuals and companies, depressing economic activity, increasing unemployment, reducing asset prices and consequently increasing the risk of a "double dip" recession. These risks are exacerbated by concerns over the level of the public debt of, and the weakness of the economy in, Ireland, Greece, Portugal, Spain and Italy in particular. Further instability within these countries or other countries within the Euro-zone might lead to contagion.

### ***Impact of events which are difficult to anticipate***

The UBI Banca Group's earnings and business are affected by general economic conditions, the performance of financial markets and of market participants, interest rate levels, currency exchange rates, changes in laws and regulation, changes in the policies of central banks, particularly the Bank of Italy and the European Central Bank, and competitive factors, at a regional, national and international level. Each of these factors can change the level of demand for the UBI Banca Group's products and services, the credit quality of Debtors and counterparties, the interest rate margin between lending and borrowing costs and the value of its investment and trading portfolios and can influence the Group's balance sheet and economic results.

### ***Market declines and volatility***

The results of the UBI Banca Group are affected by general economic, financial and other business conditions. During a recession, there may be less demand for loan products and a greater number of the UBI Banca Group's customers may default on their loans or other obligations. Interest rate rises may also have an impact on the demand for mortgages and other loan products. The risk arising from the impact of the economy and business climate on the credit quality of the UBI Banca Group's debtors and counterparties can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

The ongoing economic crisis may also negatively affect the real estate market and value of collateral securing loans with an adverse impact on the fair value of UBI Banca Group's secured loans and mortgages, entailing additional provisions or reserve requirements. Moreover, when a debtor defaults on his collateralised loans or obligations, the value of the collateral could not be sufficient to meet the claims of the creditors so that UBI Banca Group may not recover the full expected amount due.

### ***Credit and market risk***

To the extent that any of the instruments and strategies used by the UBI Banca Group to hedge or otherwise manage its exposure to credit or market risk are not effective, the UBI Banca Group may not be able to mitigate effectively its risk exposure in particular market environments or against particular types of risk. The UBI Banca Group's trading revenues and interest rate risk are dependent upon its ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates. The UBI Banca Group's financial results also depend upon how effectively it determines and assesses the cost of credit and manages its own credit risk and market risk concentration.

### ***Protracted market declines and reduced liquidity in the markets***

In some of the UBI Banca Group's businesses, protracted adverse market movements, particularly the decline of asset prices, can reduce market activity and market liquidity. These developments can lead to material losses if the UBI Banca Group cannot close out deteriorating positions in a timely way. This may especially be the case for assets that did not enjoy a very liquid market to begin with. The value of assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may be calculated by the UBI Banca Group using models other than publicly quoted prices. Monitoring the deterioration of the prices of assets like these is difficult and failure to do so effectively could lead to unanticipated losses. This in turn could adversely affect the UBI Banca Group's operating results and financial condition.

In addition, protracted or steep declines in the stock or bond markets in Italy and elsewhere may adversely affect the UBI Banca Group's securities trading activities and its asset management services, as well as its investments in and sales of products linked to the performance of financial assets.

### ***The Issuer's business is subject to risks concerning liquidity***

The Issuer's business is subject to risks concerning liquidity which are inherent in its banking operations, and could affect the Issuer's ability to meet its financial obligations as they fall due or to fulfil commitments to lend. In order to ensure that the Issuer continues to meet its funding obligations and to maintain or grow its business generally, it relies on customer savings and transmission balances, as well as ongoing access to the wholesale lending markets. The ability of the Issuer to access wholesale and retail funding sources on favourable economic terms is dependent on a variety of factors, including a number of factors outside of its control, such as liquidity constraints, general market conditions and confidence in the Italian banking system.

The global financial system still has to overcome some of the difficulties which began in August 2007 and which were intensified by the bankruptcy of Lehman Brothers in September 2008. Financial market conditions have remained challenging and, in certain respects, have deteriorated. In addition, the continued concern about sovereign credit risks in the Euro-zone and Italy in particular has progressively intensified, and International

Monetary Fund and European Union financial support packages have been agreed for Greece, Ireland and Portugal.

Credit quality has generally declined, as reflected by the downgrades suffered by several countries in the Euro-zone, including Italy, since the start of the sovereign debt crisis. The large sovereign debts and/or fiscal deficits in certain European countries, including Italy, have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries.

There can be no assurance that the European Union and International Monetary Fund initiatives aimed at stabilising the market in Greece, Portugal and Ireland will be sufficient to avert “contagion” to other countries. If sentiment towards the banks and/or other financial institutions operating in Italy were to deteriorate materially, or if the Issuer’s ratings and/or the ratings of the sector were to be further adversely affected, this may have a materially adverse impact on the Issuer. In addition, such change in sentiment or reduction in ratings could result in an increase in the costs and a reduction in the availability of wholesale market funding across the financial sector which could have a material adverse effect on the liquidity and funding of all Italian financial services institutions, including the Issuer.

Any further downgrade of the Italian sovereign credit rating or the perception that such a downgrade may occur may severely destabilise the markets and have a material adverse effect on the Issuer’s operating results, financial condition and prospects as well as on the marketability of the Covered Bonds. This might also impact on the Issuer’s credit ratings, borrowing costs and access to liquidity. A further Italian sovereign downgrade or the perception that such a downgrade may occur would be likely to have a material effect in depressing consumer confidence, restricting the availability, and increasing the cost, of funding for individuals and companies, depressing economic activity, increasing unemployment, reducing asset prices and consequently increasing the risk of a “double dip” recession. These risks are exacerbated by concerns over the levels of the public debt of, and the weakness of the economies in, Ireland, Greece, Portugal, Spain and Italy in particular. Further instability within these countries or other countries within the Euro-zone might lead to contagion.

These concerns may impact the ability of Euro-zone banks to access the funding they need, or may increase the costs of such funding, which may cause such banks to suffer liquidity stress. If the current concerns over sovereign and bank solvency continue, there is a danger that inter-bank funding may become generally unavailable or available only at elevated interest rates, which might have an impact on the Issuer’s access to, and cost of, funding. Should the Issuer be unable to continue to source a sustainable funding profile, the Issuer’s ability to fund its financial obligations at a competitive cost, or at all, could be adversely impacted.

***The Issuer’s financial performance is affected by “systemic risk”***

In recent years, the global credit environment has been adversely affected by significant instances of default, and there can be no certainty that further such instances will not occur. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Issuer interacts on a daily basis and therefore could adversely affect the Issuer.

***The Issuer's financial performance is affected by borrower credit quality and general economic conditions, in particular in Italy and Europe***

The results of the Issuer may be affected by global economic and financial conditions. During recessionary periods, there may be less demand for loan products and a greater number of the Issuer’s customers may default on their loans or their obligations. Interest rates rises may also have an impact on the demand for mortgages and other loan products. Fluctuations in interest rates in Italy and in the Euro-zone and in the other markets in which the Issuer operates may influence its performance.

The Issuer monitors credit quality and manages the specific risk of each counterparty and the overall risk of the respective loan portfolios, and the Issuer will continue to do so, but there can be no assurance that such monitoring and risk management will suffice to keep the Issuer's exposure to credit risk at acceptable levels. Any deterioration of the creditworthiness of significant individual customers or counterparties, or of the performance of loans and other receivables, as well as wrong assessments of creditworthiness or country risks may have a material adverse effect on the Issuer's business, financial condition and results of operations.

As discussed in "The Issuer's business is subject to risks concerning liquidity" above, these risks are exacerbated by concerns over the levels of the public debt of certain Euro-zone countries and their relative weaknesses. There can be no assurance that the European Union and International Monetary Fund initiatives aimed at stabilising the market in Greece, Portugal and Ireland will be sufficient to avert "contagion" to other countries. A rating downgrade in one of the countries in which the Issuer operates might restrict the availability of funding or increase its cost for individuals and companies at a local level. This might have a material adverse effect on the Issuer's operating results, financial conditions and business outlook.

#### ***Risk management and exposure to unidentified or unanticipated risks***

The UBI Banca Group has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risks and intends to continue to do so in the future. Nonetheless, the UBI Banca Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risks, including risks that the UBI Banca Group fails to identify or anticipate. If existing or potential customers believe that the UBI Banca Group's risk management policies and procedures are inadequate, its reputation as well as its revenues and profits may be negatively affected.

#### ***Changes in interest rates***

Fluctuations in interest rates influence the UBI Banca Group's financial performance. The results of the UBI Banca Group's banking operations are affected by its management of interest rate sensitivity and, in particular, changes in market interest rates. A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on the UBI Banca Group's financial condition or results of operations. In addition, in recent years, the Italian banking sector has been characterised by increasing competition which, together with the low level of interest rates, has caused a sharp reduction in the difference between borrowing and lending rates, and has made it difficult for banks to maintain positive growth trends in interest rate margins. In particular, such competition has had two main effects:

- (i) a progressive reduction in the differential between lending and borrower interest rate, which may result in the Issuer facing difficulties in maintaining its actual rate of growth in interest rate margin; and
- (ii) a progressive reduction in commissions and fees, particularly from dealing on behalf of third parties and order collection, due to competition on prices.

Both of the above factors may adversely affect the Issuer's financial condition and results of operations. In addition, downturns in the Italian economy could cause pressure on the competition through, for example, increased price pressure and lower business volumes for which to compete.

#### ***Operational risk***

The UBI Banca Group, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty information technology or telecommunication systems. The UBI Banca Group's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately monitored. Any failure or weakness in these systems, could however adversely affect its financial performance and business activities. Notwithstanding anything in this risk factor, this risk factor should not be

taken as implying that either the Issuer or the UBI Banca Group will be unable to comply with its obligations as a company with securities admitted to the Official List.

#### ***Reliance on primary geographic markets***

Although the UBI Banca Group has a widespread geographic distribution in Italy consisting of 1,725 branches (as at 31 December 2013), over 68 per cent of its branches are located in northern Italy. The Issuer has strong territorial roots in certain regions where it has historically operated (particularly Lombardy, Piedmont, Marches and Apulia). The UBI Banca Group relies for its distribution system on local banks with long-standing, deep-rooted traditions in their respective territories.

#### ***A downgrade of any of the Issuer's credit ratings may impact the Issuer's funding ability and have an adverse effect on the Issuer's financial condition***

A downgrade of any of the Issuer's ratings (for whatever reason) might result in higher funding and refinancing costs for the Issuer in the capital markets. In addition, a downgrade of any of the Issuer's ratings may limit the Issuer's opportunities to extend mortgage loans and may have a particularly adverse effect on the Issuer's image as a participant in the capital markets, as well as in the eyes of its clients. These factors may have an adverse effect on the Issuer's financial condition and/or results of operations.

#### ***Legal proceedings***

The UBI Banca Group is involved in various legal proceedings. Management believes that such proceedings have been properly analysed by the Issuer and its subsidiaries in order to decide whether any increase in provisions for litigation is necessary or appropriate in all the circumstances and, with respect to some specific issues, whether to refer to them in the notes to its financial statements in accordance with the International Financial Reporting Standards (“IFRS”).

#### ***Catastrophic events, terrorist attacks and similar events could have a negative impact on the business and results of the Issuer***

Catastrophic events, terrorist attacks and similar events, as well as the responses thereto, may create economic and political uncertainties, which could have a negative impact on economic conditions in the regions in which the Issuer operates and, more specifically, on the business and results of the Issuer in ways that cannot be predicted.

#### ***Changes in regulatory framework and accounting policies***

The UBI Banca Group is subject to extensive regulation and supervision by the Bank of Italy, CONSOB (the Italian securities markets regulator), the European Central Bank and the European System of Central Banks. The banking laws to which the UBI Banca Group is subject govern the activities in which banks and banking foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the UBI Banca Group must comply with financial services laws that govern its marketing and selling practices. One particularly significant change in regulatory requirements affecting the UBI Banca Group will be the future implementation of the new regulatory framework known as Basel III aiming to strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector.

Any changes in how such regulations are applied or implemented for financial institutions may have a material effect on the Issuer's business and operations. As some of the laws and regulations affecting the UBI Banca Group have only recently come into force, the manner in which they are applied to the operations of financial institutions is still evolving and their implementation, enforcement and/or interpretation may have an adverse effect on the business, financial condition, cash flows and results of operations of the Issuer.



### *Adverse regulatory developments including changes in tax laws*

The Issuer conducts its businesses subject to ongoing regulatory and associated risks, including the effects of changes in laws, regulations, and policies in Italy and at a European level. The timing and the form of future changes in regulation are unpredictable and beyond the control of the Issuer, and changes made could materially adversely affect the Issuer's business.

The Issuer is required to hold a licence for its operations and is subject to regulation and supervision by authorities in Italy and in all other jurisdictions in which it operates. Extensive regulations are already in place and new regulations and guidelines are introduced relatively frequently. The rules applicable to banks and other entities in banking groups are mainly provided by implementation of measures consistent with the regulatory framework set out by the Basel Committee on Banking Supervision (the “**Basel Committee**”) and aim at preserving their stability and solidity and limiting their risk exposure (see below “**Basel III**” and the “**CRD IV Package**”).

Regulators and supervisory are taking an increasingly strict approach to regulations and their enforcement that may not be to the Issuer's benefit. A breach of any regulations by the Issuer could lead to intervention by supervisory authorities and the Issuer could come under investigation and surveillance, and be involved in judicial or administrative proceedings. The Issuer may also become subject to new regulations and guidelines that may require additional investments in systems, people and compliance which may place additional burdens or restrictions on the Issuer. The Issuer is also subject to extensive regulation and supervision by the Bank of Italy, CONSOB, the European Central Bank and the European System of Central Banks. The banking laws to which the Issuer is subject govern the activities in which banks and foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Issuer must comply with financial services laws that govern its marketing and selling practices. The regulatory framework governing international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union that will affect the Issuer including proposed regulatory initiatives that could significantly alter the Issuer's capital requirements.

In particular, in the wake of the global financial crisis that began in 2008, the Basel Committee (as defined below) approved, in the fourth quarter of 2010, revised global regulatory standards (“**Basel III**”) on bank capital adequacy and liquidity, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards. The Basel III framework adopts a gradual approach, with the requirements to be implemented over time, with full enforcement in 2019.

In January 2013 the Basel Committee revised its original proposal in respect of the liquidity requirements in light of concerns raised by the banking industry, providing for a gradual phasing-in of the Liquidity Coverage Ratio (i.e. annual increases of 10 per cent., starting with 60 per cent. in 2015 and ending with 100 per cent. in 2019), and Basel Committee expanding the definition of high quality liquid assets to include lower quality corporate securities, equities and residential mortgage backed securities.

The Basel III framework has been implemented in the EU through new banking regulations adopted on 26 June 2013: Directive 2013/36/EU of the European Parliament and of the Council of the European Union of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the “**CRD IV Directive**”) and Regulation (EU) No 575/2013 of the European Parliament and of the Council of the European Union of 26 June 2013<sup>1</sup> on prudential requirements for credit institutions and investment firms (the “**CRD IV Regulation**” and together with the CRD IV Directive, “**CRD IV Package**”).

Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (the requirements will be largely fully effective by 2019 and some minor transitional provisions provide for the phase-in until 2024) but it is possible that in practice implementation under national laws be delayed until after

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<sup>1</sup> Final Corrigendum published on 30 November 2013

such date. Additionally, it is possible that, that Member States may introduce certain provisions at an earlier date than that set out in the CRD IV Package.

The Bank of Italy published new supervisory regulations on banks in December 2013 (Circular of the Bank of Italy No. 285 of 17 December 2013 (the “**Circular No. 285**”)) which came into force on 1 January 2014, implementing CRD IV Package and setting out additional local prudential rules concerning matters not harmonised on EU level.

As at 1 January 2014, Italian banks are required to comply with a minimum CET1 Capital ratio of 4.5%<sup>2</sup>, Tier I Capital ratio of 5.5%<sup>3</sup> and Total Capital Ratio of 8%. These minimum ratios are complemented by the following capital buffers to be met with CET1 Capital:

- *Capital conservation buffer*: set at 2.5% of risk weighted assets and applies to UBI Banca from 1 January 2014 (pursuant to Title II, Chapter I, Section II of Circular No. 285);
- *Counter-cyclical capital buffer*: is set by the relevant competent authority between 0% - 2.5% (but may be set higher than 2.5% where the competent authority considers that the conditions in the member state justify this), with gradual introduction from 1 January 2016 and applying temporarily in the periods when the relevant national authorities judge the credit growth excessive (pursuant to Article 130 of the CRD IV Directive);
- *Capital buffers for globally systemically important banks*: set as an “additional loss absorbency” buffer ranging from 1.0% to 3.5% determined according to specific indicators (size, interconnectedness, lack of substitutes for the services provided, global activity and complexity); to be phased in from 1 January 2016 (Article 131 of the CRD IV Directive) becoming fully effective on 1 January 2019; and
- *Capital buffers for systemically important banks at a domestic level*: up to 2.0% as set by the relevant competent authority and must be reviewed at least annually from 1 January 2016), to compensate for the higher risk that such banks represent to the financial system (Article 131 of the CRD IV Directive). The capital buffer for important banks at domestic level belonging to a group which is a global SIFI is limited. This buffer shall not exceed the higher of 1% of the total risk exposure amount and the G-SIFI buffer rate applicable to the group at consolidated level.

In addition to the above listed capital buffers, under Article 133 of the CRD IV Directive each Member State may introduce a Systemic Risk Buffer of Common Equity Tier 1 for the financial sector or one or more subsets of the sector, in order to prevent and mitigate long term non-cyclical systemic or macro-prudential risks with the potential of serious negative consequences to the financial system and the real economy in a specific Member State. Until 2015, in case of buffer rates of more than 3%, Member States will need prior approval from the Commission, which will take into account the assessments of the European Systemic Risk Board (ESRB) and the EBA. From 2015 onwards and for buffer rates between 3 and 5 % the Member States setting the buffer will have to notify the Commission, the EBA, and the ESRB. The Commission will provide an opinion on the measure decided and if this opinion is negative, the Member States will have to "comply or explain". Buffer rates above 5% will need to be authorized by the Commission through an implementing act, taking into account the opinions provided by the ESRB and by the EBA.

Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan on necessary remedial actions (Articles 140 and 141 of the CRD IV Directive ). At this stage no provision is included on the systemic risk buffer under Article 133 of the CRD IV Directive as the Italian level-1 rules for the CRD IV Directive implementation on this point have not yet been enacted.

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<sup>2</sup> Bank of Italy Circular n. 285 of 17 December 2013 (Transitional Provisions)

<sup>3</sup> Bank of Italy Circular n. 285 of 17 December 2013 (Transitional Provisions)

As part of the CRD IV Package transitional arrangements, regulatory capital recognition of outstanding instruments which qualified as Tier I and Tier II capital instruments under the framework which CRD IV Package has replaced EU Directive 2010/76/EU (“**CRD III**”) that no longer meet the minimum criteria under CRD IV Package will be gradually phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition is capped at 80% in 2014, with this cap decreasing by 10% in each subsequent year.

The new liquidity requirements introduced under CRD IV Package will also be phased in: the liquidity indicators (the “**Liquidity Coverage Ratio**”), as discussed above, will apply from 1 January 2015 and be gradually phased in and the European Commission intends to develop the net stable funding ratio with the aim of introducing it from 1 January 2018.

CRD IV Package may also introduce a new leverage ratio with the aim of restricting the level of leverage that an institution can take on to ensure that an institution’s assets are in line with its capital. Institutions are required to disclose their leverage ratio from 1 January 2015. Full implementation and European harmonisation, however, is not expected until 1 January 2018 following the European Commission’s review in 2016 of whether or not the ratio should be introduced. There is therefore uncertainty as to regulatory requirements that UBI Banca will be required to comply with.

CRD IV Package contains specific mandates for the EBA to develop draft regulatory or implementing technical standards as well as guidelines and reports related to liquidity in order to enhance regulatory harmonisation in Europe through the EBA Single Supervisory Rule Book (as defined below). Specifically, the CRD IV Package tasks the EBA with advising on appropriate uniform definitions of liquid assets for the Liquidity Coverage Ratio buffer. In addition, the CRD IV Package states that the EBA shall report to the Commission on the operational requirements for the holdings of liquid assets. Furthermore the CRD IV Package also tasks the EBA with advising on the impact of the liquidity coverage requirement, on the business and risk profile of institutions established in the European Union, on the stability of financial markets, on the economy and on the stability of the supply of bank lending.

In addition to the substantial changes in capital and liquidity requirements introduced by Basel III and CRD IV Package, there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU’s future regulatory direction. These initiatives include, amongst others, a revised Markets in Financial Instruments EU Directive, Markets in Financial Instruments EU Regulation which entered into force on 2 July 2014 and will apply from 30 months after entry into force subject certain transitional arrangements, and the Bank Recovery and Resolution EU Directive (with the bail-in provisions becoming applicable as of 1 January 2016). The Basel committee has also published certain proposed changes to the current securitisation framework which may be accepted and implemented in due course.

Such changes in the regulatory framework and in how such regulations are applied may have a material effect on the Issuer’s business and operations. As the new framework of banking laws and regulations affecting the Issuer is currently being implemented, the manner in which those laws and related regulations will be applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the Issuer. Prospective investors in the Covered Bonds should consult their own advisers as to the consequences for them of the application of the above regulations as implemented by each Member State.

### ***ECB Single Supervisory Mechanism***

On 15 October 2013, the Council of the European Union adopted regulations establishing a single supervisory mechanism (the “**ECB Single Supervisory Mechanism**” or “**SSM**”) for eurozone banks and other credit institutions, which will, beginning in November 2014, give the ECB, in conjunction with the national regulatory authorities of the eurozone states, direct supervisory responsibility over “banks of systemic importance” in the

eurozone. The SSM framework regulation (ECB/2014/17) setting out the practical arrangements for the SSM was published in April 2014 and entered into force in May 2014. Banks of systemic importance include, *inter alia*, any eurozone bank that has: (i) assets greater than €30 billion; (ii) assets constituting more than 20% of its home country's gross domestic product; or (iii) requested or received direct public financial assistance from the European Financial Stability Facility or the European Stability Mechanism. The ECB will also have the right to, *inter alios*, impose pecuniary sanctions and set binding regulatory standards.

National regulatory authorities will continue to be responsible for supervisory matters not conferred on the ECB, such as consumer protection, money laundering, payment services, and supervisory on branches of third country banks. The ECB, on the other hand, will be exclusively responsible for prudential supervision, which includes, *inter alia*, the power to: (i) authorise and withdraw authorisation of all "banks of systemic importance" in the eurozone; (ii) assess acquisition and disposal of holdings in other banks; (iii) ensure compliance with all prudential requirements laid down in general EU banking rules; (iv) set, where necessary, higher prudential requirements for certain banks to protect financial stability under the conditions provided by EU law; (v) impose robust corporate governance practices and internal capital adequacy assessment controls; and (vi) intervene at the early stages when risks to the viability of a bank exist, in coordination with the relevant resolution authorities.

In order to foster consistency and efficiency of supervisory practices across the eurozone, the EBA is continuing to develop a single supervisory handbook applicable to EU Member States (the "**EBA Supervisory Rulebook**"). However, the EBA Supervisory Rulebook has not yet been finalised.

The Issuer is expected to be one of the "banks of systemic importance" subject to direct supervision by the ECB for prudential supervisory purposes. The ECB could introduce higher prudential requirements including higher requirements on the UBI Banca Group.

***The ECB is in the process of performing a comprehensive assessment of the Issuer and other European banks, the outcome of which is uncertain***

The ECB announced in October 2013 that it would commence a comprehensive assessment, including stress tests and an asset quality review, of certain large European banks, including UBI Banca. The findings from this assessment, expected to be published in November 2014, may result in recommendations for additional supervisory measures and corrective actions affecting UBI Banca and the banking environment generally. It is not yet possible to assess the impact of such measures, if any, on UBI Banca or on the treatment of capital instruments. Furthermore, the disclosure of the ECB's findings or the implementation of additional supervisory measures that are viewed by the market as unfavourable to the Issuer or the Covered Bonds could adversely affect the trading price of the Covered Bonds.

***The UBI Banca Group may be subject to the provisions of the EU Recovery and Resolution Directive, once finalised and implemented, in the future***

On 2 July 2014, the directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Recovery and Resolution Directive**" or "**RRD**") entered into force. The RRD provides competent authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

Except for the Bail-In Tool with respect to eligible liabilities, which is expected to apply as from 1 January 2016, the RRD contemplates that the measures set out therein, including the Bail-In Tool with respect to capital instruments, will apply as from 1 January 2015.

The powers provided to "resolution authorities" in the RRD include write down/conversion powers to ensure that capital instruments (including Additional Tier 1 Instruments) and eligible liabilities (including senior debt instruments) fully absorb losses at the point of non-viability of the issuing institution (referred to as the "**Bail-In Tool**"). Accordingly, the RRD contemplates that resolution authorities may require the write down of such capital instruments and eligible liabilities in full on a permanent basis, or convert them in full into common equity tier 1

instruments (“**RRD Non-Viability Loss Absorption**”). The RRD provides, *inter alia*, that resolution authorities shall exercise the write down power in a way that results in (i) common equity tier 1 instruments being written down first in proportion to the relevant losses, (ii) thereafter, the principal amount of other capital instruments (including Additional Tier 1 Instruments) being written down or converted into common equity tier 1 instruments on a permanent basis and (iii) thereafter, eligible liabilities being written down or converted in accordance with a set order of priority.

The point of non-viability under the RRD is the point at which the national authority determines that:

- (a) the institution is failing or likely to fail, which includes situations where:
  - (i) the institution has incurred/will incur in a near future losses depleting all or substantially all its own funds;
  - (ii) the assets are/will be in a near future less than its liabilities;
  - (iii) the institution is/will be in a near future unable to pay its debts or other liabilities when they fall due; and/or
  - (iv) the institution requires public financial support;
- (b) there is no reasonable prospect that a private action would prevent the failure; and
- (c) a resolution action is necessary in the public interest.

The RRD currently represents the official proposal at the EU level for the implementation in the European Union of the non-viability requirements set out in the press release dated 13 January 2011 issued by the Basel Committee on Banking Supervision (the “**Basel Committee**”) entitled “Minimum requirements to ensure loss absorbency at the point of non-viability” (the “**Basel III Non-Viability Requirements**”), which forms a part of the broader Basel III requirements, implemented in the European Union through the CRD IV Package. The CRD IV Regulation contemplates that the Basel III Non Viability Requirements will be implemented in the European Union by way of the RRD and the RRD Non Viability Loss Absorption.

It is currently unclear whether RRD Non-Viability Loss Absorption, when implemented, will apply to capital instruments that are already in issue at that time or whether certain grandfathering rules will apply.

In addition to RRD Non-Viability Loss Absorption, the RRD provides resolution authorities with broader powers to implement other resolution measures with respect to banks which reach non-viability, which may include (without limitation) the sale of the bank’s business, the separation of assets, the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

The powers currently set out in the RRD would impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

As the RRD has just been approved, it is too early to anticipate the full impact of the directive but there can be no assurance that, once it is implemented, Covered Bondholders will not be adversely affected by actions taken under it. In addition, there can be no assurance that, once the RRD is implemented, its application will not have a significant impact on the UBI Banca Group’s results of operations, business, assets, cash flows and financial condition, as well as on funding activities carried out by the UBI Banca Group and the products and services offered by the UBI Banca Group.

It is expected that the RRD will be implemented in Italy through the adoption of special legislation by the Italian Parliament. There has not yet been any official proposal for the implementation of the RRD in Italy.

## **As of 2016 the Group may be subject to the provisions of the Regulation establishing the Single Resolution Mechanism**

After having reached an agreement with the Council of the European Union, in April 2014, the European Parliament adopted the Regulation establishing a Single Resolution Mechanism (the “**SRM Regulation**”). The SRM Regulation is expected to be operational as of beginning 2015 with the possibility to apply preparatory resolution functions only (e.g. concerning the preparation of resolution planning, the collection of information and cooperation with national resolution authorities), while provisions relating to resolution planning, early intervention, resolution actions and resolution instruments should become applicable as of 1 January 2016.

The SRM Regulation, which will complement the ECB Single Supervisory Mechanism (as defined above), will apply to all banks supervised by the ECB Single Supervisory Mechanism. It will mainly consist of a Single Resolution Board (the “**Board**”) and a Single Resolution Fund (the “**Fund**”).

Decision-making will be centralised with the Board, and will involve the European Commission and the Council of the European Union (which will have the possibility to object to the Board’s decisions) as well as the ECB and national resolution authorities.

The Fund, which will back resolution decisions mainly taken by the Board, will be divided into national compartments during an eight year transitional period, as envisaged by an Intergovernmental Treaty, whose ratification is a precondition for the entry into force of the SRM Regulation. Banks will start to pay contributions in 2015 to national resolution funds that will mutualise gradually into the Fund starting from 2016 (and will be additional to the contributions to the national deposit guarantee schemes).

The establishment of the SRM is designed to ensure that supervision and resolution is exercised at the same level for countries that share the supervision of banks within the ECB Single Supervisory Mechanism.

Participating banks will be required to finance the Fund. The Issuer may therefore be required to pay contributions to the SRM in addition to contributions to the national Deposit Guarantee Scheme. The SRM is not operational yet and the manner in which it will be implemented is still evolving so there remains some uncertainty as to how the SRM will affect the UBI Banca Group once implemented and fully operational.

### ***Governmental and central banks' actions intended to support liquidity may be insufficient or discontinued***

In response to the financial markets crisis, the reduced liquidity available to market operators in the industry, the increase of risk premiums and the capital requirements demanded by investors, intervention with respect to the level of capitalisation of banking institutions has had to be further increased. In many countries, this has been achieved through support measures for the financial system and direct intervention by governments in the share capital of the banks in different forms. In order to technically permit such government support, financial institutions were required to pledge securities deemed appropriate by different central financial institutions as collateral.

The unavailability of liquidity through such measures, or the decrease or discontinuation of such measures by governments and central authorities could result in increased difficulties in procuring liquidity in the market and/or result in higher costs for the procurement of such liquidity, thereby adversely affecting the UBI Banca Group's business, financial condition and results of operations.

## **Investment Considerations relating to the Guarantor**

### ***Guarantor only obliged to pay Guaranteed Amounts when they are due for payment***

Following service of an Issuer Default Notice on the Issuer and the Guarantor, under the terms of the Covered Bond Guarantee the Guarantor will only be obliged to pay Guaranteed Amounts as and when the same are due for payment on each Interest Payment Date, *provided that*, in the case of any amounts representing the Final Redemption Amount due and remaining unpaid as at the original Maturity Date, the Guarantor may pay such amounts on any Interest Payment Date thereafter, up to (and including) the Extended Maturity Date and in the

case of Covered Bonds whose principal is payable in instalments, the Guarantor may defer such instalments for a period of one year until the relevant Extended Instalment Date. Such Guaranteed Amounts will be paid subject to and in accordance with the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable. In these circumstances the Guarantor will not be obliged to pay any other amounts in respect of the Covered Bonds which become payable for any other reason.

Subject to any grace period, if the Guarantor fails to make a payment when due for payment under the Covered Bond Guarantee or any other Guarantor Event of Default occurs, then the Representative of the Covered Bondholders will accelerate the obligations of the Guarantor under the Covered Bond Guarantee by service of a Guarantor Default Notice, whereupon the Representative of the Covered Bondholders will have a claim under the Covered Bond Guarantee for an amount equal to the Early Termination Amount of each Covered Bond, together with accrued interest and all other amounts then due under the Covered Bonds. Following service of a Guarantor Default Notice, the amounts due from the Guarantor shall be applied by the Representative of the Covered Bondholders in accordance with the Post-Enforcement Priority of Payments, and Covered Bondholders will receive amounts from the Guarantor on an accelerated basis. If a Guarantor Default Notice is served on the Guarantor then the Covered Bonds may be repaid sooner or later than expected or not at all.

#### ***Limited resources available to the Guarantor***

Following the occurrence of an Issuer Event of Default and service of an Issuer Default Notice on the Issuer and on the Guarantor, the Guarantor will be under an obligation to pay the Covered Bondholders pursuant to the Covered Bond Guarantee. The Guarantor's ability to meet its obligations under the Covered Bond Guarantee will depend on (a) the amount of interest and principal generated by the Portfolio and the timing thereof and (b) amounts received from the Swap Providers. The Guarantor will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

If a Guarantor Event of Default occurs and the Covered Bond Guarantee is enforced, the proceeds of enforcement may not be sufficient to meet the claims of all the secured creditors, including the Covered Bondholders. If, following enforcement and realisation of the assets in the Cover Pool, creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, then they may still have an unsecured claim against the Issuer for the shortfall. There is no guarantee that the Issuer will have sufficient funds to pay that shortfall.

#### ***Reliance of the Guarantor on third parties***

The Guarantor has entered into agreements with a number of third parties, which have agreed to perform services for the Guarantor. In particular, but without limitation, the Master Servicer and, in relation to the Mortgage Loans comprising each relevant Portfolio, the Sub-Servicers have been appointed to service Portfolios sold to the Guarantor and the Calculation Agent has been appointed to calculate and monitor compliance with the Statutory Tests and the Amortisation Test. In the event that any of these parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Cover Pool or any part thereof or pending such realisation (if the Cover Pool or any part thereof cannot be sold) the ability of the Guarantor to make payments under the Covered Bond Guarantee may be affected. For instance, if the Master Servicer or any Sub-Servicer has failed to administer the Mortgage Loans adequately, this may lead to higher incidences of non-payment or default by Debtors. The Guarantor is also reliant on the Swap Providers to provide it with the funds matching its obligations under the Covered Bond Guarantee, as described in the following two investment considerations.

If a Master Servicer Termination Event occurs pursuant to the terms of the Master Servicing Agreement, then the Guarantor and/or the Representative of the Covered Bondholders will be entitled to terminate the appointment of the Master Servicer and, automatically, of any Sub-Servicer and appoint a new master servicer in its place. There can be no assurance that a substitute master servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loans on the terms of the Master Servicing Agreement. The ability of a substitute master servicer to perform fully the required

services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute master servicer may affect the realisable value of the Cover Pool or any part thereof, and/or the ability of the Guarantor to make payments under the Covered Bond Guarantee.

Neither the Master Servicer nor any Sub-Servicer has any obligation to advance payments if the Debtors fail to make any payments in a timely fashion. Covered Bondholders will have no right to consent to or approve of any actions taken by the Master Servicer or any other Sub-Servicer under the Master Servicing Agreement.

The Representative of the Covered Bondholders is not obliged in any circumstances to act as the Master Servicer or any Sub-Servicer or to monitor the performance by the Master Servicer or any Sub-Servicer of their obligations.

### ***Reliance on Swap Providers***

To hedge against possible variations in the performance of the indexations in the Portfolio and EURIBOR with a certain designated maturity, the Guarantor may enter into one or more Asset Swap Agreements with one or more Asset Swap Providers. In addition, to mitigate against interest rate, basis risk, currency and/or other risks in respect of each Series of Covered Bonds issued under the Programme, the Guarantor is expected to enter into one or more Liability Swap Agreements with one or more Liability Swap Providers in respect of each Series.

If the Guarantor fails to make timely payments of amounts due under any Swap Agreement, then it will (unless otherwise stated in the relevant Swap Agreement) have defaulted under that Swap Agreement. A Swap Provider, unless otherwise stated in the relevant Swap Agreement, is only obliged to make payments to the Guarantor as long as the Guarantor complies with its payment obligations under the relevant Swap Agreement.

In circumstances where non-payment by the Guarantor under a Swap Agreement does not result in a default under that Swap Agreement, the Swap Provider may be obliged to make payments to the Guarantor pursuant to the Swap Agreement as if payment had been made by the Guarantor. Any amounts not paid by the Guarantor to a Swap Provider may in such circumstances incur additional amounts of interest by the Guarantor.

If the Swap Provider is not obliged to make payments or if it defaults in its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the Guarantor on the payment date under the Swap Agreements, the Guarantor may be exposed to changes in the relevant currency exchange rates to Euro and to any changes in the relevant rates of interest. In addition, subject to the then current ratings of the Covered Bonds not being adversely affected, the Guarantor may hedge only part of the possible risk and, in such circumstances, may have insufficient funds to make payments under the Covered Bonds or the Covered Bond Guarantee.

If a Swap Agreement terminates, then the Guarantor may be obliged to make a termination payment to the relevant Swap Provider. There can be no assurance that the Guarantor will have sufficient funds available to make such termination payment, nor can there be any assurance that the Guarantor will be able to enter into a replacement swap agreement with an adequately rated counterparty, or if one is entered into, that the credit rating of such replacement swap provider will be sufficiently high to prevent a downgrade of the then current ratings of the Covered Bonds by the Rating Agency. In addition the Swap Agreements may provide that notwithstanding the downgrading of a Swap Provider and the failure by such Swap Provider to take the remedial action set out in the relevant Swap Agreement, the Guarantor may not terminate the Swap Agreement until a replacement swap provider has been found.

If the Guarantor is obliged to pay a termination payment under any Swap Agreement, such termination payment will, following the service of an Issuer Default Notice, rank pari passu and pro rata with amounts due to Covered Bondholders under the Covered Bond Guarantee.

Following the service of an Issuer Default Notice, payments by the Guarantor under the Liability Swap Agreements and Asset Swap Agreements (if any), including any termination payment due and payable by the



Guarantor except where the relevant Swap Provider is the Defaulting party or the Affected Party, will rank pari passu and pro rata to amounts due on the Covered Bonds under the Covered Bond Guarantee. Accordingly, the obligation to pay a termination payment may adversely affect the ability of the Guarantor to meet its respective obligations under the Covered Bonds or the Covered Bond Guarantee.

#### ***Differences in timings of obligations under the Liability Swaps***

With respect to any Liability Swap Agreements, it is expected that the Guarantor will pay to the relevant Liability Swap Provider, on each Guarantor Payment Date a fixed rate or a floating rate option such as, for Series of Covered Bonds denominated in Euro, a floating rate linked to EURIBOR. A Liability Swap Provider is expected to make corresponding swap payments to the Guarantor on the Interest Payment Date of the relevant Series of Covered Bonds, which could be monthly, quarterly, semi-annual or annual.

Due to the mis-match in timing of payments under the Liability Swap Agreements, on any Guarantor Payment Date, the Guarantor will be required to make a payment to the Liability Swap Provider without reciprocal receipt of a payment from the Liability Swap Provider and therefore there can be no netting of payments except and to the extent the date on which the Liability Swap Provider is required to make a payment to the Guarantor is also a Guarantor Payment Date.

#### ***No gross up on withholding tax***

In respect of payments made by the Guarantor under the Covered Bond Guarantee, to the extent that the Guarantor is required by law to withhold or deduct any present or future taxes of any kind imposed or levied by or on behalf of the Republic of Italy from such payments, the Guarantor will not be under an obligation to pay any additional amounts to Covered Bondholders, irrespective of whether such withholding or deduction arises from existing legislation or its application or interpretation as at the relevant Issue Date or from changes in such legislation, application or official interpretation after the Issue Date.

#### ***Limited description of the Cover Pool***

Covered Bondholders will not receive detailed statistics or information in relation to the Mortgage Loans in the Cover Pool, because it is expected that the constitution of the Cover Pool will frequently change due to, for instance:

- the Sellers selling further Mortgage Loans (or types of loans, which are of a type that have not previously been comprised in the relevant Portfolio transferred to the Guarantor); and
- the Sellers repurchasing Mortgage Loans in accordance with the Master Loans Purchase Agreement.

However, each Mortgage Loan will be required to meet the Eligibility Criteria (see "*Description of the Cover Pool — Eligibility Criteria*") and will be subject to the representations and warranties set out in the Warranty and Indemnity Agreement – see "*Overview of the Transaction Documents – Warranty and Indemnity Agreement*". In addition, the Nominal Value Test is intended to ensure that the aggregate Outstanding Principal Balance of the Cover Pool is at least equal to the Outstanding Principal Amount of the Covered Bonds for so long as Covered Bonds remain outstanding and the Calculation Agent will provide monthly reports that will set out certain information in relation to the Statutory Tests.

#### ***Sale of Eligible Assets following the occurrence of an Issuer Event of Default***

If an Issuer Default Notice is served on the Issuer and the Guarantor, then the Guarantor will be obliged to sell Eligible Assets (selected on a random basis) in order to make payments to the Guarantor's creditors including making payments under the Covered Bond Guarantee, see "*Overview of the Transaction Documents*" – "*Cover Pool Management Agreement*".

There is no guarantee that a buyer will be found to acquire Eligible Assets at the times required and there can be no guarantee or assurance as to the price which can be obtained for such Eligible Assets, which may affect

payments under the Covered Bond Guarantee. However, the Eligible Assets may not be sold by the Guarantor for less than an amount equal to the Required Outstanding Principal Balance Amount for the relevant Series of Covered Bonds until six months prior to the Maturity Date in respect of such Covered Bonds or (if the same is specified as applicable in the relevant Final Terms) the Extended Maturity Date under the Covered Bond Guarantee in respect of such Covered Bonds. In the six months prior to, as applicable, the Maturity Date or Extended Maturity Date, the Guarantor is obliged to sell the Selected Loans for the best price reasonably available notwithstanding that such price may be less than the Required Outstanding Principal Balance Amount.

#### ***Realisation of assets following the occurrence of a Guarantor Event of Default***

If a Guarantor Event of Default occurs and a Guarantor Default Notice is served on the Guarantor, then the Representative of the Covered Bondholders will be entitled to enforce the Covered Bond Guarantee and to apply the proceeds deriving from the realisation of the Cover Pool towards payment of all secured obligations in accordance with the Post-Enforcement Priority of Payments, as described in the section entitled "*Cashflows*" below.

There is no guarantee that the proceeds of realisation of the Cover Pool will be in an amount sufficient to repay all amounts due to creditors (including the Covered Bondholders) under the Covered Bonds and the Transaction Documents. If a Guarantor Default Notice is served on the Guarantor then the Covered Bonds may be repaid sooner or later than expected or not at all.

#### ***Factors that may affect the realisable value of the Cover Pool or the ability of the Guarantor to make payments under the Covered Bond Guarantee***

Following the occurrence of an Issuer Event of Default, the service of an Issuer Default Notice on the Issuer and on the Guarantor, the realisable value of Eligible Assets comprised in the Cover Pool may be reduced (which may affect the ability of the Guarantor to make payments under the Covered Bond Guarantee) by:

- default by Debtors of amounts due on their Mortgage Loans;
- changes to the lending criteria of the Sellers;
- set-off risks in relation to some types of Mortgage Loans in the Cover Pool;
- limited recourse to the Sellers;
- possible regulatory changes by the Bank of Italy, CONSOB or other regulatory authorities; and
- regulations in Italy that could lead to some terms of the Mortgage Loans being unenforceable.

Each of these factors is considered in more detail below. However, it should be noted that the Statutory Tests, the Amortisation Test and the Eligibility Criteria are intended to ensure that there will be an adequate amount of Mortgage Loans in the Cover Pool and moneys standing to the credit of the Accounts to enable the Guarantor to repay the Covered Bonds following an Issuer Event of Default, service of an Issuer Default Notice on the Issuer and on the Guarantor and accordingly it is expected (although there is no assurance) that Eligible Assets and Top-Up Assets could be realised for sufficient prices to enable the Guarantor to meet its obligations under the Covered Bond Guarantee.

#### ***Default by Debtors in paying amounts due on their Mortgage Loans***

Debtors may default on their obligations due under the Mortgage Loans for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Debtors' individual, personal or financial circumstances

may affect the ability of Debtors to repay the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in default by and bankruptcies of Debtors, and could ultimately have an adverse impact on the ability of Debtors to repay the Mortgage Loans. In addition, the ability of a borrower to sell a property given as security for Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

#### ***Changes to the lending criteria of the Sellers***

Each of the Mortgage Loans originated by the Sellers will have been originated in accordance with its lending criteria at the time of origination. Each of the Mortgage Loans sold to the Guarantor by the Sellers, but originated by a person other than a Seller (an "**Originator**"), will have been originated in accordance with the lending criteria of such Originator at the time of origination. It is expected that the relevant Seller's or the relevant Originator's, as the case may be, lending criteria will generally consider type of property, term of loan, age of applicant, the loan-to-value ratio, mortgage indemnity guarantee policies, high loan-to-value fees, status of applicants and credit history. In the event of the sale or transfer of any Mortgage Loans to the Guarantor, the Sellers will warrant that (a) such Mortgage Loans as were originated by it were originated in accordance with the Seller's lending criteria applicable at the time of origination and (b) such Mortgage Loans as were originated by an Originator, were originated in accordance with the relevant Originator's lending criteria applicable at the time of origination. The Sellers retain the right to revise their lending criteria from time to time subject to the terms of the Master Loans Purchase Agreement. An Originator may additionally revise its lending criteria at any time. However, if such lending criteria change in a manner that affects the creditworthiness of the Mortgage Loans, that may lead to increased defaults by Debtors and may affect the realisable value of the Cover Pool and the ability of the Guarantor to make payments under the Covered Bond Guarantee. However, it should be noted that Defaulted Loans in the Cover Pool will be given a reduced weighting for the purposes of the calculation of the Statutory Tests and the Amortisation Test.

#### ***Legal risks relating to the Mortgage Loans***

The ability of the Guarantor to recover payments of interest and principal from the Mortgage Loans is subject to a number of legal risks. There include the risks set out below.

#### ***Set-off risks***

The assignment of receivables under the Securitisation and Covered Bond Law is governed by article 58, paragraph 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such provision, such assignment becomes enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*La Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of assignment in the local Companies' Registry. Consequently, the rights of the Guarantor may be subject to the direct rights of the Debtors against the Seller or, as applicable the relevant Originator, including rights of set-off on claims arising existing prior to notification in the Official Gazette and registration at the local Companies' Registry. In addition, the exercise of set-off rights by Debtors may adversely affect any sale proceeds of the Cover Pool and, ultimately, the ability of the Guarantor to make payments under the Covered Bond Guarantee. In this respect, it should be noted that the Issuer has undertaken, upon occurrence of an Issuer Downgrading Event, to notify on a quarterly basis the Rating Agency of the Potential Set-Off Amount.

#### ***Usury Law***

Italian Law number 108 of 7 March 1996, as amended by law decree number 70 of 13 May 2011 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a Decree issued by the Italian Treasury. In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person

who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates. Recently, the Italian Supreme Court (*Corte di Cassazione*), under decision no. 350/2013 has clarified, for the first time, that the default interest are relevant for the purposes of determining if an interest rate is usurious. That interpretation is in contradiction with the current methodology for determining the Usury Rates, considering that the relevant surveys aimed at calculating the applicable average rate never took into account the default interest rates. In addition, the Italian Supreme Court (*Corte di Cassazione*), under decision no. 602/2013, has held that, with regard to loans granted before the entry into force of Usury Law, an automatic reduction of the applicable interest rate to the Usury Rates applicable from time to time shall apply.

### ***Compound interest***

Pursuant to article 1283 of the Italian Civil Code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months or from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian Civil Code allows derogation from this provision in the event that there are recognised customary practices to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a quarterly basis on the grounds that such practice could be characterised as a customary practice. However, a number of recent judgements from Italian courts (including judgements from the Italian Supreme Court (*Corte di Cassazione*)) have held that such practices may not be defined as customary practices. Consequently if Debtors were to challenge this practice, it is possible that such interpretation of the Italian Civil Code would be upheld before other courts in the Republic of Italy and that the returns generated from the relevant Mortgage Loans may be prejudiced.

### ***Consumer Credit Legislation***

On 23 April 2008, the European Parliament and the Council of the European Union approved Directive 2008/48/EC on the harmonisation of the laws, regulations and administrative provisions of the Member States concerning credit for consumers and surety agreements entered into by consumers (the "**Consumer Credit Directive**").

On 4 September 2010 the Republic of Italy adopted the Legislative Decree No. 141 of 13 August 2010 published in the Official Gazette No. 207, which was introduced in order to implement the Consumer Credit Directive and on 9 February 2011 the Bank of Italy issued the relevant implementing regulations.

The new legislation covers consumer loans between €200 and €75,000 which are not required to be repaid within a month. It only covers credit contracts, not guarantors and other aspects of credit agreement law. The legislation applies only to loan contracts on which interest is paid, and not products such as deferred payment cards (charge cards) and does not cover the granting of credit secured on land or made to finance the acquisition or retention of property rights.

The legislation provides for the right of withdrawal for the consumers. This right can be exercised within 14 days after the conclusion of the contract or, if later, from the moment the consumer receives all the conditions and contract information; the right to repay early at any time in whole or in part the amount financed, without the application of penalties, a reduction of the total credit amount interest and costs due to residual life of the contract and the ability to suspend the payment of instalments in the event that there is a failure of the supplier of goods and / or services and the financing was granted with that purpose. In this case the consumer has the right to terminate the loan agreement and the contract for supply of goods and / or services.

It is not certain what effect the adoption and implementation of the directive would have on the Issuer (or any Seller) and its respective businesses and operations.

### ***Law no. 3 of 27 January 2012***

Law no. 3 of 27 January 2012, published in the Official Gazette of the Republic of Italy no. 24 of 30 January 2012 (the "**Over Indebtedness Law**") has become effective as of 29 February 2012 and introduced a new procedure, by means of which, *inter alia*, debtors who: (i) are in a state of over indebtedness (*sovraindebitamento*), and (ii) cannot be subject to bankruptcy proceedings or other insolvency proceedings pursuant to the Italian Bankruptcy Law, may request to enter into a debt restructuring agreement (*accordo di ristrutturazione*) with their respective creditors, provided that, in respect of future proceedings, the relevant debtor has not made recourse to the debt restructuring procedure enacted by the Over Indebtedness Law during the preceding 3 years.

The Over Indebtedness Law provides that the relevant debt restructuring agreement, subject to the relevant court approval, shall entail, *inter alia*: (i) the renegotiation of payments' terms with the relevant creditors; (ii) the full payment of the secured creditors; (iii) the full payment of any other creditors which are not part of the debt restructuring agreement (provided that the payments due to any creditors which have not approved the debt restructuring agreement, including any secured creditors, may be suspended for up to one year); and (iv) the possibility to appoint a trustee for the administration and liquidation of the debtor's assets and the distribution to the creditors of the proceeds of the liquidation.

Should the debtors under the Portfolio enter into such debt restructuring agreement (be it with the Issuer or with any other of its creditors), the Issuer could be subject to the risk of having the payments due by the relevant debtor suspended for up one year.

#### ***Mortgage borrower protection***

Certain recent legislation enacted in Italy, as specified in paragraph "Certain Aspects of Italian Law relevant to Mortgage Loans" below, has given new rights and certain benefits to mortgage debtors and/or reinforced existing rights, including:

- the right of prepayment of the principal amount of the mortgage loan, without incurring a penalty or, in respect of mortgage loan agreements entered into before 2 February 2007, at a reduced penalty rate (Law Decree of 31 January 2007, the "**Bersani Decree**");
- right to the substitution (*portabilità*) of a mortgage loan with another mortgage loan and/or the right to request subrogation by an assignee bank into the rights of their creditors (*surrogazione per volontà del debitore*), by eliminating the limits and costs previously borne by the borrowers for the exercise of such right the right of first home-owners to suspend instalment payments under mortgage loans up to a maximum of two times and for a maximum aggregate period of 18 months (Italian Law No. 244 of 24 December 2007, the "**2008 Budget Law**"). If the subrogation has not been executed within 30 days from the date of the assignee bank's request of the interbank collaboration procedures, the original bank shall indemnify the mortgage debtor an amount equal to 1 per cent. of the mortgage value for each month or part of a month of delay. In the event the delay is due to circumstances ascribed to the assignee bank, the original bank shall be entitled to recover from the assignee bank an amount equal to the indemnity paid to the mortgage debtor;
- the right to suspend the payment of instalments relating to mortgage loans for a 12 months period, where requested by the relevant Debtor during the period from 1 February 2010 to 31 March 2013 (Convention between ABI and the consumers' associations stipulated on 18 December 2009 and extended on, respectively, 26 January 2011, 25 July 2011, 31 January 2012, and on 30 January 2013 the "**Piano Famiglie**");
- the right to benefit from the provision according to which the amount of the instalments payable during 2009 by a mortgage debtor and granted prior to 31 October 2008 for the purchase, construction or renovation of their primary residence (*mutui prima casa*) is calculated by reference to the higher of 4 per cent. (without spread, expenses or any other form of margin) and the interest rate contractually agreed and applicable as of date of execution of the relevant mortgage loan agreement;

- any potential difference between the amount of the instalments calculated by reference to the higher of 4 per cent. (without spread, expenses or any other form of margin) and the interest rate contractually agreed and applicable as of the date of execution of the relevant mortgage loan agreement will be borne by the Italian State;
- the right to renegotiate, subject to certain conditions and up to 31 December 2012, the floating rate or the final maturity of the mortgage loans executed prior to (and excluding) 14 May 2011 for the purpose of purchasing, building or for the maintenance of the debtors' principal residence (law decree number 70 of 13 May 2011, as converted into Law no. 106 of 12 July 2011, the "**Decreto Sviluppo**"); and
- the right to suspend the payments of instalments due under the relevant loans in favour of certain debtors resident in the municipalities of the Veneto Region affected by the flood events occurred in such places in the period from 31 October to 2 November 2010 (order no. 3906 issued by the Prime Minister (*Presidente del Consiglio dei Ministri*) on 13 November 2010, as amended on 7 May 2011, the "**Ordinanza**").

The relevant legislation may have an adverse effect on the Cover Pool and, in particular, on any cash flow projections concerning the Cover Pool as well as on the over-collateralisation required in order to maintain the then current ratings of the Covered Bonds. However, as this legislation is relatively new, as at the date of this Prospectus, the Issuer is not in a position to predict its impact. For further information, see "Description of Certain Relevant Legislation in Italy – Certain Aspects of Italian Law relevant to Mortgage Loans".

## INFORMATION INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following information, which has been previously published or filed with the Central Bank:

- (A) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2012 contained in the Issuer's Reports and Accounts 2012, together with the audit report thereon;
- (B) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013 contained in the Issuer's Reports and Accounts 2013, together with the audit report thereon;
- (C) the unaudited consolidated Interim Financial Report of the Issuer as at and for the three months ended 31 March 2014;
- (D) the audited non-consolidated annual financial statements of the Guarantor as at and for the year ended 31 December 2012;
- (E) the audited non-consolidated annual financial statements of the Guarantor as at and for the year ended 31 December 2013;
- (F) the Terms and Conditions of the Covered Bonds contained in the previous Prospectus dated 2 April 2012, pages 45-71 (inclusive) prepared by the Issuer in connection with the Programme;
- (G) the Terms and Conditions of the Covered Bonds contained in the previous Prospectus dated 22 June 2012, pages 45-71 (inclusive) prepared by the Issuer in connection with the Programme; and
- (H) the Terms and Conditions of the Covered Bonds contained in the previous Prospectus dated 2 July 2013, pages 45-70 (inclusive) prepared by the Issuer in connection with the Programme.

Such information shall be incorporated into, and form part of, this Prospectus, save that any statement contained in information which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any document which is incorporated by reference into any of the documents listed under items (A) to (H) above shall not constitute a part of this Prospectus.

Copies of the Issuer's financial statements and of Terms and Conditions of the Covered Bonds contained in previous Prospectuses incorporated by reference into this Prospectus may be obtained from the registered office of the Issuer and the Issuer's website (<http://www.ubibanca.it/pagine/2014%20Financial%20Statements.aspx> and <http://www.ubibanca.it/pagine/Covered-Bond-Prospectus-e-Supplement-5-blN-Programme-issued-in-2012.aspx>). Copies of the Guarantor's financial statements incorporated by reference into this Prospectus may be obtained from the website of the Irish Stock Exchange (<http://www.ise.ie/app/DeptSecurityDocuments.aspx?progID=755&uID=5450&FIELDSORT=docId>). The audited consolidated financial statements referred to above, together with the audit reports thereon, are available both in their original version in Italian and translated in English. The English language versions represent a direct translation from the Italian language documents.

Any part of the documents listed under items (A) to (H) not listed in cross reference list below, but contained in such documents, is not incorporated by reference in this Prospectus and is either not relevant for the investor or it is covered elsewhere in this Prospectus.

### Cross-reference List

#### Reports and Accounts 2012

##### *Audited consolidated financial statements of the Issuer*

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### **Reports and Accounts 2013**

#### ***Audited consolidated financial statements of the Issuer***

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### **Reports and Accounts 2014**

#### **Issuer's Quarterly Consolidated Report**

#### **As at 31 March 2014**

#### ***Issuer's consolidated financial statements***

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#### **Guarantor's audited non consolidated financial statements**

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#### **Guarantor's audited non consolidated financial statements**

#### **As at 31 December 2013**

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#### **Terms and Conditions of the Covered Bonds contained in previous Prospectuses**



Terms and Conditions of the Covered Bonds contained in the previous Prospectus dated 2 April 2012	Pages	45-71
Terms and Conditions of the Covered Bonds contained in the previous Prospectus dated 22 June 2012	Pages	45-71
Terms and Conditions of the Covered Bonds contained in the previous Prospectus dated 2 July 2013	Pages	45-70

## SUPPLEMENTS, FINAL TERMS AND FURTHER PROSPECTUSES

The Issuer and the Guarantor have undertaken that, for the duration of the Programme, if at any time there is a significant new factor, material mistake or inaccuracy relating to the Programme which is capable of affecting the assessment of the Covered Bonds, it shall prepare a supplement to this Prospectus or, as the case may be, publish a replacement Prospectus for use in connection with any subsequent offering of the Covered Bonds and shall supply to each Dealer any number of copies of such supplement as a Dealer may reasonably request.

In addition, the Issuer and the Guarantor may agree with the Dealer to issue Covered Bonds in a form not contemplated in the section entitled "Form of Final Terms". To the extent that the information relating to that Tranche of Covered Bonds constitutes a significant new factor in relation to the information contained in this Prospectus, a separate prospectus specific to such Tranche (a "**Drawdown Prospectus**") will be made available and will contain such information.

The terms and conditions applicable to any particular Tranche of Covered Bonds will be the conditions set out in the section entitled "*Terms and Conditions of the Covered Bonds*", as completed to the extent described in the relevant Final Terms.

Any Drawdown Prospectus containing the necessary information relating to the Issuer and the Guarantor and/or the relevant Covered Bonds, shall be read in conjunction with this Prospectus.

## TERMS AND CONDITIONS OF THE COVERED BONDS

The following is the text of the terms and conditions of the Covered Bonds (the "**Conditions**" and, each of them, a "**Condition**"). In these Conditions, references to the "**holder**" of Covered Bonds and to the "**Covered Bondholders**" are to the ultimate owners of the Covered Bonds, dematerialised and evidenced by book entries with Monte Titoli in accordance with the provisions of (i) Article 83-bis of Italian Legislative Decree No. 58 of 24 February 1998 and (ii) the joint regulation of CONSOB and the Bank of Italy dated 22 February 2008 and published in the Official Gazette No. 54 of 4 March 2008, as subsequently amended and supplemented from time to time.

The Covered Bondholders are deemed to have notice of and are bound by, and shall have the benefit of, *inter alia*, the terms of the Rules of the Organisation of Covered Bondholders attached to, and forming part of, these Conditions. In addition, the applicable Final Terms in relation to any Tranche of Covered Bonds will complete the Conditions for the purpose of such Tranche.

### 1. Introduction

#### (a) Programme

Unione di Banche Italiane S.c.p.A. (the "**Issuer**") has established a Covered Bond Programme (the "**Programme**") for the issuance of up to Euro 5,000,000,000 in aggregate principal amount of covered bonds (the "**Covered Bonds**") guaranteed by UBI Finance CB 2 S.r.l. (the "**Guarantor**"). Covered Bonds are issued pursuant to Article 7-bis of Law No. 130 of 30 April 1999 (as amended and supplemented from time to time)(the "**Securitisation and Covered Bond Law**"), Ministerial Decree No. 310 of the Ministry for the Economy and Finance of 14 December 2006, as amended and supplemented from time to time ("**Decree No. 310**") and Part III, Chapter 3 of the "*Disposizioni di vigilanza per le Banche*" (Circolare No. 285 of 17 December 2013) as amended and supplemented from time to time (the "**Bank of Italy Regulations**").

#### (b) Final Terms

Covered Bonds are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Covered Bonds. Each Tranche is the subject of final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Covered Bonds are these Conditions as completed by the relevant Final Terms.

#### (c) Covered Bond Guarantee

Each Series of Covered Bonds is the subject of a guarantee dated 2 April 2012, as amended and supplemented from time to time (the "**Covered Bond Guarantee**") entered into by the Guarantor for the purpose of guaranteeing the payments due from the Issuer in respect of the Covered Bonds of all Series issued under the Programme and to the Other Issuer Creditors. The Covered Bond Guarantee will be collateralised by a cover pool constituted by certain assets assigned from time to time to the Guarantor pursuant to the relevant Master Loans Purchase Agreement (as defined below) and in accordance with the provisions of the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations.

#### (d) Programme Agreement and Subscription Agreement

In respect of each Tranche of Covered Bonds issued under the Programme, the Relevant Dealer(s) (as defined below) has or have agreed to subscribe for the Covered Bonds and pay the Issuer the issue price specified in the Final Terms for the Covered Bonds on the Issue Date under the terms of a programme agreement dated 2 April 2012 (as amended and supplemented from time to time, the "**Programme Agreement**") between the Issuer, the Guarantor, the Sellers, the Representative of the Covered Bondholders and the dealer(s) named therein (the "**Dealers**"), as supplemented (if applicable) by a subscription agreement entered into by the Issuer, the Guarantor and the Relevant Dealer(s) (as defined below) on or around the date of the relevant Final Terms (the "**Subscription Agreement**"). In the Programme Agreement, the Dealers have appointed BNY Mellon Corporate Trustee Services Limited as representative of the Covered Bondholders (in such capacity, the "**Representative of the Covered Bondholders**"), as described in Condition 14 (*Representative of the Covered Bondholders*) and pursuant to the Intercreditor Agreement (as defined below), the Programme Agreement and the relevant Final Terms of each Series of Covered Bonds.

(e) *Monte Titoli Mandate Agreement*

In a mandate agreement with Monte Titoli S.p.A. ("**Monte Titoli**") (the "**Monte Titoli Mandate Agreement**"), Monte Titoli has agreed to provide the Issuer with certain depository and administration services in relation to the Covered Bonds.

(f) Master Definitions Agreement

In a master definitions agreement dated 2 April 2012 (as amended and supplemented from time to time, the "**Master Definitions Agreement**") between certain of the parties to each of the Transaction Documents (as defined below), the definitions of certain terms used in the Transaction Documents have been agreed.

(g) The Covered Bonds

Except where stated otherwise, all subsequent references in these Conditions to "**Covered Bonds**" are to the Covered Bonds which are the subject of the relevant Final Terms, but all references to "**each Series of Covered Bonds**" are to (i) the Covered Bonds which are the subject of the relevant Final Terms and (ii) each other Tranche of Covered Bonds issued under the Programme which remains outstanding from *time to time*.

(h) Rules of the Organisation of the Covered Bondholders

The Rules of the Organisation of the Covered Bondholders are attached to, and form an integral part of, these Conditions. References in these Conditions to the "**Rules of the Organisation of the Covered Bondholders**" include such rules as from time to time modified in accordance with the provisions contained therein and any agreement or other document expressed to be supplemental thereto.

(i) Summaries

Certain provisions of these Conditions are summaries of the Transaction Documents and are subject to their detailed provisions. Covered Bondholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Transaction Documents and the Rules of the Organisation of the Covered Bondholders applicable to them. Copies of the Transaction Documents are available for inspection by the Covered Bondholders during normal business hours at the registered office of the Representative of the Covered Bondholders from time to time and, where applicable, at the Specified Offices of the Principal Paying Agent (as defined below).

## 2. **Definitions and Interpretation**

(a) **Definitions**

Unless defined under Condition 1 (*Introduction*) above, in these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Amortisation Test**" means the tests which will be carried out pursuant to clause 3 (*Amortisation Test*) of the Cover Pool Management Agreement in order to ensure, *inter alia*, that, on each Calculation Date following the delivery of an Issuer Default Notice (but prior to the service of a Guarantor Default Notice), the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the principal amount of the issued Covered Bonds as calculated on the relevant Calculation Date;

"**Amortisation Test Aggregate Loan Amount**" has the meaning ascribed to such term in clause 3.2 (*Amortisation Test Aggregate Loan Amount*) of the Cover Pool Management Agreement;

**"Asset Monitor"** means Mazars S.p.A., acting in its capacity as asset monitor pursuant to the engagement letter entered into with the Issuer, on or about the date hereof and the Asset Monitor Agreement.

**"Asset Monitor Agreement"** means the asset monitor agreement entered into on 2 April 2012 between, *inter alios*, the Asset Monitor and the Issuer, as amended and supplemented from time to time;

**"Asset Swap Agreements"** means any asset swap agreement that may be entered into between the Guarantor and each Seller as Asset Swap Provider;

**"Business Day"** means:

- (i) in relation to any sum payable in Euro, a TARGET2 Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in Dublin, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

**"Business Day Convention"**, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that:*
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"Calculation Agent"** means Unione di Banche Italiane S.c.p.A. acting as calculation agent or any such other institution as may be appointed pursuant to the Cash Allocation, Management and Payments Agreement;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Calculation Date**" means the last calendar day of each month;

"**Calculation Period**" means each monthly period starting on a Calculation Date (included) and ending on the following Calculation Date (excluded);

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement entered into on 2 April 2012 between, *inter alios*, the Guarantor, the Representative of the Covered Bondholders, the Principal Paying Agent, the Calculation Agent, the Luxembourg Account Bank and the Italian Account Bank, as amended and supplemented from time to time;

"**Clearstream**" means Clearstream Banking, société anonyme, Luxembourg;

"**CONSOB**" means *Commissione Nazionale per le Società e la Borsa*;

"**Consolidated Banking Act**" means Legislative Decree No. 385 of 1 September 1993, as amended and supplemented from time to time;

"**Corporate Services Agreement**" means the corporate services agreement entered into on or about 29 February 2012, between the Guarantor and the Guarantor Corporate Servicer, pursuant to which the Guarantor Corporate Servicer will provide certain administration services to the Guarantor, as amended and supplemented from time to time;

"**Cover Pool Management Agreement**" means the cover pool management agreement entered into on 2 April 2012 between, *inter alios*, the Issuer, the Guarantor, the Sellers, the Calculation Agent, the Asset Monitor and the Representative of the Covered Bondholders, as amended and supplemented from time to time;

"**Covered Bond Calculation Agent**" means the Principal Paying Agent or such other Person as may be specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms (including any successor Covered Bond calculation agent appointed);

"**Covered Bondholders**" means the holders from time to time of Covered Bonds, title to which is evidenced in the manner described in Condition 3 (*Form, Denomination and Title*);

"**Covered Bond Instalment Amount**" means the principal amount of a Series of Covered Bonds to be redeemed on a Covered Bond Instalment Date as specified in the relevant Final Terms;

"**Covered Bond Instalment Date**" means a date on which a principal instalment is due on a Series of Covered Bonds as specified in the relevant Final Terms;

"**Covered Bond Instalment Extension Determination Date**" means, with respect to any Covered Bond Instalment Date, the date falling seven Business Days after such Covered Bond Instalment Date;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and

(2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;

- (ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1) + (D_2 - D_1)]]}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1) + (D_2 - D_1)]]}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y <sub>2</sub> "	is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
"M <sub>1</sub> "	is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
"M <sub>2</sub> "	is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
"D <sub>1</sub> "	is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D <sub>1</sub> will be 30; and
"D <sub>2</sub> "	is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D <sub>2</sub> will be 30; and

(vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1) + (D_2 - D_1)]]}{360}$$

where:

"Y <sub>1</sub> "	is the year, expressed as a number, in which the first day of the Calculation Period falls;
"Y <sub>2</sub> "	is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
"M <sub>1</sub> "	is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
"M <sub>2</sub> "	is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
"D <sub>1</sub> "	is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D <sub>1</sub> will be 30; and
"D <sub>2</sub> "	is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D <sub>2</sub> will be 30,

*provided, however, that* in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Decree No. 239**" means Italian Legislative Decree number 239 of 1 April 1996;

"**Deed of Charge**" means the English law deed of charge that may be entered into between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) in order to charge the rights arising under the Swap Agreements;

"**Deed of Pledge**" means the Italian law deed of pledge entered into on 2 April 2012 between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors);

"**Deeds of Pledge**" means, collectively, the Deed of Pledge and the Luxembourg Deed of Pledge;



**"Early Redemption Amount (Tax)"** means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Early Termination Amount"** means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

**"Euroclear"** means Euroclear Bank S.A./N.V., with offices at 1 Boulevard du Roi Albert II, B-1210 Bruxelles;

**"Extended Instalment Date"** means the date on which a principal instalment in relation to a Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Covered Bond Instalment Date as specified in the relevant Final Terms;

**"Extended Maturity Date"** means the date on which final redemption payments in relation to a specific Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Maturity Date in accordance with the relevant Final Terms.

**"Extension Determination Date"** means, with respect to any Series of Covered Bonds, the date falling seven Business Days after (and including) the Maturity Date of such Series of Covered Bonds;

**"Extraordinary Resolution"** has the meaning ascribed to such term in the Rules of Organisation of the Covered Bondholders attached to these Conditions;

**"Final Redemption Amount"** means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"First Interest Payment Date"** means the date specified in the relevant Final Terms;

**"Fixed Coupon Amount"** has the meaning given in the relevant Final Terms;

**"Guaranteed Amounts"** means the amounts due from time to time from the Issuer to (i) the Covered Bondholders with respect to each Series of Covered Bonds (excluding any additional amounts payable to the Covered Bondholders under Condition 11(a) (*Gross-up by the Issuer*)) and (ii) the Other Issuer Creditors pursuant to the relevant Transaction Documents;

**"Guarantor Corporate Servicer"** means TMF Management Italy S.r.l., acting in its capacity as corporate servicer of the Guarantor pursuant to the Corporate Services Agreement.

**"Guarantor Default Notice"** means the notice to be delivered by the Representative of the Covered Bondholders to the Guarantor upon the occurrence of a Guarantor Event of Default;

**"Guarantor Event of Default"** has the meaning given to it in Condition 12(c) (*Guarantor Events of Default*);

**"Guarantor Payment Date"** means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 28<sup>th</sup> day of each month or, if such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the Covered Bondholders in accordance with the Post-Enforcement Priority of Payments, the relevant Final Terms and the Intercreditor Agreement;

**"Insolvency Event"** means, in respect of any company, entity, or corporation that:

- (i) such company, entity or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and (other than in respect of the Issuer) "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, division, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such

company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

- (ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (iii) such company, entity or corporation takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in case of the Guarantor, the creditors under the Transaction Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments (other than, in respect of the Issuer, the issuance of a resolution pursuant to article 74 of the Consolidated Banking Act); or
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company, entity or corporation or any of the events under article 2448 of the Italian Civil Code occurs with respect to such company, entity or corporation (except in any such case a winding-up or other proceeding for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Covered Bondholders); or
- (v) such company, entity or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business;

**"Intercreditor Agreement"** means the intercreditor agreement entered into on 2 April 2012 between the Guarantor and the Other Creditors, as amended and supplemented from time to time;

**"Interest Amount"** means, in relation to any Series of Covered Bonds and an Interest Period, the amount of interest payable in respect of that Series for that Interest Period;

**"Interest Commencement Date"** means the Issue Date of the Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**"Interest Determination Date"** has the meaning given in the relevant Final Terms;

**"Interest Payment Date"** means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Definitions"** means the 2006 ISDA Definitions, as amended and updated as at the date of issue of the first Tranche of the Covered Bonds of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.;

**"Issue Date"** has the meaning ascribed to such term, with respect to each Series of Covered Bonds, in the relevant Final Terms;

**"Issuer Default Notice"** means the notice to be delivered by the Representative of the Covered Bondholders to the Issuer and the Guarantor upon the occurrence of an Issuer Event of Default;

**"Issuer Event of Default"** has the meaning given to it in Condition 12 (a) (*Issuer Events of Default*);

**"Italian Account Bank"** means Unione di Banche Italiane S.c.p.A., in its capacity as Italian account bank, or any such other depository institution as may be appointed pursuant to the Cash Allocation, Management and Payments Agreement;

**"Liability Swap Agreements"** means the swap agreements that may be entered into on or about each Issue Date between the Guarantor and a liability swap provider;

**"Liability Swap Provider"** means any entity acting as a liability swap provider to the Guarantor pursuant to a Liability Swap Agreement;

**"Loans"** means any Mortgage Loan (as defined in the Master Definitions Agreement) which is sold and assigned by each Seller to the Guarantor from time to time under the terms of the relevant Master Loans Purchase Agreement;

**"Luxembourg Account Bank"** means UBI Banca International S.A., acting in its capacity as Luxembourg account bank or any such other depository institution as may be appointed in accordance with the Cash Allocation, Management and Payments Agreement;

**"Luxembourg Account Bank Deed of Guarantee"** means the deed entered into on 12 December 2013 between Unione di Banche Italiane S.c.p.A. as Luxembourg account bank guarantor and UBI Finance CB 2 S.r.l. as Luxembourg account bank guarantee beneficiary;

**"Luxembourg Deed of Pledge"** means the Luxembourg law deed of pledge entered into on 2 April 2012 between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) in order to pledge the Luxembourg Accounts;

**"Mandate Agreement"** means the mandate agreement entered into on 2 April 2012 between the Representative of the Covered Bondholders and the Guarantor, as amended and supplemented from time to time;

**"Margin"** has the meaning given in the relevant Final Terms;

**"Master Loans Purchase Agreement"** means each master loans purchase agreement entered into on 29 February 2012 between the Guarantor and a Seller, as amended and supplemented from time to time;

**"Master Servicer"** means Unione di Banche Italiane S.c.p.A., in its capacity as master servicer pursuant to the Master Servicing Agreement;

**"Master Servicing Agreement"** means the master servicing agreement entered into on 29 February 2012, between the Guarantor, the Issuer, the Master Servicer, the Service Providers and the Sub-Servicers, as amended and supplemented from time to time;

**"Maturity Date"** means each date on which final redemption payments for a Series of Covered Bonds become due in accordance with the Final Terms but subject to it being extended to the Extended Maturity Date;

**"Maximum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"Minimum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"Monte Titoli Account Holders"** means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with Article 83-quarter of the Financial Law Consolidated Act;

**"Optional Redemption Amount (Call)"** means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Optional Redemption Amount (Put)"** means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms;

**"Organisation of the Covered Bondholders"** means the association of the Covered Bondholders, organised pursuant to the Rules of the Organisation of the Covered Bondholders;

**"Other Creditors"** means the Issuer, the Sellers, the Subordinated Lenders, the Master Servicer, the Sub-Servicers, the Service Providers, the Representative of the Covered Bondholders, the Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Italian Account Bank, the Luxembourg Account Bank, the Asset Monitor, any Asset Swap Providers, the Portfolio Manager (if any) and any other creditors which may, from time to time, be identified as such in the context of the Programme;

**"Outstanding Principal Amount"** means, on any date in respect of any Series of Covered Bonds or, where applicable, in respect of all Series of Covered Bonds:

- (i) the principal amount of such Series or, where applicable, all such Series upon issue; *minus*
- (ii) the aggregate amount of all principal which has been repaid prior to such date in respect of such Series or, where applicable, all such Series and, solely for the purposes of Title II (*Meetings of the Covered Bondholders*) of the Rules of the Organisation of Covered Bondholders, the principal amount of any Covered Bonds in such Series of (where applicable) all such Series held by, or by any Person for the benefit of, the Issuer or the Guarantor;

**"Payment Business Day"** means a day on which banks in the relevant Place of Payment are open for payment of amounts due in respect of debt securities and for dealings in foreign currencies and any day which is:

- (i) if the currency of payment is Euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not Euro, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Place of Payment"** means, in respect of any Covered Bondholders, the place at which such Covered Bondholder receives payment of interest or principal on the Covered Bonds;

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency *provided, however, that:*

- (i) in relation to Euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Covered Bond Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case

of a payment) by the payee or (in the case of a calculation) by the Covered Bond Calculation Agent;

**"Principal Paying Agent"** means The Bank of New York Mellon (Luxembourg) S.A., Italian Branch, acting in its capacity as principal paying agent pursuant to the Cash Allocation, Management and Payments Agreement;

**"Priority of Payments"** means each of the Pre-Issuer Event of Default Interest Priority of Payments, the Pre-Issuer Event of Default Principal Priority of Payments, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments;

**"Programme Resolution"** has the meaning given in the Rules of the Organisation of Covered Bondholders attached to these Conditions;

**"Put Option Notice"** means a notice of exercise relating to the put option contained in Condition 9(f) (*Redemption at the option of the Covered Bondholders*), substantially in the form set out in Schedule 6 to the Cash Allocation, Management and Payments Agreement, or such other form which may, from time to time, be agreed between the Issuer and the Principal Paying Agent;

**"Put Option Receipt"** means a receipt issued by the Principal Paying Agent to a depositing Covered Bondholder upon deposit of Covered Bonds with the Principal Paying Agent by any Covered Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Covered Bondholder;

**"Quotaholders' Agreement"** means the agreement entered into, on 2 April 2012 between UBI Banca, Stichting Viola, the Guarantor and the Representative of the Covered Bondholders, as amended and supplemented from time to time;

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Series of Covered Bonds specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

**"Reference Banks"** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Covered Bond Calculation Agent in the market that is most closely connected with the Reference Rate;

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** means Euribor or Libor, as determined in the relevant Final Terms;

**"Regular Period"** means:

- (i) in the case of Covered Bonds where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Covered Bonds where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Covered Bonds where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment

Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**"Relevant Clearing System"** means Euroclear and/or Clearstream, Luxembourg and/or any other clearing system (other than Monte Titoli) specified in the relevant Final Terms as a clearing system through which payments under the Covered Bonds may be made;

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Covered Bondholders;

**"Relevant Dealer(s)"** means, in relation to a Tranche, the Dealer(s) which is/are party to any agreement (whether oral or in writing) entered into with the Issuer and the Guarantor for the issue by the Issuer and the subscription by such Dealer(s) of such Tranche pursuant to the Programme Agreement;

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms;

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Time"** has the meaning given in the relevant Final Terms;

**"Security"** means the security created pursuant to the Deeds of Pledge, the Luxembourg Deed of Pledge and the Deed of Charge if any;

**"Seller"** means any seller in its capacity as such pursuant to the relevant Master Loans Purchase Agreement;

**"Service Provider"** means each Seller, in its capacity as service provider pursuant to the Master Servicing Agreement and, collectively, the **"Service Providers"**;

**"Specified Currency"** has the meaning given in the relevant Final Terms;

**"Specified Denomination(s)"** has the meaning given in the relevant Final Terms;

**"Specified Office"** means, in relation to the Principal Paying Agent its Italian branch at Via Carducci 31, 20123 Milan, Italy, with respect to the Guarantor Servicer, Foro Buonaparte, 70, 20121 Milan, Italy, with respect to the Calculation Agent, Via Cefalonia, 74, 2512 Brescia, Italy, and with respect to the Luxembourg Account Bank, its 37A Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, or, in each case, such other address as it may specify in accordance with the provisions of the Luxembourg Account Bank Agreement;

**"Specified Period"** has the meaning given in the relevant Final Terms;

**"Statutory Tests"** means such tests provided for under article 3 of Decree No. 310 and namely: (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test, as further defined under Clause 2 (*Statutory Test*) of the Cover Pool Management Agreement;

**"Subordinated Lender"** means each Seller, in its capacity as subordinated lender pursuant to the relevant Subordinated Loan Agreement;

**"Subordinated Loan Agreement"** means each subordinated loan agreement entered into on 29 February 2012 between a Subordinated Lender and the Guarantor, as amended and supplemented from time to time;

**"Sub-Servicer"** means each Seller, other than UBI Banca, in its capacity as sub-servicer pursuant to the Master Servicing Agreement;

"**Subsidiary**" has the meaning ascribed to such term it in Article 2359 of the Italian Civil Code;

"**Swap Agreements**" means, collectively, each Asset Swap Agreement, Liability Swap Agreement and any other swap agreement that may be entered into in connection with the Programme;

"**Swap Providers**" means, collectively, the Asset Swap Providers, the Liability Swap Providers and the providers of any other swap agreements entered into in connection with the Programme;

"**TARGET 2 Settlement Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System is open;

"**Test Grace Period**" means the period starting from the Calculation Date on which the breach of a test is notified by the Calculation Agent and ending on the 3<sup>rd</sup> (third) following Calculation Date;

"**Tests**" means the Statutory Tests and the Amortisation Test;

"**Transaction Documents**" means each Master Loans Purchase Agreement, the Master Servicing Agreement, each Warranty and Indemnity Agreement, the Cash Allocation, Management and Payments Agreement, the Programme Agreement, each Subscription Agreement, the Cover Pool Management Agreement, the Intercreditor Agreement, each Subordinated Loan Agreement, the Asset Monitor Agreement, the Covered Bond Guarantee, the Corporate Services Agreement, the Swap Agreements, the Mandate Agreement, the Quotaholders' Agreement, these Conditions, the Deed of Charge, the Deeds of Pledge, the Master Definitions Agreement, the Luxembourg Account Bank Deed of Guarantee, each Final Terms and any other agreement which will be entered into from time to time in connection with the Programme;

"**Warranty and Indemnity Agreement**" means each warranty and indemnity agreement entered into on 29 February 2012 between a Seller and the Guarantor, as amended and supplemented from time to time.

(b) Interpretation

In these Conditions:

- (i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Series of Cover Bonds and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Cover Bonds;
- (iv) any reference to a Transaction Document shall be construed as a reference to such Transaction Document, as amended and/or supplemented up to and including the Issue Date of the relevant Covered Bonds;
- (v) any reference to a party to a Transaction Document (other than the Issuer and the Guarantor) shall, where the context permits, include any Person who, in accordance with the terms of such Transaction Document, becomes a party thereto subsequent to the date thereof, whether by appointment as a successor to an existing party or by appointment or otherwise as an additional party to such document and whether in respect of the Programme generally or in respect of a single Tranche only; and
- (vi) any reference in any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

### **3. Form, Denomination and Title**

The Covered Bonds are in the Specified Denomination(s), which may include a minimum denomination and higher integral multiples of a smaller amount, in each case as specified in the relevant Final Terms. The Covered Bonds will at all times be evidenced by, and title thereto will be transferable by means of, book entries in accordance with the provisions of Article 83-*bis* of Italian Legislative Decree No. 58 of 24 February 1998 and the joint regulation of CONSOB and the Bank of Italy dated 22 February 2008 and published in the Official Gazette No. 54 of 4 March 2008, as amended and supplemented from time to time. The Covered Bonds will be held by Monte Titoli on behalf of the Covered Bondholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holder. No physical documents of title will be issued in respect of the Covered Bonds. The rights and powers of the Covered Bondholders may only be exercised in accordance with the Rules of the Organisation of the Covered Bondholders.

### **4. Status and Guarantee**

#### (a) Status of the Covered Bonds

The Covered Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, any funds realised and payable to the Covered Bondholders will be collected by the Guarantor on their behalf.

#### (b) Status of the Covered Bond Guarantee

The payment of Guaranteed Amounts in respect of each Series of Covered Bonds when due for payment will be unconditionally and irrevocably guaranteed by the Guarantor in the Covered Bond Guarantee.

#### (c) Priority of Payments

Amounts due from the Issuer pursuant to these Conditions or from the Guarantor pursuant to the Covered Bond Guarantee shall be paid in accordance with the Priority of Payments, as set out in the Intercreditor Agreement.

### **5. Fixed Rate Provisions**

#### (a) Application

This Condition 5 is applicable to the Covered Bonds only if the Fixed Rate Provisions are specified in the relevant Final Terms as being applicable.

#### (b) Accrual of interest

The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

#### (c) Fixed Coupon Amount

The amount of interest payable in respect of each Covered Bond for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Covered Bonds are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

#### (d) Calculation of interest amount



The amount of interest payable in respect of each Covered Bond for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub unit of the Specified Currency (half a sub unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent.

## **6. Floating Rate**

### **(a) Application**

This Condition 6 is applicable to the Covered Bonds only if the Floating Rate Provisions are specified in the relevant Final Terms as being applicable.

### **(b) Accrual of interest**

The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

### **(c) Screen Rate Determination**

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each Interest Period will be determined by the Covered Bond Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Covered Bond Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Covered Bond Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Covered Bond Calculation Agent will:
  - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Covered Bond Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Covered Bond Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Covered Bond Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Covered Bond Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Covered Bonds during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Covered Bonds in respect of a preceding Interest Period.

(d) ISDA Determination

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Covered Bond Calculation Agent under an interest rate swap transaction if the Covered Bond Calculation Agent were acting as Covered Bond Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

(e) Maximum or Minimum Rate of Interest

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(f) Calculation of Interest Amount

The Covered Bond Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Covered Bond for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub unit of the Specified Currency (half a sub unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Covered Bond divided by the Calculation Amount. For this purpose a "**sub unit**" means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent.

(g) Calculation of other amounts

If the relevant Final Terms specifies that any other amount is to be calculated by the Covered Bond Calculation Agent, then the Covered Bond Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Covered Bond Calculation Agent in the manner specified in the relevant Final Terms.

(h) Publication

The Covered Bond Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Principal Paying Agent

and each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/ or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Covered Bondholders. The Covered Bond Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination, the Covered Bond Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Covered Bond having the minimum Specified Denomination.

(i) Notifications etc

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Covered Bond Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the Covered Bondholders and (subject as aforesaid) no liability to any such Person will attach to the Covered Bond Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7. *[This paragraph intentionally left blank]*

8. *[This paragraph intentionally left blank]*

**9. Redemption and Purchase**

(a) Scheduled redemption

Unless previously redeemed or purchased and cancelled in accordance with the Conditions and the relevant Final Terms, the Covered Bonds will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in this Condition 9 (*Redemption and Purchase*) and Condition 10 (*Payments*).

(b) Extension of maturity

If an Extended Maturity Date is specified as applicable in the relevant Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the relevant Final Terms and the Guarantor or the Calculation Agent on its behalf determines that the Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series of Covered Bonds on the date falling on the Extension Determination Date, then (subject as provided below), payment of the unpaid amount by the Guarantor under the Covered Bond Guarantee shall be deferred until the Extended Maturity Date *provided that* any amount representing the Final Redemption Amount due and remaining after the Extension Determination Date may be paid by the Guarantor on any Interest Payment Date thereafter up to (and including) the relevant Extended Maturity Date.

The Issuer shall confirm to the Principal Paying Agent as soon as reasonably practicable and in any event at least four Business Days prior to the Maturity Date as to whether payment will or will not be made in full of the Final Redemption Amount in respect of the Covered Bonds on that Maturity Date. Any failure by the Issuer to notify the Principal Paying Agent shall not affect the validity or effectiveness of the extension.

The Guarantor shall notify the relevant holders of the Covered Bonds (in accordance with Condition 18 (*Notices*), any relevant Swap Provider(s), the Rating Agency, the Representative of the Covered Bondholders and the Principal Paying Agent as soon as reasonably practicable and in any event at least six Business Days prior to the Maturity Date of any inability of the Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the Covered Bonds pursuant to the Covered Bond Guarantee. Any failure by the Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

In the circumstances outlined above, the Guarantor shall on the Extension Determination Date, pursuant to the Covered Bond Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the relevant Priority of Payments) *pro rata* in partial payment of an amount equal to the Final Redemption Amount in respect of the Covered Bonds and shall pay Guaranteed Amounts constituting interest in respect of each such Covered Bond on such date. The obligation of the Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above.

Interest will continue to accrue on any unpaid amount and be payable on each Interest Payment Date during such extended period up to (and including) the Extended Maturity Date or, if earlier, the Interest Payment Date on which the Final Redemption Amount is paid in full.

(c) Redemption for tax reasons

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (if the Floating Rate Provisions are specified in the relevant Final Terms as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Covered Bondholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Covered Bonds; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

*provided, however, that* no such notice of redemption shall be given earlier than:

- (1) where the Covered Bonds may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due; or
- (2) where the Covered Bonds may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(c), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 9(c)

(d) Redemption at the option of the Issuer

If the Call Option is specified in the relevant Final Terms as being applicable, the Covered Bonds may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's

giving not less than 15 nor more than 30 days' notice to the Covered Bondholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Covered Bonds on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(e) Partial redemption and instalment redemption

If the Covered Bonds are to be redeemed in part only on any date in accordance with Condition 9(d) (*Redemption at the option of the Issuer*) or if they are redeemed in instalments pursuant to the relevant Final Terms and the Conditions, the Covered Bonds to be redeemed in part shall be redeemed in the principal amount specified by the Issuer and the Covered Bonds will be so redeemed in accordance with the rules and procedures of Monte Titoli and/or any other Relevant Clearing System (to be reflected in the records of such clearing systems as a pool factor or a reduction in principal amount, at their discretion), subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation. The notice to Covered Bondholders referred to in Condition 9(d) (*Redemption at the option of the Issuer*) shall specify the proportion of the Covered Bonds so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(f) Redemption at the option of Covered Bondholders

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of any Covered Bondholder redeem such Covered Bonds held by it on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(f), the Covered Bondholder must, not less than 15 nor more than 30 days before the relevant Optional Redemption Date (Put), deposit with the Principal Paying Agent a duly completed Put Option Notice (which notice shall be irrevocable) in the form obtainable from the Principal Paying Agent. The Principal Paying Agent shall deliver a duly completed Put Option Receipt to the depositing Covered Bondholder. Once deposited in accordance with this Condition 9(f), no duly completed Put Option Notice, may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any Covered Bonds become immediately due and payable or, upon due presentation of any such Covered Bonds on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the Principal Paying Agent shall mail notification thereof to the Covered Bondholder at such address as may have been given by such Covered Bondholder in the relevant Put Option Notice and shall hold such Covered Bond against surrender of the relevant Put Option Receipt. For so long as any outstanding Covered Bonds are held by the Principal Paying Agent in accordance with this Condition 9(f), the Covered Bondholder and not the Principal Paying Agent shall be deemed to be the holder of such Covered Bonds for all purposes.

(g) No other redemption

The Issuer shall not be entitled to redeem the Covered Bonds otherwise than as provided in this Condition 9 and as specified in the relevant Final Terms.

(h) Purchase

The Issuer or any of its Subsidiaries (other than the Guarantor) may at any time purchase Covered Bonds in the open market or otherwise and at any price and any Covered Bonds so purchased may be held or resold or may be surrendered in accordance with Condition 9(i) (Cancellation). The Guarantor shall not purchase any Covered Bonds at any time.

(i) Cancellation

All Covered Bonds so redeemed or purchased by the Issuer or any such Subsidiary and subsequently surrendered for cancellation shall be cancelled and may not be reissued or resold.

(j) Extension of principal instalments

If Extended Instalment Date is specified as applicable in the relevant Final Terms for a Series of Covered Bonds whose principal is payable in instalments and the Issuer has failed to pay a Covered Bond Instalment Amount on the applicable Covered Bond Instalment Date specified in the relevant Final Terms and the Guarantor or the Calculation Agent on its behalf determines that the Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to such Covered Bond Instalment Amount in full on the applicable Covered Bond Instalment Extension Determination Date, then (subject as provided below), payment by the Guarantor under the Covered Bond Guarantee of each of (a) such Covered Bond Instalment Amount and (b) all subsequently due and payable Covered Bond Instalment Amounts shall be deferred until the Interest Payment Date falling one year after the date on which it was previously due *provided that* no Covered Bond Instalment Amount may be deferred to a date falling after the Maturity Date for the relevant Series.

The Issuer shall confirm to the Principal Paying Agent as soon as reasonably practicable and in any event at least four Business Days prior to the applicable Covered Bond Instalment Date as to whether payment will or will not be made in full of the relevant Covered Bond Instalment Amount on its Covered Bond Instalment Date. Any failure by the Issuer to notify the Principal Paying Agent shall not affect the validity or effectiveness of the extension.

The Guarantor shall notify the relevant holders of the Covered Bonds (in accordance with Condition 18(*Notices*)), any relevant Swap Provider(s), the Rating Agency, the Representative of the Covered Bondholders and the Principal Paying Agent as soon as reasonably practicable and in any event at least six Business Days prior to a Covered Bond Instalment Date of any inability of the Guarantor to pay in full the Guaranteed Amounts corresponding to the relevant Covered Bond Instalment Amount pursuant to the Covered Bond Guarantee. Any failure by the Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

In the circumstances outlined above, the Guarantor shall on each Interest Payment Date following the applicable Covered Bond Instalment Extension Determination Date until the applicable Extended Instalment Date, pursuant to the Covered Bond Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the relevant Priority of Payments) *pro rata* towards payment of an amount equal to the relevant Covered Bond Instalment Amount together with interest accrued thereon up to (and including) such date.

Interest will continue to accrue on any unpaid amount during such extended period and shall be payable on each Interest Payment Date from the relevant Covered Bond Instalment Date until the Extended Instalment Date or, if earlier, the date on which the deferred Covered Bond Instalment Amount is paid in full.

Failure by the Issuer to pay the Covered Bond Instalment Amount on its Covered Bond Instalment Date will (subject to any applicable grace period) be an Issuer Event of Default. Failure by the Guarantor to pay the deferred Covered Bond Instalment Amount on the related Extended Instalment Date will (subject to any applicable grace period) be a Guarantor Event of Default.

## **10. Payments**

### **(a) Payments through clearing systems**

Payment of interest and repayment of principal in respect of the Covered Bonds will be credited, in accordance with the instructions of Monte Titoli, by the Principal Paying Agent on behalf of the Issuer or the Guarantor (as the case may be) to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Covered Bonds and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Covered Bonds or through the Relevant Clearing Systems to the accounts with the Relevant Clearing Systems of the beneficial owners of those Covered Bonds, in accordance with the rules and procedures of Monte Titoli and of the Relevant Clearing Systems, as the case may be.

### **(b) Payments subject to fiscal laws**

All payments in respect of the Covered Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition

11(Taxation). No commissions or expenses shall be charged to Covered Bondholders in respect of such payments.

- (c) Payments on business days

If the due date for payment of any amount in respect of any Covered Bond is not a Payment Business Day in the Place of Payment, the Covered Bondholder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

## 11. Taxation

- (a) Gross up by Issuer

All payments of principal and interest in respect of the Covered Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed (i) by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, or (ii) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof (“FATCA”) unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA). In that event, the Issuer shall pay such additional amounts as will result in receipt by the Covered Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Covered Bond:

- (i) in respect of any payment or deduction of any interest or principal on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Decree 239 with respect to any Covered Bonds and in all circumstances in which the procedures set forth in Decree 239 have not been met or complied with except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (ii) held by or on behalf of a Covered Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Covered Bonds by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Covered Bonds; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC, Amending Directive or any law or agreement implementing or complying with, or introduced in order to conform to, such Directives; or
- (iv) presented for payment by or on behalf of a Covered Bondholder which would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond to another Paying Agent in a Member State of the European Union; or
- (v) where such withholding is required by FATCA.

- (b) Taxing jurisdiction

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction. For the purposes of this paragraph (b), the Issuer will not be considered to become subject to the taxing jurisdiction of the United States should the Issuer be required to withhold amounts in respect any withholding tax imposed by the United States on any payments the Issuer makes.

- (c) No Gross-up by the Guarantor

If withholding of, or deduction of any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of Italy, any authority therein or thereof having power to tax, the Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Covered Bondholders, as the case may be, and shall not be obliged to pay any additional amounts to the Covered Bondholders.

## 12. Events of Default

### (a) Issuer Events of Default:

If any of the following events (each, an "**Issuer Event of Default**") occurs and is continuing:

- (i) *Non-payment*: the Issuer fails to pay any amount of interest and/or principal due and payable on any Series of Covered Bonds at their relevant Interest Payment Date and such breach is not remedied within the next 15 Business Days, in case of amounts of interest, or 20 Business Days, in case of amounts of principal, as the case may be; or
- (ii) *Breach of other obligation*: a material breach of any obligation under the Transaction Documents by the Issuer occurs which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Issuer; or
- (iii) *Cross-default*: any of the events described in paragraphs (i) to (ii) above occurs in respect of any other Series of Covered Bonds; or
- (iv) *Insolvency*: an Insolvency Event occurs with respect to the Issuer; or
- (v) *Article 74 resolution*: a resolution pursuant to article 74 of the Consolidated Banking Act is issued in respect of the Issuer; or
- (vi) *Cessation of business*: the Issuer ceases to carry on its primary business; or
- (vii) *Breach of Tests*: the Tests are breached and are not remedied within the Test Grace Period,

then the Representative of the Covered Bondholders shall serve an Issuer Default Notice on the Issuer and the Guarantor demanding payment under the Covered Bond Guarantee, and specifying, in case of the Issuer Event of Default referred to under item (v) (*Article 74 resolution*) above, that the Issuer Event of Default may be temporary.

### (b) Effect of an Issuer Default Notice:

Upon service of an Issuer Default Notice upon the Issuer and the Guarantor:

- (i) *No further Series of Covered Bonds*: the Issuer may not issue any further Series of Covered Bonds;
- (ii) *Covered Bond Guarantee*:
  - (a) interest and principal falling due on the Covered Bonds will be payable by the Guarantor at the time and in the manner provided under these Conditions, subject to and in accordance with the terms of the Covered Bond Guarantee and the Priority of Payments;
  - (b) the Guarantor (or the Representative of the Covered Bondholders pursuant to the Intercreditor Agreement) shall be entitled to request from the Issuer an amount up to the Guaranteed Amounts and any sum so received or recovered from the Issuer will be used to make payments in accordance with the Covered Bond Guarantee;
  - (c) if (i) the right of the Guarantor under Condition 12(b)(ii)(b) is in any way challenged or revoked and (ii) a Programme Resolution of the Covered Bondholders has been passed to this effect, the Covered Bonds will become immediately due and payable by the Issuer, at their Early Termination Amount together with accrued interest thereon and the Guarantor will no longer be entitled to request from the Issuer the amount set out under Condition 12(b)(ii)(b);



- (iii) *Disposal of Assets*: the Guarantor shall sell the Eligible Assets and Top-Up Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement,

*provided that*, in case of the Issuer Event of Default referred to under item (v) (*Article 74 resolution*) above, the effects listed in items (i) (*No further Series of Covered Bonds*), (ii) (*Covered Bond Guarantee*) and (iii) (*Disposal of Assets*) above will only apply for as long as the suspension of payments pursuant to Article 74 of the Consolidated Banking Act will be in force and effect (the "**Suspension Period**"). Accordingly (A) the Guarantor, in accordance with Decree No. 310, shall be responsible for the payments of the amounts due and payable under the Covered Bonds during the Suspension Period and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds.

(c) Guarantor Events of Default:

If any of the following events (each, a "**Guarantor Event of Default**") occurs and is continuing:

- (i) *Non-payment*: following delivery of an Issuer Default Notice, the Guarantor fails to pay any interest and/or principal due and payable under the Covered Bond Guarantee and such breach is not remedied within the next following 15 Business Days, in case of amounts of interests, or 20 Business Days, in case of amounts of principal, as the case may be; or
- (ii) *Insolvency*: an Insolvency Event occurs with respect to the Guarantor; or
- (iii) *Breach of other obligation*: a material breach of any obligation under the Transaction Documents by the Guarantor occurs (other than payment obligations referred to in Condition 12(c)(i) which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Guarantor; or
- (iv) *Breach of Amortisation Test*: following the service of an Issuer Default Notice (provided that, in case the Issuer Event of Default consists of an Article 74 Event, the Representative of the Covered Bondholders has not delivered an Article 74 Event Cure Notice) the Amortisation Test is breached and is not remedied within the Test Grace Period; or
- (v) *Invalidity of the Covered Bond Guarantee*: the Covered Bond Guarantee is not in full force and effect or it is claimed by the Guarantor not to be in full force and effect,

then the Representative of the Covered Bondholders shall or, in the case of the Guarantor Event of Default under Condition 12(c)(iii) (*Breach of other obligation*) shall, if so directed by a Programme Resolution, serve a Guarantor Default Notice on the Guarantor.

(d) Effect of a Guarantor Default Notice:

Upon service of a Guarantor Default Notice upon the Guarantor:

- (i) *Acceleration of Covered Bonds*: the Covered Bonds shall become immediately due and payable at their Early Termination Amount together, if appropriate, with any accrued interest;
- (ii) *Covered Bond Guarantee*: subject to and in accordance with the terms of the Covered Bond Guarantee, the Representative of the Covered Bondholders, on behalf of the Covered Bondholders, shall have a claim against the Guarantor for an amount equal to the Early Termination Amount, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 11(a) (*Gross up*) in accordance with the Priority of Payments;
- (iii) *Disposal of assets*: the Guarantor shall immediately sell all assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement; and
- (iv) *Enforcement*: the Representative of the Covered Bondholders may, at its discretion and without further notice subject to having been indemnified and/or secured to its satisfaction, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any such

proceedings or steps unless requested or authorised by a Programme Resolution of the Covered Bondholders.

(e) Determinations, etc

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 12 by the Representative of the Covered Bondholders shall (in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*)) be binding on the Issuer, the Guarantor and all Covered Bondholders and (in such absence as aforesaid) no liability to the Covered Bondholders, the Issuer or the Guarantor shall attach to the Representative of the Covered Bondholders in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder.

**13. Prescription**

Claims for payment under the Covered Bonds shall become void unless made within ten years (in respect of principal) or five years (in respect of interest) from the due date thereof.

**14. Representative of the Covered Bondholders**

(a) Organisation of the Covered Bondholders

The Organisation of the Covered Bondholders shall be established upon, and by virtue of, the issuance of the first Series of Covered Bonds under the Programme and shall remain in force and in effect until repayment in full or cancellation of the Covered Bonds of any Series. Pursuant to the Rules of the Organisation of the Covered Bondholders, for as long as the Covered Bonds are outstanding, there shall at all times be a Representative of the Covered Bondholders. The appointment of the Representative of the Covered Bondholders as legal representative of the Organisation of the Covered Bondholders is made by the Covered Bondholders subject to and in accordance with the Rules of the Organisation of the Covered Bondholders.

(b) Initial appointment

In the Programme Agreement, the Relevant Dealer(s) has or have appointed the Representative of the Covered Bondholders to perform the activities described in the Programme Agreement, in these Conditions (including the Rules of the Organisation of Covered Bondholders), in the Intercreditor Agreement, in the Mandate Agreement and in the other Transaction Documents, and the Representative of the Covered Bondholders has accepted such appointment for the period commencing on the Issue Date of the first Series of Covered Bonds and ending (subject to early termination of its appointment) on the date on which all of the Covered Bonds have been cancelled or redeemed in accordance with these Conditions and the relevant Final Terms.

(c) Acknowledgment by Covered Bondholders

Each Covered Bondholder, by reason of holding Covered Bonds:

- (i) recognises the Representative of the Covered Bondholders as its representative and (to the fullest extent permitted by law) agrees to be bound by any agreement entered into from time to time by the Representative of the Covered Bondholders in such capacity as if such Covered Bondholder were a signatory thereto; and
- (ii) acknowledges and accepts that the Relevant Dealer(s) shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Covered Bondholders as a result of the performance by the Representative of the Covered Bondholders of its duties or the exercise of any of its rights under the Transaction Documents.

**15. Agents**

In acting under the Cash Allocation Management and Payments Agreement and in connection with the Covered Bonds, the Principal Paying Agent acts solely as an agent of the Issuer and, following service of an Issuer Default Notice or a Guarantor Default Notice, as an agent of the Guarantor and does not

assume any obligations towards or relationship of agency or trust for or with any of the Covered Bondholders.

The Principal Paying Agent and its initial Specified Offices are set out in these Conditions. The Cover Bond Calculation Agent (if not the Principal Paying Agent) is specified in the relevant Final Terms. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint a successor principal paying agent or Cover Bond Calculation Agent; *provided, however, that:*

- (i) the Issuer and the Guarantor shall at all times maintain a principal paying agent; and
- (ii) the Issuer and the Guarantor shall at all times procure that the Principal Paying Agent operates in an EU member state such that it will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000; and
- (iii) if a Cover Bond Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantor shall at all times maintain a Cover Bond Calculation Agent; and
- (iv) if and for so long as the Covered Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying agent in any particular place, the Issuer and the Guarantor shall maintain a paying agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in the Principal Paying Agent or in its Specified Offices shall promptly be given to the Covered Bondholders.

## **16. Further Issues**

The Issuer may from time to time, without the consent of the Covered Bondholders, create and issue further Covered Bonds having the same terms and conditions as the Covered Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Covered Bonds.

## **17. Limited Recourse and Non Petition**

### **(a) Limited Recourse**

The obligations of the Guarantor under the Covered Bond Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations. The recourse of the Covered Bondholders to the Guarantor under the Covered Bond Guarantee will be limited to the assets comprised in the Cover Pool subject to, and in accordance with, the relevant Priority of Payments pursuant to which specified payments will be made to other parties prior to payments to the Covered Bondholders.

### **(b) Non Petition**

Only the Representative of the Covered Bondholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Guaranteed Amounts or enforce the Covered Bond Guarantee and/or the Security and no Covered Bondholder shall be entitled to proceed directly against the Guarantor to obtain payment of the Guaranteed Amounts or to enforce the Covered Bond Guarantee and/or the Security. In particular:

- (i) no Covered Bondholder (nor any person on its behalf) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Covered Bondholders to enforce the Covered Bond Guarantee and/or the Security or (except for the Representative of the Covered Bondholders) take any proceedings against the Guarantor to enforce the Covered Bond Guarantee and/or the Security;
- (ii) no Covered Bondholder (nor any person on its behalf, other than the Representative of the Covered Bondholders, where appropriate) shall, save as expressly permitted by the Transaction

Documents, have the right to take or join any person in taking any steps against the Guarantor for the purpose of obtaining payment of any amount due from the Guarantor;

- (iii) at least until the date falling one year and one day after the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their Final Terms together with any payments payable in priority or *pari passu* thereto, no Covered Bondholder (nor any person on its behalf, other than the Representative of the Covered Bondholders) shall initiate or join any person in initiating an Insolvency Event in relation to the Guarantor; and
- (iv) no Covered Bondholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priorities of Payments not being complied with.

## **18. Notices**

- (a) Notices given through Monte Titoli

Any notice regarding the Covered Bonds, as long as the Covered Bonds are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli.

- (b) Other publication

The Representative of the Covered Bondholders shall be at liberty to sanction any other method of giving notice to Covered Bondholders if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the competent authority, stock exchange and/or quotation system by which the Covered Bonds are then admitted to trading and *provided that* notice of such other method is given to the holders of the Covered Bonds in such manner as the Representative of the Covered Bondholders shall require.

## **19. Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## **20. Governing Law and Jurisdiction**

- (a) Governing law

These Covered Bonds and any non-contractual obligations arising out of, or in connection, thereof are governed by Italian law. All other Transaction Documents and any non-contractual obligations arising out of, or in connection, thereof are governed by Italian law, save for the Swap Agreements and the deed of charge relating to such Swap Agreements, which are governed by English law and the Luxembourg Deed of Pledge, which is governed by Luxembourg law.

- (b) Jurisdiction

The courts of Milan have exclusive competence for the resolution of any dispute that may arise in relation to the Covered Bonds or their validity, interpretation or performance.

- (c) Relevant legislation

Anything not expressly provided for in these Conditions will be governed by the provisions of the Securitisation and Covered Bond Law and, if applicable, Article 58 of the Consolidated Banking Law, the Bank of Italy Regulations and Decree No. 310.

# RULES OF THE ORGANISATION OF THE COVERED BONDHOLDERS

## TITLE I

### GENERAL PROVISIONS

#### 1. GENERAL

- 1.1 The Organisation of the Covered Bondholders in respect of all Covered Bonds of whatever Series issued under the Programme by Unione di Banche Italiane S.c.p.A. is created concurrently with the issue and subscription of the Covered Bonds of the first Series to be issued and is governed by these Rules of the Organisation of the Covered Bondholders ("**Rules**").
- 1.2 These Rules shall remain in force and effect until full repayment or cancellation of all the Covered Bonds of whatever Series.
- 1.3 The contents of these Rules are deemed to be an integral part of the Terms and Conditions of the Covered Bonds (the "**Conditions**") of each Series issued by the Issuer.

#### 2. DEFINITIONS AND INTERPRETATION

##### 2.1 *Definitions*

In these Rules, the terms below shall have the following meanings:

"**Block Voting Instruction**" means, in relation to a Meeting, a document issued by the Principal Paying Agent:

- (a) certifying that specified Covered Bonds are held to the order of the Principal Paying Agent or under its control or have been blocked in an account with a clearing system and will not be released until a the earlier of:
  - (i) a specified date which falls after the conclusion of the Meeting; and
  - (ii) the surrender to the Principal Paying Agent, which is to be issued not less than 48 hours before the time fixed for the Meeting (or, if the meeting has been adjourned, the time fixed for its resumption), of confirmation that the Covered Bonds are Blocked Covered Bonds and notification of the release thereof by the Principal Paying Agent to the Issuer and Representative of the Covered Bondholders certifying that the Holder of the relevant Blocked Covered Bonds or a duly authorised person on its behalf has notified the Principal Paying Agent that the votes attributable to such Covered Bonds are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked;
- (b) listing the aggregate principal amount of such specified Blocked Covered Bonds, distinguishing between those amounts in respect of which instructions have been given to vote for, and against, each resolution; and
- (c) authorising a named individual to vote in accordance with such instructions;

"**Blocked Covered Bonds**" means Covered Bonds which have been blocked in an account with a clearing system or otherwise are held to the order of or under the control of the Principal Paying Agent for the purpose of obtaining from the Principal Paying Agent a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required;

"**Chairman**" means, in relation to any Meeting, the person who takes the chair in accordance with Article 8 (*Chairman of the Meeting*);

"**Cover Pool**" has the meaning given to it in the Master Definitions Agreement;

"**Event of Default**" means an Issuer Event of Default or a Guarantor Event of Default;

**"Extraordinary Resolution"** means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of not less than three quarters of the votes cast or, in the case of a resolution pursuant to Condition 12(b)(ii)(c) (*Effect of an Issuer Default Notice – Covered Bond Guarantee*), by a majority of not less than 50 per cent. of the Outstanding Principal Amount of the Covered Bonds of the relevant Series then outstanding;

**"Fitch"** means Fitch Ratings Limited.

**"Holder"** or **"holder"** means in respect of Covered Bonds, the ultimate owner of such Covered Bonds;

**"Liabilities"** means losses, liabilities, inconvenience, costs, expenses, damages, claims, actions or demands;

**"Meeting"** means a meeting of Covered Bondholders (whether originally convened or resumed following an adjournment);

**"Monte Titoli Account Holder"** means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with Article 83-quarter of the Financial Law Consolidated Act;

**"Ordinary Resolution"** means any resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of more than 50 per cent. of the votes cast;

**"Programme Resolution"** means an Extraordinary Resolution passed at a single meeting of the Covered Bondholders of all Series, duly convened and held in accordance with the provisions contained in these Rules (i) to direct the Representative of the Covered Bondholders to take action pursuant to Condition 12(b)(ii)(c) (*Effect of an Issuer Default Notice – Covered Bond Guarantee*), Condition 12(c)(iii) (*Guarantor Event of Default – Breach of other obligation*) or Condition 12(d) (iv) (*Guarantor Event of Default – Enforcement*) or to appoint or remove the Representative of the Covered Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*); or (ii) to direct the Representative of the Covered Bondholders to take other action stipulated in the Conditions or the Transaction Documents as requiring a Programme Resolution.

**"Proxy"** means a person appointed to vote under a Voting Certificate as a proxy or a person appointed to vote under a Block Voting Instruction, in each case other than:

- (a) any person whose appointment has been revoked and in relation to whom the Principal Paying Agent or, in the case of a proxy appointed under a Voting Certificate, the Issuer has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and
- (b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed;

**"Rating Agency"** means Fitch.

**"Resolutions"** means the Ordinary Resolutions, the Extraordinary Resolutions and the Programme Resolutions, collectively;

**"Swap Rate"** means, in relation to a Covered Bond or Series of Covered Bonds, the exchange rate specified in any Swap Agreement relating to such Covered Bond or Series of Covered Bonds or, if there is no exchange rate specified or if the Swap Agreement has terminated, the applicable spot rate;

**"Transaction Party"** means any person who is a party to a Transaction Document;

**"Voter"** means, in relation to a Meeting, the Holder or a Proxy named in a Voting Certificate, the bearer of a Voting Certificate issued by the Principal Paying Agent or a Proxy named in a Block Voting Instruction;

"**Voting Certificate**" means, in relation to any Meeting:

- (a) a certificate issued by a Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time; or
- (b) a certificate issued by the Principal Paying Agent stating:
  - (i) that Blocked Covered Bonds will not be released until the earlier of:
    - (A) a specified date which falls after the conclusion of the Meeting; and
    - (B) the surrender of such certificate to the Principal Paying Agent; and
  - (ii) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked Covered Bonds;

"**Written Resolution**" means a resolution in writing signed by or on behalf of one or more persons being or representing the holders of at least 75 per cent of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding, the holders of which at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Covered Bondholders;

"**24 hours**" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and the places where the Principal Paying Agent has its Specified Office; and

"**48 hours**" means two consecutive periods of 24 hours.

Unless otherwise provided in these Rules, or unless the context requires otherwise, words and expressions used in these Rules shall have the meanings and the construction ascribed to them in the Conditions to which these Rules are attached.

## 2.2 **Interpretation**

In these Rules:

- 2.2.1 any reference herein to an "**Article**" shall, except where expressly provided to the contrary, be a reference to an article of these Rules of the Organisation of the Covered Bondholders;
- 2.2.2 a "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred; and
- 2.2.3 any reference to any Transaction Party shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

## 2.3 **Separate Series**

Subject to the provisions of the next sentence, the Covered Bonds of each Series shall form a separate Series of Covered Bonds and accordingly, unless for any purpose the Representative of the Covered Bondholders in its absolute discretion shall otherwise determine, the provisions of this sentence and of Articles 3 (*Purpose of the Organisation*) to 25 (*Meetings and Separate Series*) and Articles 28 (*Duties and Powers of the Representative of the Covered Bondholders*) to 35 (*Powers to Act on behalf of the Guarantor*) shall apply *mutatis mutandis* separately and independently to the Covered Bonds of each Series. However, for the purposes of this Clause 2.3:

- 2.3.1 Articles 26 (*Appointment, Removal and Resignation*) and 27 (*Resignation of the Representative of the Covered Bondholders*); and

- 2.3.2 insofar as they relate to a Programme Resolution, Articles 3 (*Purpose of the Organisation*) to 25 (*Meetings and Separate Series*) and 28 (*Duties and Powers of the Representative of the Covered Bondholders*) to 35 (*Powers to Act on behalf of the Guarantor*),

the Covered Bonds shall be deemed to constitute a single Series and the provisions of such Articles shall apply to all the Covered Bonds together as if they constituted a single Series and, in such Articles, the expressions "**Covered Bonds**" and "**Covered Bondholders**" shall be construed accordingly.

### **3. PURPOSE OF THE ORGANISATION**

- 3.1 Each Covered Bondholder, whatever Series of the Covered Bonds he holds, is a member of the Organisation of the Covered Bondholders.
- 3.2 The purpose of the Organisation of the Covered Bondholders is to co-ordinate the exercise of the rights of the Covered Bondholders and, more generally, to take any action necessary or desirable to protect the interest of the Covered Bondholders.

## **TITLE II**

### **MEETINGS OF THE COVERED BONDHOLDERS**

#### **4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS**

- 4.1 A Covered Bondholder may obtain a Voting Certificate in respect of a Meeting by requesting its Monte Titoli Account Holder to issue a certificate in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time; or
- 4.2 A Covered Bondholder may also obtain a Voting Certificate from the Principal Paying Agent or require the Principal Paying Agent to issue a Block Voting Instruction by arranging for Covered Bonds to be (to the satisfaction of the Principal Paying Agent) held to its order or under its control or blocked in an account in a clearing system (other than Monte Titoli) not later than 48 hours before the time fixed for the relevant Meeting.
- 4.3 A Voting Certificate or Block Voting Instruction issued pursuant to Article 4.2 shall be valid until the release of the Blocked Covered Bonds to which it relates.
- 4.4 So long as a Voting Certificate or Block Voting Instruction is valid, the person named therein as Holder or Proxy (in the case of a Voting Certificate issued by a Monte Titoli Account Holder), the bearer thereof (in the case of a Voting Certificate issued by the Principal Paying Agent), and any Proxy named therein (in the case of a Block Voting Instruction issued by the Principal Paying Agent) shall be deemed to be the Holder of the Covered Bonds to which it relates for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.
- 4.5 A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Covered Bonds.
- 4.6 References to the blocking or release of Covered Bonds shall be construed in accordance with the usual practices (including blocking the relevant account) of any Relevant Clearing System.

#### **5. VALIDITY OF BLOCK VOTING INSTRUCTIONS**

A Block Voting Instruction or a Voting Certificate issued by a Monte Titoli Account Holder shall be valid for the purpose of the relevant Meeting only if it is deposited at the Specified Offices of the Principal Paying Agent, or at any other place approved by the Representative of the Covered Bondholders, at least 24 hours before the time fixed for the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid. If the Representative of the Covered Bondholders so requires, a notarised (or otherwise acceptable) copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy named in a Block Voting Instruction or of each Holder or Proxy named in a Voting Certificate issued by a Monte Titoli Account Holder shall be produced at the Meeting but the Representative of the Covered Bondholders shall not be obliged to investigate the validity of a Block Voting Instruction or a Voting Certificate or the



identity of any Proxy or any holder of the Covered Bonds named in a Voting Certificate or a Block Voting Instruction.

## 6. **CONVENING A MEETING**

### 6.1 *Convening a Meeting*

The Representative of the Covered Bondholders, the Guarantor or the Issuer may and (in relation to a meeting for the passing of a Programme Resolution) the Issuer shall upon a requisition in writing signed by the holders of not less than five per cent. of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding convene a meeting of the Covered Bondholders and if the Issuer makes default for a period of seven days in convening such a meeting upon requisition by the Covered Bondholders the same may be convened by the Representative of the Covered Bondholders or the requisitionists. The Representative of the Covered Bondholders may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Representative of the Covered Bondholders there is no conflict between the holders of the Covered Bonds of the relevant Series, in which event the provisions of this Schedule shall apply thereto *mutatis mutandis*.

### 6.2 *Meetings convened by Issuer*

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Covered Bondholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

### 6.3 *Time and place of Meetings*

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Covered Bondholders.

## 7. **NOTICE**

### 7.1 *Notice of Meeting*

At least 21 days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant Covered Bondholders and the Principal Paying Agent, with a copy to the Issuer and the Guarantor, where the Meeting is convened by the Representative of the Covered Bondholders, or with a copy to the Representative of the Covered Bondholders, where the Meeting is convened by the Issuer.

### 7.2 *Content of notice*

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Covered Bondholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that Voting Certificates for the purpose of such Meeting may be obtained from a Monte Titoli Account Holder in accordance with the provisions of the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time and that for the purpose of obtaining Voting Certificates from the Principal Paying Agent or appointing Proxies under a Block Voting Instruction, Covered Bondholders must (to the satisfaction of the Principal Paying Agent) be held to the order of or placed under the control of the Principal Paying Agent or blocked in an account with a clearing system not later than 48 hours before the relevant Meeting.

### 7.3 *Validity notwithstanding lack of notice*

A Meeting is valid notwithstanding that the formalities required by this Article 7 are not complied with if the Holders of the Covered Bonds constituting all the Outstanding Principal Amount of the Covered Bonds, the Holders of which are entitled to attend and vote are represented at such Meeting and the Issuer and the Representative of the Covered Bondholders are present.

## 8. **CHAIRMAN OF THE MEETING**

### 8.1 *Appointment of Chairman*

An individual (who may, but need not be, a Covered Bondholder), nominated by the Representative of the Covered Bondholders may take the chair at any Meeting, but if:

- 8.1.1 the Representative of the Covered Bondholders fails to make a nomination; or
- 8.1.2 the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,

the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

## 8.2 *Duties of Chairman*

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and determines the mode of voting.

## 8.3 *Assistance to Chairman*

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more-vote counters, who are not required to be Covered Bondholders.

## 9. **QUORUM**

9.1 The quorum at any Meeting will be:

- 9.1.1 in the case of an Ordinary Resolution, two or more persons holding or representing at least 50 per cent. of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding, the holders of which are entitled to attend and vote or, at an adjourned Meeting, two or more persons being or representing Covered Bondholders entitled to attend and vote, whatever the Outstanding Principal Amount of the Covered Bonds so held or represented; or
- 9.1.2 in the case of an Extraordinary Resolution or a Programme Resolution (subject as provided below), two or more persons holding or representing at least 50 per cent. of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding, the holders of which are entitled to attend and vote or, at an adjourned Meeting, two or more persons being or representing Covered Bondholders entitled to attend and vote, whatever the Outstanding Principal Amount of the Covered Bonds so held or represented; or
- 9.1.3 at any meeting the business of which includes any of the following matters (other than in relation to a Programme Resolution) (each of which shall, subject only to Article 31.4 (*Obligation to act*) and Article 32.4 (*Obligation to exercise powers*), only be capable of being effected after having been approved by Extraordinary Resolution) namely:
  - (a) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds;
  - (b) alteration of the currency in which payments under the Covered Bonds are to be made;
  - (c) alteration of the majority required to pass an Extraordinary Resolution;
  - (d) any amendment to the Covered Bond Guarantee or the Deeds of Pledge or the Deed of Charge (except in a manner determined by the Representative of the Covered Bondholders not to be materially prejudicial to the interests of the Covered Bondholders of any Series);
  - (e) the sanctioning of any such scheme or proposal to effect the exchange, conversion or substitution of the Covered Bonds for, or the conversion of such Covered Bonds into, shares, bonds or other obligations or securities of the Issuer or the Guarantor or any other person or body corporate, formed or to be formed; and

(f) alteration of this Article 9.1.3;

(each a "**Series Reserved Matter**"), the quorum shall be two or more persons being or representing holders of not less than two-thirds of the aggregate Outstanding Principal Amount of the Covered Bonds of such Series for the time being outstanding or, at any adjourned meeting, two or more persons being or representing not less than one-third of the aggregate Outstanding Principal Amount of the Covered Bonds of such Series for the time being outstanding.

*provided that*, if in respect of any Covered Bonds the Principal Paying Agent has received evidence that ninety per cent (90 per cent.) of the Outstanding Principal Amount of Covered Bonds then outstanding is held by a single Holder and the Voting Certificate or Block Voting Instruction so states, then a single Voter appointed in relation thereto or being the Holder of the Covered Bonds thereby represented shall be deemed to be two Voters for the purpose of forming a quorum.

## 10. **ADJOURNMENT FOR WANT OF QUORUM**

10.1 If a *quorum* is not present for the transaction of any particular business within 15 minutes after the time fixed for any Meeting, then, without prejudice to the transaction of the business (if any) for which a quorum is present:

10.1.1 if such Meeting was convened upon the requisition of Covered Bondholders, the Meeting shall be dissolved; and

10.1.2 in any other case, the Meeting shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Representative of the Covered Bondholders).

10.2 If *within* 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either (with the approval of the Representative of the Covered Bondholders) dissolve such meeting or adjourn the same for such period, being not less than 13 clear days (but without any maximum number of clear days), and to such place as may be appointed by the Chairman either at or subsequent to such adjourned meeting and approved by the Representative of the Covered Bondholders.

## 11. **ADJOURNED MEETING**

Except as provided in Article 10 (*Adjournment for Want of Quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

## 12. **NOTICE FOLLOWING ADJOURNMENT**

### 12.1 *Notice required*

Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

12.1.1 10 days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and

12.1.2 the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

### 12.2 *Notice not required*

Except in the case of a Meeting to consider an Extraordinary Resolution, it shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10 (*Adjournment for Want of Quorum*).

### 13. **PARTICIPATION**

The following categories of persons may attend and speak at a Meeting:

- 13.1 Voters;
- 13.2 the directors and the auditors of the Issuer and the Guarantor;
- 13.3 representatives of the Issuer, the Guarantor and the Representative of the Covered Bondholders;
- 13.4 financial advisers to the Issuer, the Guarantor and the Representative of the Covered Bondholders;
- 13.5 legal advisers to the Issuer, the Guarantor and the Representative of the Covered Bondholders; and
- 13.6 other person authorised by virtue of a resolution of such Meeting or by the Representative of the Covered Bondholders.

### 14. **VOTING BY SHOW OF HANDS**

- 14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.
- 14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

### 15. **VOTING BY POLL**

#### 15.1 *Demand for a poll*

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Guarantor, the Representative of the Covered Bondholders or any one or more-Voters, whatever the Outstanding Principal Amount of the Covered Bonds held or represented by such Voter(s). A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business. The result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded.

#### 15.2 *The Chairman and a poll*

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null and void. After voting ends, the votes shall be counted and, after the counting, the Chairman shall announce to the Meeting the outcome of the vote.

### 16. **VOTES**

#### 16.1 *Voting*

Each Voter shall have:

- 16.1.1 on a show of hands, one vote; and
- 16.1.2 on a poll every Voter who is present shall have one vote in respect of each Euro 1,000 or such other amount as the Representative of the Covered Bondholders may in its absolute discretion stipulate (or, in the case of meetings of holders of Covered Bonds denominated in another currency, such amount in such other currency as the Representative of the Covered Bondholders in its absolute discretion may stipulate) in the Outstanding Principal Amount of the Covered Bonds it holds or represents.

## 16.2 ***Block Voting Instruction***

Unless the terms of any Block Voting Instruction or Voting Certificate state otherwise in the case of a Proxy, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he exercises the same way.

## 16.3 ***Voting tie***

In the case of a voting tie, the relevant Resolution shall be deemed to have been rejected.

## 17. **VOTING BY PROXY**

### 17.1 ***Validity***

Any vote by a Proxy in accordance with the relevant Block Voting Instruction or Voting Certificate appointing a Proxy shall be valid even if such Block Voting Instruction or Voting Certificate or any instruction pursuant to which it has been given had been amended or revoked *provided that* none of the Issuer, the Representative of the Covered Bondholders or the Chairman has been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

### 17.2 ***Adjournment***

Unless revoked, the appointment of a Proxy under a Block Voting Instruction or a Voting Certificate in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such meeting when it is resumed. Any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

## 18. **RESOLUTIONS**

### 18.1 ***Ordinary Resolutions***

Subject to Article 18.2 (*Extraordinary Resolutions*), a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

18.1.1 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and

18.1.2 to authorise the Representative of the Covered Bondholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

### 18.2 ***Extraordinary Resolutions***

A Meeting, in addition to any powers assigned to it in the Conditions, shall have power exercisable by Extraordinary Resolution to:

18.2.1 sanction any compromise or arrangement proposed to be made between the Issuer, the Guarantor, the Representative of the Covered Bondholders, the Covered Bondholders or any of them;

18.2.2 approve any modification, abrogation, variation or compromise in respect of (a) the rights of the Representative of the Covered Bondholders, the Issuer, the Guarantor, the Covered Bondholders or any of them, whether such rights arise under the Transaction Documents or otherwise, and (b) these Rules, the Conditions or of any Transaction Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Covered Bonds, which, in any such case, shall be proposed by the Issuer, the Representative of the Covered Bondholders and/or any other party thereto;

- 18.2.3 assent to any modification of the provisions of these Rules or the Transaction Documents which shall be proposed by the Issuer, the Guarantor, the Representative of the Covered Bondholders or of any Covered Bondholder;
- 18.2.4 in accordance with Article 26 (*Appointment, Removal and Remuneration*), appoint and remove the Representative of the Covered Bondholders;
- 18.2.5 direct the Representative of the Covered Bondholders to issue an Issuer Default Notice as a result of an Event of Default pursuant to Condition 12(a) (*Issuer Event of Default*) or a Guarantor Default Notice as a result of a Guarantor Event of Default pursuant to Condition 12(c) (*Guarantor Event of Default*);
- 18.2.6 discharge or exonerate, whether retrospectively or otherwise, the Representative of the Covered Bondholders from any liability in relation to any act or omission for which the Representative of the Covered Bondholders has or may become liable pursuant or in relation to these Rules, the Conditions or any other Transaction Document;
- 18.2.7 waive any breach or authorise any proposed breach by the Issuer, the Guarantor or (if relevant) any other Transaction Party of its obligations under or in respect of these Rules, the Covered Bonds or any other Transaction Document or any act or omission which might otherwise constitute an Event of Default;
- 18.2.8 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, must be granted by an Extraordinary Resolution;
- 18.2.9 authorise and ratify the actions of the Representative of the Covered Bondholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;
- 18.2.10 to appoint any persons (whether Covered Bondholders or not) as a committee to represent the interests of the Covered Bondholders and to confer on any such committee any powers which the Covered Bondholders could themselves exercise by Extraordinary Resolution; and
- 18.2.11 authorise the Representative of the Covered Bondholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution.

### 18.3 ***Programme Resolutions***

A Meeting shall have power exercisable by a Programme Resolution to direct the Representative of the Covered Bondholders to take action pursuant to Condition 12(b)(ii)(c) (*Issuer Event of Default – Covered Bond Guarantee*) or Condition 12(d)(iv) (*Guarantor Event of Default – Enforcement*) or to appoint or remove the Representative of the Covered Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*) or to take any other action required by the Conditions or any Transaction Documents to be taken by Programme Resolution.

### 18.4 ***Other Series of Covered Bonds***

No Ordinary Resolution or Extraordinary Resolution other than a Programme Resolution that is passed by the Holders of one Series of Covered Bonds shall be effective in respect of another Series of Covered Bonds unless it is sanctioned by an Ordinary Resolution or Extraordinary Resolution (as the case may be) of the Holders of Covered Bonds then outstanding of that other Series.

## 19. **EFFECT OF RESOLUTIONS**

### 19.1 ***Binding nature***

Subject to Article 18.4 (*Other Series of Covered Bonds*), any resolution passed at a Meeting of the Covered Bondholders of any Series duly convened and held in accordance with these Rules shall be binding upon all Covered Bondholders of any such Series, whether or not present at such Meeting and or not voting. A Programme Resolution passed at any Meeting of the holders of the Covered Bonds of all Series shall be binding on all holders of the Covered Bonds of all Series, whether or not present at the meeting.

## 19.2 *Notice of voting results*

Notice of the results of every vote on a resolution duly considered by Covered Bondholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Principal Paying Agent (with a copy to the Issuer, the Guarantor and the Representative of the Covered Bondholders within 14 days of the conclusion of each Meeting).

## 20. **CHALLENGE TO RESOLUTIONS**

Any absent or dissenting Covered Bondholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

## 21. **MINUTES**

Minutes shall be made of all resolutions and proceedings of each Meeting and entered in books provided by the Issuer for that purpose. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted shall be regarded as having been duly passed and transacted.

## 22. **WRITTEN RESOLUTION**

A Written Resolution shall take effect as if it were an Extraordinary Resolution or, in respect of matters required to be determined by Ordinary Resolution, as if it were an Ordinary Resolution.

## 23. **INDIVIDUAL ACTIONS AND REMEDIES**

Each Covered Bondholder has accepted and is bound by the provisions of Condition 17 (*Limited Recourse and Non Petition*) and, accordingly, if any Covered Bondholder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the Covered Bond Guarantee (hereinafter, a "**Claiming Covered Bondholder**"), then such Claiming Covered Bondholder intending to enforce his/her rights under the Covered Bonds will notify the Representative of the Covered Bondholders of his/her intention. The Representative of the Covered Bondholders shall inform the other Covered Bondholders in accordance with Condition 18 (*Notices*) of such prospective individual actions and remedies and invite them to raise, in writing, any objection that they may have by a specific date not more than 30 days after the date of the Representative of the Covered Bondholders' notification and not less than 10 days after such notification. If Covered Bondholders representing 5 per cent. or more of the aggregate Outstanding Principal Amount of the Covered Bonds then outstanding object to such prospective individual actions and remedies, then the Claiming Covered Bondholder will be prevented from taking any individual action or remedy (without prejudice to the fact that, after a reasonable period of time, the same matter may be resubmitted to the Representative of the Covered Bondholders pursuant to the terms of this Article 23).

## 24. **MEETINGS AND SEPARATE SERIES**

### 24.1 Choice of Meeting

If and whenever the Issuer shall have issued and have outstanding Covered Bonds of more than one Series the foregoing provisions of this Schedule shall have effect subject to the following modifications:

24.1.1 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Covered Bonds of that Series;

24.1.2 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Covered Bonds of all the Series so affected;

- 24.1.3 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of more than one Series and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or group of Series so affected and the holders of the Covered Bonds of another Series or group of Series so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Covered Bonds of each Series or group of Series so affected;
- 24.1.4 a Programme Resolution shall be deemed to have been duly passed only if passed at a single meeting of the Covered Bondholders of all Series; and
- 24.1.5 to all such meetings all the preceding provisions of these Rules shall *mutatis mutandis* apply as though references therein to Covered Bonds and Covered Bondholders were references to the Covered Bonds of the Series or group of Series in question or to the holders of such Covered Bonds, as the case may be.

#### 24.2 ***Denominations other than Euro***

If the Issuer has issued and has outstanding Covered Bonds which are not denominated in Euro in the case of any Meeting or request in writing or Written Resolution of holders of Covered Bonds of more than one currency (whether in respect of the meeting or any adjourned such Meeting or any poll resulting therefrom or any such request or Written Resolution) the Outstanding Principal Amount of such Covered Bonds shall be the equivalent in Euro at the relevant Swap Rate. In such circumstances, on any poll each person present shall have one vote for each Euro 1.00 (or such other Euro amount as the Representative of the Covered Bondholders may in its absolute discretion stipulate) of the Outstanding Principal Amount of the Covered Bonds (converted as above) which he holds or represents.

#### 25. **FURTHER REGULATIONS**

Subject to all other provisions contained in these Rules, the Representative of the Covered Bondholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Covered Bondholders in its sole discretion may decide.

### **TITLE III**

#### **THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

#### 26. **APPOINTMENT, REMOVAL AND REMUNERATION**

##### 26.1 ***Appointment***

The appointment of the Representative of the Covered Bondholders takes place by Programme Resolution in accordance with the provisions of this Article 26, except for the appointment of the first Representative of the Covered Bondholders which will be BNY Mellon Corporate Trustee Services Limited.

##### 26.2 ***Identity of Representative of the Covered Bondholders***

The Representative of the Covered Bondholders shall be:

- 26.2.1 a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- 26.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to Article 107 of Italian Legislative Decree No. 385 of 1993; or
- 26.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Covered Bondholders pursuant to the law.

The directors and auditors of the Issuer and those who fall within the conditions set out in Article 2399 of the Italian Civil Code cannot be appointed as Representative of the Covered Bondholders and, if appointed as such, they shall be automatically removed.



26.3 ***Duration of appointment***

Unless the Representative of the Covered Bondholders is removed by Programme Resolution of the Covered Bondholders pursuant to Article 18.3 (*Programme Resolution*) or resigns pursuant to Article 27 (*Resignation of the Representative of the Covered Bondholders*), it shall remain in office until full repayment or cancellation of all the Covered Bonds.

26.4 ***After termination***

In the event of a termination of the appointment of the Representative of the Covered Bondholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Covered Bondholders, which shall be an entity specified in Article 26.2 (*Identity of Representative of the Covered Bondholders*), accepts its appointment, and the powers and authority of the Representative of the Covered Bondholders whose appointment has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Covered Bonds.

26.5 ***Remuneration***

The Issuer, failing which the Guarantor, shall pay to the Representative of the Covered Bondholders an annual fee for its services as Representative of the Covered Bondholders from the Issue Date, as agreed either in the initial agreement(s) for the issue of and subscription for the Covered Bonds or in a separate fee letter. Such fees shall accrue from day-to-day and shall be payable in accordance with the priority of payments set out in the Intercreditor Agreement up to (and including) the date when all the Covered Bonds of whatever Series shall have been repaid in full or cancelled in accordance with the Conditions.

27. **RESIGNATION OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

The Representative of the Covered Bondholders may resign at any time by giving at least three calendar months' written notice to the Issuer and the Guarantor, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Covered Bondholders shall not become effective until a new Representative of the Covered Bondholders has been appointed in accordance with Article 26.1 (*Appointment*) and such new Representative of the Covered Bondholders has accepted its appointment, *provided that* if Covered Bondholders fail to select a new Representative of the Covered Bondholders within three months of written notice of resignation delivered by the Representative of the Covered Bondholders, the Representative of the Covered Bondholders may appoint a successor which is a qualifying entity pursuant to Article 26.2 (*Identity of the Representative of the Covered Bondholders*).

28. **DUTIES AND POWERS OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

28.1 ***Representative of the Covered Bondholders as legal representative***

The Representative of the Covered Bondholders is the legal representative of the Organisation of the Covered Bondholders and has the power to exercise the rights conferred on it by the Transaction Documents in order to protect the interests of the Covered Bondholders.

28.2 ***Meetings and resolutions***

Unless any Resolution provides to the contrary, the Representative of the Covered Bondholders is responsible for implementing all resolutions of the Covered Bondholders. The Representative of the Covered Bondholders has the right to convene and attend Meetings (together with its advisers) to propose any course of action which it considers from time to time necessary or desirable.

### 28.3 **Delegation**

The Representative of the Covered Bondholders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Transaction Documents:

28.3.1 act by responsible officers or a responsible officer for the time being of the Representative of the Covered Bondholders;

28.3.2 whenever it considers it expedient and in the interest of the Covered Bondholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid.

Any such delegation pursuant to Article 28.3.1 may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Covered Bondholders may think fit in the interest of the Covered Bondholders. The Representative of the Covered Bondholders shall not be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, *provided that* the Representative of the Covered Bondholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Covered Bondholders shall, as soon as reasonably practicable, give notice to the Issuer and the Guarantor of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer and the Guarantor of the appointment of any sub-delegate as soon as reasonably practicable.

### 28.4 **Judicial proceedings**

The Representative of the Covered Bondholders is authorised to represent the Organisation of the Covered Bondholders in any judicial proceedings including any Insolvency Event in respect of the Issuer and/or the Guarantor.

### 28.5 **Consents given by Representative of Covered Bondholders**

Any consent or approval given by the Representative of the Covered Bondholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Covered Bondholders deems appropriate and, notwithstanding anything to the contrary contained in the Rules or in the Transaction Documents, such consent or approval may be given retrospectively.

### 28.6 **Discretions**

Save as expressly otherwise provided herein, the Representative of the Covered Bondholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Covered Bondholders by these Rules or by operation of law.

### 28.7 **Obtaining instructions**

In connection with matters in respect of which the Representative of the Covered Bondholders is entitled to exercise its discretion hereunder, the Representative of the Covered Bondholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Covered Bondholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Covered Bondholders shall be entitled to request that the Covered Bondholders indemnify it and/or provide it with security as specified in Article 29.2 (*Specific Limitations*).

### 28.8 **Remedy**

The Representative of the Covered Bondholders may in its sole discretion determine whether or not a default in the performance by the Issuer or the Guarantor of any obligation under the provisions of these Rules, the Covered Bonds or any other Transaction Documents may be remedied, and if the Representative of the Covered Bondholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Covered Bondholders, the other creditors of the Guarantor and any other party to the Transaction Documents.

29. **EXONERATION OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

29.1 ***Limited obligations***

The Representative of the Covered Bondholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

29.2 ***Specific limitations***

Without limiting the generality of the Article 29.1, the Representative of the Covered Bondholders:

- 29.2.1 shall not be under any obligation to take any steps to ascertain whether an Issuer Event of Default or a Guarantor Event of Default or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Covered Bondholders hereunder or under any other Transaction Document, has occurred and, until the Representative of the Covered Bondholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Issuer Event of Default or a Guarantor Event of Default or such other event, condition or act has occurred;
- 29.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or the Guarantor or any other parties of their obligations contained in these Rules, the Transaction Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Covered Bondholders shall be entitled to assume that the Issuer or the Guarantor and each other party to the Transaction Documents are duly observing and performing all their respective obligations;
- 29.2.3 except as expressly required in these Rules or any Transaction Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Transaction Document;
- 29.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto or request and/or obtain any legal opinion in connection therewith, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
- (i) the nature, status, creditworthiness or solvency of the Issuer or the Guarantor;
  - (ii) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection with the Programme;
  - (iii) the suitability, adequacy or sufficiency of any collection procedure operated by the Master Servicer or any Sub-Servicer or compliance therewith;
  - (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authorisation in connection with the purchase or administration of the assets contained in the Cover Pool; and
  - (v) any accounts, books, records or files maintained by the Issuer, the Guarantor, the Master Servicer, any Sub-Servicer and the Principal Paying Agent or any other person in respect of the Cover Pool or the Covered Bonds;
- 29.2.5 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Covered Bonds or the distribution of any of such proceeds to the persons entitled thereto;
- 29.2.6 shall have no responsibility for procuring or maintaining any rating of the Covered Bonds by any credit or rating agency or any other person;

- 29.2.7 shall not be responsible for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Covered Bondholders contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- 29.2.8 shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;
- 29.2.9 shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Guarantor in relation to the assets contained in the Cover Pool or any part thereof, whether such defect or failure was known to the Representative of the Covered Bondholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;
- 29.2.10 shall not be under any obligation to guarantee or procure the repayment of the Mortgage Loans contained in the Cover Pool or any part thereof;
- 29.2.11 shall not be responsible for reviewing or investigating any report relating to the Cover Pool or any part thereof provided by any person;
- 29.2.12 shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Cover Pool or any part thereof;
- 29.2.13 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Covered Bonds, the Cover Pool or any Transaction Document;
- 29.2.14 shall not be under any obligation to insure the Cover Pool or any part thereof;
- 29.2.15 shall, when in these Rules or any Transaction Document it is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Covered Bondholders, have regard to the overall interests of the Covered Bondholders of each Series as a class of persons and shall not be obliged to have regard to any interests arising from circumstances particular to individual Covered Bondholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Covered Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or taxing authority;
- 29.2.16 shall not, if in connection with the exercise of its powers, trusts, authorities or discretions, it is of the opinion that the interest of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a written resolution of such Covered Bondholders holding not less than 25 per cent. of the Outstanding Principal Amount of the Covered Bonds of the relevant Series then outstanding;
- 29.2.17 shall, as regards at the powers, trusts, authorities and discretions vested in it by the Transaction Documents, except where expressly provided therein, have regard to the interests of both the Covered Bondholders and the other creditors of the Issuer or the Guarantor but if, in the opinion of the Representative of the Covered Bondholders, there is a conflict between their interests the Representative of the Covered Bondholders will have regard solely to the interest of the Covered Bondholders;
- 29.2.18 may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all actions, proceedings, claims and demands which might be brought or made against it and against all Liabilities suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Transaction Documents shall require the Representative of the Covered Bondholders to expend or risk its own funds or

otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured; and

29.2.19 shall not have any liability for any loss, liability, damages claim or expense directly or indirectly suffered or incurred by the Issuer, the Guarantor, any Covered Bondholder, any Other Creditor or any other person as a result of any determination, any act, matter or thing that will not be materially prejudicial to the interests of the Covered Bondholders as a whole or the interests of the Covered Bondholders of any Series.

### 29.3 ***Covered Bonds held by Issuer***

The Representative of the Covered Bondholders may assume without enquiry that no Covered Bonds are, at any given time, held by or for the benefit of the Issuer or the Guarantor.

### 29.4 ***Illegality***

No provision of these Rules shall require the Representative of the Covered Bondholders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Covered Bondholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or Liabilities which it may incur as a consequence of such action. The Representative of the Covered Bondholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

## 30. **RELIANCE ON INFORMATION**

### 30.1 ***Advice***

The Representative of the Covered Bondholders may act on the advice of a certificate or opinion of, or any written information obtained from, any lawyer, accountant, banker, broker, credit or rating agency or other expert, whether obtained by the Issuer, the Guarantor, the Representative of the Covered Bondholders or otherwise, and shall not be liable for any loss occasioned by so acting. Any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, e-mail or fax transmission and the Representative of the Covered Bondholders shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same contains some error or is not authentic and, in circumstances where in the opinion of the Representative of the Covered Bondholders to obtain such advice on any other basis is not practicable, notwithstanding any limitation of or cap on liability in respect thereof.

### 30.2 ***Certificates of Issuer and/or Guarantor***

The Representative of the Covered Bondholders may require, and shall be at liberty to accept (a) as sufficient evidence

30.2.1 as to any fact or matter *prima facie* within the Issuer's or the Guarantor's knowledge, a certificate duly signed by a director of the Issuer or (as the case may be) the Guarantor;

30.2.2 that such is the case, a certificate of a director of the Issuer or (as the case may be) the Guarantor to the effect that any particular dealing, transaction, step or thing is expedient,

and the Representative of the Covered Bondholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

### 30.3 ***Resolution or direction of Covered Bondholders***

The Representative of the Covered Bondholders shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or a direction of the requisite percentage of Covered Bondholders, even though it may subsequently be found that there was some defect in the constitution of the Meeting or the passing of the Written Resolution or the giving of such directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the giving of the direction was not valid or binding upon the Covered Bondholders.

#### 30.4 *Certificates of Monte Titoli Account Holders*

The Representative of the Covered Bondholders, in order to ascertain ownership of the Covered Bonds, may fully rely on the certificates issued by any Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time, which certificates are to be conclusive proof of the matters certified therein.

#### 30.5 *Clearing Systems*

The Representative of the Covered Bondholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system as the Representative of the Covered Bondholders considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Covered Bonds.

#### 30.6 *Certificates of Parties to Transaction Document*

The Representative of the Covered Bondholders shall have the right to call for or require the Issuer or the Guarantor to call for and to rely on written certificates issued by any party (other than the Issuer or the Guarantor) to the Intercreditor Agreement or any other Transaction Document,

30.6.1 in respect of every matter and circumstance for which a certificate is expressly provided for under the Conditions or any Transaction Document;

30.6.2 as any matter or fact *prima facie* within the knowledge of such party; or

30.6.3 as to such party's opinion with respect to any issue

and the Representative of the Covered Bondholders shall not be required to seek additional evidence in respect of the relevant fact, matter or circumstances and shall not be held responsible for any Liabilities incurred as a result of having failed to do so unless any of its officers has actual knowledge or express notice of the untruthfulness of the matter contained in the certificate.

#### 30.7 *Auditors*

The Representative of the Covered Bondholders shall not be responsible for reviewing or investigating any auditors' report or certificate and may rely on the contents of any such report or certificate.

#### 30.8 *Rating Agency*

If the Representative of the Covered Bondholders, in order to properly exercise its rights or fulfil its obligations, deems it necessary to obtain the views of the Rating Agency as to how a specific act would affect any outstanding rating of the Covered Bonds, the Representative of the Covered Bondholders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the Covered Bondholders or the Representative of the Covered Bondholders may seek and obtain such views itself at the cost of the Issuer.

### 31. **AMENDMENTS AND MODIFICATIONS**

#### 31.1 *Modification*

The Representative of the Covered Bondholders may at any time and from time to time and without the consent or sanction of the Covered Bondholders of any Series concur with the Issuer and/or the Guarantor and any other relevant parties in making any modification (and for this purpose the

Representative of the Covered Bondholders may disregard whether any such modification relates to a Series Reserved Matter) as follows:

- 31.1.1 to these Rules, the Conditions and/or the other Transaction Documents which, in the sole opinion of the Representative of the Covered Bondholders, it may be expedient to make *provided that* the Representative of the Covered Bondholders is of the opinion that such modification will not be materially prejudicial to the interests of any of the Covered Bondholders of any Series; and
- 31.1.2 to these Rules, the Conditions and/or the other Transaction Documents which is of a formal, minor, administrative or technical nature or to comply with mandatory provisions of law; and
- 31.1.3 to these Rules, the Conditions and/or the other Transaction Documents which, in the opinion of the Representative of the Covered Bondholders, is to correct a manifest error or an error established as such to the satisfaction of the Representative of the Covered Bondholders.

### 31.2 ***Binding Nature***

Any such modification may be made on such terms and subject to such conditions (if any) as the Representative of the Covered Bondholders may determine, shall be binding upon the Covered Bondholders and, unless the Representative of the Covered Bondholders otherwise agrees, shall be notified by the Issuer or the Guarantor (as the case may be) to the Covered Bondholders in accordance with Condition 18 (*Notices*) as soon as practicable thereafter.

### 31.3 ***Establishing an error***

In establishing whether an error is established as such, the Representative of the Covered Bondholders may have regard to any evidence on which the Representative of the Covered Bondholders considers it appropriate to rely and may, but shall not be obliged to, have regard to any of the following:

- 31.3.1 a certificate from the Arranger:
  - (i) stating the intention of the parties to the relevant Transaction Document;
  - (ii) confirming nothing has been said to, or by, investors or any other parties which is in any way inconsistent with such stated intention; and
  - (iii) stating the modification to the relevant Transaction Document that is required to reflect such intention; and
- 31.3.2 confirmation from the relevant credit rating agencies that, after giving effect to such modification, the Covered Bonds shall continue to have the same credit ratings as those assigned to them immediately prior to the modification.

### 31.4 ***Obligation to act***

The Representative of the Covered Bondholders shall be bound to concur with the Issuer and the Guarantor and any other party in making any modifications to these Rules, the Conditions and/or the other Transaction Documents if it is so directed by a Programme Resolution and then only if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

## 32. **WAIVER**

### 32.1 ***Waiver of Breach***

The Representative of the Covered Bondholders may at any time and from time to time without the consent or sanction of the Covered Bondholders of any Series and, without prejudice to its rights in respect of any subsequent breach, condition, or event but only if, and in so far as, in its opinion the interests of the Holders of the Covered Bonds of any Series then outstanding shall not be materially prejudiced thereby:

32.1.1 authorise or waive, any proposed breach or breach by the Issuer or the Guarantor of any of the covenants or provisions contained in the Covered Bond Guarantee these Rules or the other Transaction Documents; or

32.1.2 determine that any Issuer Event of Default or Guarantor Event of Default shall not be treated as such for the purposes of the Transaction Documents, without any consent or sanction of the Covered Bondholders.

### 32.2 ***Binding Nature***

Any authorisation, or, waiver or determination may be given on such terms and subject to such conditions (if any) as the Representative of the Covered Bondholders may determine, shall be binding on all Bondholders and, if the Representative of the Covered Bondholders so requires, shall be notified to the Bondholders and the Other Creditors by the Issuer or the Guarantor, as soon as practicable after it has been given or made in accordance with the provisions of the conditions relating to Notices and the relevant Transaction Documents.

### 32.3 ***Restriction on powers***

The Representative of the Covered Bondholders shall not exercise any powers conferred upon it by this Article 32 (*Waiver*) in contravention of any express direction by an Programme Resolution, but so that no such direction shall affect any authorisation, waiver or determination previously given or made.

### 32.4 ***Obligation to exercise powers***

The Representative of the Covered Bondholders shall be bound to waive or authorise any breach or proposed breach by the Issuer or the Guarantor of any of the covenants or provisions contained in the Guarantee, these Rules or any of the other Transaction Documents or determine that any Issuer Event of Default or Guarantor Event of Default shall not be treated as such if it is so directed by an Programme Resolution and then only if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

### 32.5 ***Notice of waiver***

If the Representative of the Covered Bondholders so requires, the Issuer shall cause any such authorisation, waiver or determination to be notified to the Covered Bondholders and the Other Creditors, as soon as practicable after it has been given or made in accordance with Condition 18(*Notices*).

## 33. **INDEMNITY**

Pursuant to the Programme Agreement, each Subscription Agreement and other document been agreed between the Issuer and the Relevant Dealer(s), the Issuer, failing which the Guarantor, has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Covered Bondholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands (including without limitation legal fees and any applicable value added tax or similar taxes) properly incurred by or made against the Representative of the Covered Bondholders or any entity to which the Representative of the Covered Bondholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authorities and discretions and the performance of its duties under and otherwise in relation to the preparation and execution of these Rules and the Transaction Documents, including but not limited to legal and travelling expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Covered Bondholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Covered Bondholders pursuant to the Transaction Documents against the Issuer or the Guarantor, or any other person to enforce any obligation under these Rules, the Covered Bonds or the Transaction Documents except



insofar as the same are incurred as a result of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Covered Bondholders.

34. **LIABILITY**

Notwithstanding any other provision of these Rules, the Representative of the Covered Bondholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Covered Bonds, the Conditions or the Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

35. **SECURITY DOCUMENTS**

35.1 *The Deeds of Pledge*

The Representative of the Covered Bondholders shall have the right to exercise all the rights granted by the Guarantor to the Covered Bondholders pursuant to the Deeds of Pledge. The beneficiaries of the Deeds of Pledge are referred to in this Article 35 as the "**Secured Bondholders**".

35.2 *Rights of Representative of the Covered Bondholders*

35.2.1 The Representative of the Covered Bondholders, acting on behalf of the Secured Bondholders, shall be entitled to appoint and entrust the Guarantor to collect, in the Secured Bondholders' interest and on their behalf, any amounts deriving from the pledged claims and rights, and shall be entitled to give instructions, jointly with the Guarantor, to the respective debtors of the pledged claims to make the payments related to such claims to any account *opened in the name of the Guarantor and appropriate for such purpose*;

35.2.2 The Secured Bondholders irrevocably waive any right they may have in relation to any amount deriving from time to time from the pledged claims or credited to any such account opened in the name of the Guarantor and appropriate of such purpose which is not in accordance with the provisions of this Article 35. The Representative of the Covered Bondholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under the Deeds of Pledge except in accordance with the provisions of this Article 35 and the Intercreditor Agreement.

**TITLE IV**

**THE ORGANISATION OF THE COVERED BONDHOLDERS AFTER SERVICE OF AN NOTICE**

36. **POWERS TO ACT ON BEHALF OF THE GUARANTOR**

It is hereby acknowledged that, upon service of a Guarantor Default Notice or, prior to service of a Guarantor Default Notice, following the failure of the Guarantor to exercise any right to which it is entitled, pursuant to the Mandate Agreement the Representative of the Covered Bondholders, in its capacity as legal representative of the Organisation of the Covered Bondholders, shall be entitled (also in the interests of the Other Issuer Creditors) pursuant to Articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Cover Pool. Therefore, the Representative of the Covered Bondholders, in its capacity as legal representative of the Organisation of the Covered Bondholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Guarantor and as *mandatario in rem propriam* of the Guarantor, any and all of the Guarantor's rights under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

**TITLE V**

**GOVERNING LAW AND JURISDICTION**

37. **GOVERNING LAW**

These Rules are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

38. **JURISDICTION**

The Courts of Milan will have jurisdiction to law and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with these Rules.

## FORM OF FINAL TERMS

Final Terms dated [•]

UNIONE DI BANCHE ITALIANE S.c.p.a.

Issue of [*Aggregate Nominal Amount of Tranche*] [*Description*]

Covered Bonds (*Obbligazioni Bancarie Garantite*) due [*Maturity*]

Guaranteed by

UBI Finance CB 2 S.r.l.

under the Euro 5,000,000,000 Programme

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the prospectus dated 29 July 2014, approved by the Central Bank of Ireland [and the supplement[s] to the prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Prospectus**") [for the purposes of the Directive 2003/71/EC (as amended and supplemented from time to time, the "**Prospectus Directive**"). This document constitutes the Final Terms of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein for the purposes of Article 5.4 of the Prospectus Directive.]<sup>4</sup> These Final Terms contain the final terms of the Covered Bonds (*Obbligazioni Bancarie Garantite*) and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [including the supplement[s]] [is/are] available for viewing [at the Issuer's website (<http://www.ubibanca.it>)] [and] during normal business hours at the registered office of the Issuer at Piazza Vittorio Veneto 8, 24122 Bergamo (Italy) and copies may be obtained from the registered office of the Issuer. [This Final Terms will be published on the website of the Irish Stock Exchange at [www.ise.ie](http://www.ise.ie)].

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the prospectus dated [•] which are incorporated by reference in the Prospectus dated [•], which [together] constitute[s] a base prospectus (the "**Prospectus**") for the purposes of article 14 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Covered Bonds (*Obbligazioni Bancarie Garantite*) and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [including the supplement[s]] [is/are] available for viewing [at the Issuer's website (<http://www.ubibanca.it>)] [and] during normal business hours at the registered office of the Issuer at Piazza Vittorio Veneto 8, 24122 Bergamo (Italy) [and copies may be obtained from [the registered office of the Issuer]. [This Final Terms will be published on the website of the Irish Stock Exchange at [www.ise.ie](http://www.ise.ie)].

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<sup>4</sup>

The language included in square brackets shall be removed where exempt offers are made under this Prospectus.

1. (i) Series Number: [•]
- (ii) Tranche Number: [•]
- (iii) Date on which the Covered Bonds will be consolidated and form a single Series [The Covered Bonds will be consolidated, form a single Series with [identify earlier Tranche] [(insert number of the Series and ISIN Code)] [•] on [the Issue Date (insert date)]/[Not Applicable]
2. Specified Currency or Currencies: [•][Euro/UK Sterling/Swiss Franc/Japanese Yen/ US Dollar/Other]
3. Aggregate Nominal Amount: [•]
  - (i) Series: [•]
  - (ii) Tranche: [•]
4. Issue Price: [•] % of the Aggregate Nominal Amount [plus accrued interest from [•]]
5. (i) Specified Denominations: [•] [plus integral multiples of [•] in addition to the said sum of [•]]
- (ii) Calculation Amount: [•]
6. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [Specify/Issue Date//Not Applicable]
7. Maturity Date: [Specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year.]
8. (i) Extended Maturity Date of Guaranteed Amounts corresponding to Final Redemption Amount under the Covered Bond Guarantee: [Not applicable / Specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year] (as referred to in Condition 9(b))
- (ii) Extended Instalment Date of Guaranteed Amounts corresponding to Covered Bond Instalment Amounts under the Covered Bond Guarantee: [Not Applicable/ Applicable]
9. Interest Basis: [[•] %. Fixed Rate]
- [[•]+/- [•]per cent. [Floating Rate]
- (further particulars specified below)
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Maturity Date at [100] % of their nominal amount]
- [Instalment] [The Covered Bonds shall be redeemed in the Covered Bond Instalment Amounts and on the Covered Bond Instalment Dates set out in paragraph 22 below.]
- [Other (Specify)]

11. Change of Interest [Not Applicable] / [Applicable]  
 [(further particulars specified in paragraphs [14 / 15] below)]
12. Put/Call Options: [Not Applicable]  
 [Investor Put]  
 [Issuer Call]  
 [(further particulars specified in paragraphs [•] below)]
13. [Date [Board] approval for issuance of Covered Bonds [and Covered Bond Guarantee] [respectively]] obtained: [•] and [•], respectively

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. **Fixed Rate Provisions** [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [•]% per annum payable in arrear [annually/semi-annually/quarterly/monthly] on each Interest Payment Date
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [•]][*specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]]/[Not Applicable]
- (v) Day Count Fraction: [Actual/Actual (ICMA)  
 Actual/Actual (ISDA)  
 Actual/365 (Fixed)  
 Actual/360  
 30/360  
 30E/360 or Eurobond Basis  
 30E/360 (ISDA)]
- (vi) [Determination Date(s): [[•] in each year/Not Applicable]]
15. **Floating Rate Provisions** [Applicable/Not Applicable]
- (i) Interest Period(s): [•]
- (ii) Specified Period: [•] / [Not Applicable]  
*(Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert “Not Applicable”)*
- (iii) Interest Payment Dates: [•]/[Not Applicable]
- (iv) First Interest Payment Date: [•]
- (v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/

Preceding Business Day Convention/ FRN Convention/  
Eurodollar Convention]

- (vi) Additional Business Centre(s): [Not Applicable/[•]]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): [[•] shall be the Calculation Agent]
- (ix) Screen Rate Determination:
- Reference Rate: [[•] month *LIBOR/EURIBOR*]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•]
  - Relevant Time: [•]
  - Relevant Financial Centre: [•]
- (x) ISDA Determination:
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]
- (xi) Margin(s): [ +/- ] [•] % . per annum
- (xii) Minimum Rate of Interest: [•] % . per annum
- (xiii) Maximum Rate of Interest: [•] % . per annum
- (xiv) Day Count Fraction: [Actual/Actual (ICMA)  
Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
30/360  
30E/360 or Eurobond Basis  
30E/360 (ISDA)]

#### **PROVISIONS RELATING TO REDEMPTION**

16. **Call Option** [Applicable/Not Applicable] (as referred in Condition 9)
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of Covered Bonds and method, if any, of calculation of such amount [•] per Calculation of Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•] per Calculation Amount

- (b) Maximum Redemption Amount [•] per Calculation Amount
- (iv) Notice period: [•]
17. **Put Option** [Applicable/Not Applicable] (as referred in Condition 9 )
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Covered Bonds [•] per Calculation Amount
- (iii) Notice period: [•]
18. **Final Redemption Amount of Covered Bonds** [•] per Calculation Amount (as referred in Condition 9)
19. **Early Redemption Amount** [Not Applicable / [•] per Calculation Amount] (as referred in Condition 9)
- Early redemption amount(s) per Calculation Amount payable on redemption for taxation reasons or on acceleration following an Event of Default

**GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

20. Additional Financial Centre(s) [Not Applicable/[•]]
21. Details relating to Covered Bonds for which principal is repayable in instalments: amount of each instalment, date on which each payment is to be made: [Not Applicable/[•]]
- [The Covered Bonds shall be redeemed on each date set out below (each a "**Covered Bond Instalment Date**") in the amounts set out below (each a "**Covered Bond Instalment Amount**").
- | <b>Covered Bond Instalment Date</b> | <b>Covered Bond Instalment Amount</b>                  |
|-------------------------------------|--|
| [•]                                 | [•]  |
| [•]                                 | [•]  |
| [Maturity Date]                     | All outstanding Covered Bonds not previously redeemed] |

[(*Relevant third party information*) has been extracted from [•]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Unione di Banche Italiane S.c.p.A.

By: .....  
Duly authorised

Signed on behalf of UBI Finance CB 2 S.r.l.

By: .....  
Duly authorised



## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing [Official List of the Irish Stock Exchange/Other]/[Not Applicable]
- (ii) Admission to trading [Application [is expected to be/has been] made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on [the regulated market of the Irish Stock Exchange/[•]] with effect from [•]] [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: [•]

### 2. RATINGS

Ratings: [The Covered Bonds to be issued [[have been]/[are expected]] to be rated]/[The following ratings assigned to the Covered Bonds of this type issued under the Programme generally:]

[Fitch Ratings Limited: [•]]

[•]

The credit ratings included or referred to in these Final Terms [have been issued by Fitch, [[•] or [•],] [each of ]which is established in the European Union and is registered under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011 and Regulation(EU) No. 462/2013 on credit rating agencies (the “**CRA Regulation**”) as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the CRA Regulation (for more information please visit the European Securities and Markets Authority webpage <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>)

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and [its] affiliates in the ordinary course of business.]

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer [•]
- [(ii) Estimated net proceeds: [•]]
- [(iii) Estimated total expenses: [•]

### 5. [Fixed Rate Covered Bonds only – YIELD]

Indication of yield: [•]

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future

yield.

6. **[Floating Rate Covered Bonds only – HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/specify other Reference Rate] rates can be obtained from [Reuters]./[Not Applicable]

7. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

Any Relevant Clearing System(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/[•]]

Delivery: Delivery [against/free of] payment

Names and Specified Offices of additional [•] paying agent(s) (if any): [•]

**DISTRIBUTION**

1. (i) Method of distribution: [Syndicated/Non-Syndicated]

(ii) If syndicated, names of Managers: [Not Applicable/[•]]

(iii) Date of [Subscription]: [•]

(iv) Stabilising Manager(s) (if any):: [Not Applicable/[•]]

2. If non-syndicated, name of Dealer: [Not Applicable/[•]]

3. U.S. Selling Restrictions: [Not Applicable/Compliant with Regulation S under the U.S. Securities Act of 1933]

### **USE OF PROCEEDS**

The net proceeds of the sale of the Covered Bonds will be used by the Issuer for general funding purposes of the UBI Banca Group.

## THE ISSUER

### UBI Banca and the UBI Banca Group

Unione di Banche Italiane S.c.p.a. ("**UBI Banca**") is the entity resulting from the merger by incorporation of Banca Lombarda e Piemontese S.p.A. ("**Banca Lombarda**") into Banche Popolari Unite S.c.p.a. ("**BPU**") (the "**Merger**"). The Merger became legally effective on 1 April 2007, with the surviving entity, BPU, changing its name to UBI Banca. UBI Banca is the parent company of the UBI Banca Group (the "**UBI Banca Group**" or the "**Group**").

The Head Office and General Management of UBI Banca are located in Piazza Vittorio Veneto 8, 24122 Bergamo (Italy) and the telephone number is +39 035392111. UBI Banca's fiscal code, VAT number and registration number in the Company Registry of Bergamo is 03053920165. UBI Banca, incorporated under the laws of Italy, is registered under number 5678 in the Bank of Italy's Bank Registry and under number 3111.2 in the Bank of Italy's Banking Groups' Registry. The duration of UBI Banca's corporate life is until 31 December 2100, but may be extended.

### *The UBI Banca Group*

UBI Banca is a cooperative bank (*banca popolare*). According to this status each shareholder:

- is entitled to hold up to 1% of the share capital with the exception of mutual funds
- has a per-capita vote at least 250 shares must be held to become and remain "voting shareholder".

UBI Banca, the Parent Bank of the Group, is a company listed on the Italian Stock Exchange, included in the FTSE MIB index. The UBI Banca Group has adopted a federal organisational model, multifunctional and integrated, where UBI Banca, as parent company, centralises the governance, control, coordination and support functions

The consolidated figures of UBI Banca as at 31 December 2013 were as follows:

- a domestic network of 1,725 branches;
- 18,337 employees actually in service ("Dipendenti effettivi in servizio");
- approximately 3.7 million customers;
- direct funding from customers of Euro 92.6 billion (ranking fourth in Italy and first among Italian co-operative banks);
- loans to customers of Euro 88.4 billion (ranking fourth in Italy and first among Italian co-operative banks);
- total assets of Euro 124.2 billion (ranking fifth in Italy and second among Italian co-operative banks) and
- sound capital ratios: Core Tier 1 of 12.60 per cent., Tier1 of 13.23 per cent., Total Capital ratio of 18.91 per cent.

In terms of distribution structure, the UBI Banca Group has (market shares in terms of branches as at 31 December 2013<sup>5</sup>):

- a strong presence in some of the wealthiest regions of Italy, namely Lombardy (13.1 per cent. market share), Piedmont (8.0 per cent. market share) and Marche (7.5 per cent. market share);

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<sup>5</sup> Market share information sourced from Bank of Italy "*Bollettino Statistico*".

- leadership in the reference provinces: Bergamo (22.1 per cent. market share), Brescia (22.5 per cent. market share), Varese (23.4 per cent. market share) and Cuneo (24.0 per cent. market share);
- a market share equal or greater than 10 per cent. in 11 provinces: aside from the four provinces indicated above, Pavia, Alessandria, Viterbo, Fermo, Matera, Potenza, Catanzaro, Cosenza, Crotona, Reggio Calabria, Vibo Valentia, and a significant presence in the provinces of Milan (9.3 per cent. market share) and of Rome (4.1 per cent. market share).

***The Parent Bank— Unione di Banche Italiane S.c.p.A.***

UBI Banca performs the following activities within the UBI Banca Group:

- management, co-ordination and control by setting Group policies, formulating the Group business model and drawing up the budget and consolidated Business Plan. It also performs risk management activities for the individual business areas of the Group;
- control of business functions and support of the activities of network banks and product companies in their core business, with supervision of both markets and customer segments. UBI Banca ensures that business initiatives and commercial policies are consistent, co-ordinates the development and management of the range of products and services, manages group finances centrally and supervises the lending policies of the UBI Banca Group; and
- the provision, whether directly or through subsidiaries, of business support services, with the aim of facilitating business growth and providing effective customer service by optimising operating costs through economies of scale and ensuring that service levels meet the highest industry standards.

UBI Banca also performs its commercial activity through 2 branches, in Bergamo and Brescia. In 2012 and 2013 respectively, Banca 24/7 and Centrobanca were merged into UBI Banca. UBI Banca manages the run off portfolio of Banca 24/7 and carries on all specialistic lending activities previously effected by Centrobanca.

***The Network Banks***

Management is of the view that local presence guarantees more accurate interpretation of trends on the ground, faster decision-making and encourages and improves customer loyalty and the management of credit risk. The network banks operate in their original local markets with the objective of consolidating and broadening customer relations and maximising the economic value and the quality of the services they provide at local level.

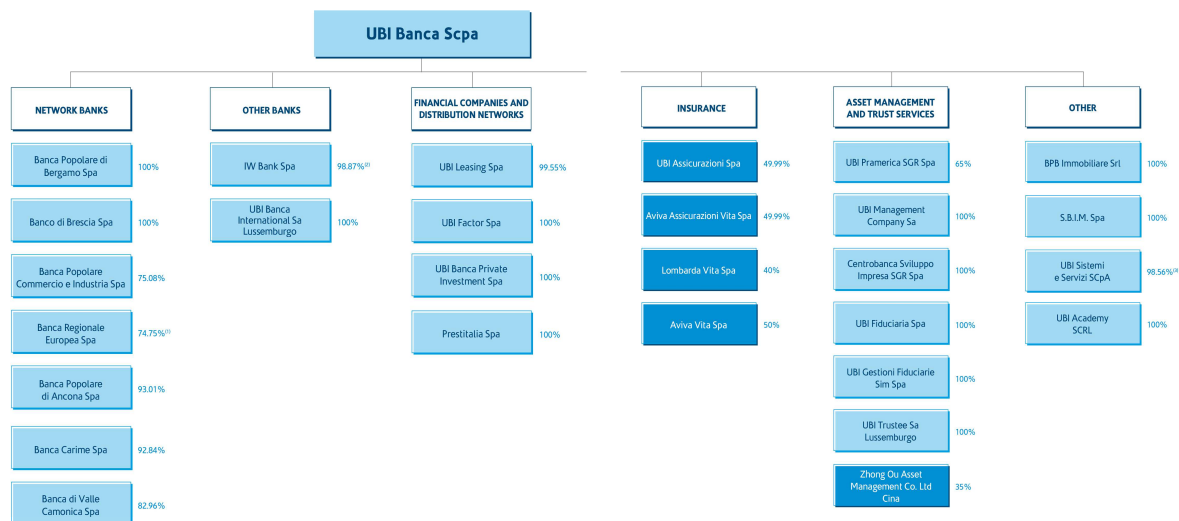
The network banks are divisionalized (retail and private/corporate markets) and their customer base is segmented to allow specific service models to be employed for each customer segment.

The network banks use services and instruments and offer services and products, made available by UBI Banca and the product companies.

**Product Companies**

- The product companies' role is to optimise the quality, breadth of range and value for money of their products and services, concentrating and rationalising the specialist expertise of the UBI Banca Group. Thanks to the contribution of the two original Groups, UBI Banca is now active, through its product companies, in a number of different specialist sectors, namely asset management, life and non-life bancassurance, leasing, factoring and online trading.

**UBI Banca Group: the principal subsidiaries, joint ventures and associates as at 31.03.2014**



(1) The percentage given represents the control over the total share capital held.  
 (2) The percentage does not include treasury shares held in portfolio by IW Bank.  
 (3) The remaining 1.44% is held by UBI Assicurazioni Spa.

The percentages relate to the total interests held (direct and indirect) by the Group in the entire share/quota capital.

Light blue box: Fully consolidated companies  
 Dark blue box: Companies accounted for using the equity method

## **UBI Banca Group Companies and Operations**

The UBI Banca Group is fully integrated at organisational, commercial and financial levels. The UBI Banca Group structure may be summarised as follows:

- (a) UBI Banca, which is the parent company of the UBI Banca Group;
- (b) eight network banks, namely:
  - (i) Banca Popolare di Bergamo S.p.A., with headquarters and administrative offices in Bergamo;
  - (ii) Banco di Brescia S.p.A., with headquarters and administrative offices in Brescia;
  - (iii) Banca Popolare Commercio e Industria S.p.A., with headquarters and administrative offices in Milan;
  - (iv) Banca Regionale Europea S.p.A., with registered office in Cuneo, and general management and the administrative offices in Turin;
  - (v) Banca Popolare di Ancona S.p.A. with headquarters and administrative offices in Jesi;
  - (vi) Banca Carime S.p.A., with headquarters and administrative offices in Cosenza; and
  - (vii) Banca di Valle Camonica S.p.A., with headquarters and administrative offices in Breno.

These network banks are all deeply rooted in their respective local markets and are focused on the development of commercial and lending activities with a client base consisting mainly of retail customers and small and medium sized businesses;

- (c) a banking network of private bankers and financial advisers, UBI Banca Private Investment S.p.A., based in Brescia;
- (d) an on line trading Bank, IW Bank S.p.A., based in Milan;
- (e) various product companies operating mainly in the areas of asset management, bancassurance (life and non-life), factoring and leasing;
- (f) a consortium company, UBI Sistemi e Servizi S.c.p.A., based in Brescia, providing services and products to the other group's companies; and
- (g) various service companies.

The UBI Banca Group also has an international presence through:

- (i) one foreign bank, UBI Banca International Sa (with headquarters in Luxembourg, branches in Munich and Madrid); Banque de Dépôts et de Gestion SA (BDG), the Swiss subsidiary based in Lausanne and with a presence in Lugano, was sold in November 2013;
- (ii) three foreign branches in France (at Nice, Menton and Antibes of Banca Regionale Europea);
- (iii) representative offices in San Paolo of Brazil, Hong Kong, Mumbai, Shanghai and Moscow;
- (iv) equity investments (mainly controlling interests) in three foreign companies: in Zhong Ou Asset Management Co. Ltd, UBI Trustee Sa (Luxembourg) and UBI Management Co. Sa; and
- (v) one Branch of UBI Factor Spa in Krakow in Poland.

## **Banking Activities**

*The financial information hereafter provided is extracted from the financial statements under IFRS as at 31 December 2013.*

### ***Network banks***

Please see the "*Sellers*" section.

### ***Asset Management***

UBI Pramerica Sgr S.p.A. ("**UBI Pramerica**"), the asset management company of the Group, is a joint venture between UBI Banca and Prudential International Investments Corporation., USA ("**Prudential**"), with 65 per cent. of its capital held by the UBI Banca Group and 35 per cent held by Prudential.

UBI Pramerica offers a wide range of products, from mutual funds to discretionary asset management.

Total assets under management of UBI Pramerica relating to ordinary customers totalled Euro 22.7 billion and the company's net profit for the year amounted to Euro 30.9 million.

### ***Bancassurance***

The UBI Banca Group has both life and non-life insurance companies which distribute through the banking channels of the Group. As concerns the non-life Bancassurance sector UBI Banca holds 49.99 per cent. of UBI Assicurazioni S.p.A. (a joint venture with BNP Paribas / Ageas). The company registered a Euro 7.5 million profit in 2013.

Moreover, the Group distributes products of three companies active in the sector of life bancassurance: Aviva Assicurazioni Vita S.p.A. (49.99 per cent. held by UBI Banca and the remaining part by Aviva S.p.A.), Aviva Vita S.p.A. (currently owned 50 per cent. by Aviva S.p.A. and the remaining part by UBI Banca) and Lombarda Vita S.p.A. (currently owned 40 per cent by UBI Banca). These companies in 2013 recorded net profits respectively amounting to 9.1 million euro, 16.2 million euro and 13.3 million euro. In April 2014, UBI Banca and Aviva redefined their strategic partnership in the life *bancassurance* sector with the simplification of the ownership structure for the two joint ventures Aviva Vita S.p.A. and Aviva Assicurazioni Vita S.p.A. . On the basis of the agreements UBI Banca will sell 30% of the two joint ventures to Aviva and will remain with a stake of approximately 20% in the share capital of each one, once the necessary authorizations are obtained;

### ***Leasing***

The Group presently offers leasing products through UBI Leasing S.p.A. UBI Leasing is 99.55 per cent controlled by UBI Banca.

As at 31 December 2013 UBI Leasing S.p.A. had total outstanding loans amounting to Euro 7.4 billion and reported net loss of Euro 67 million.

### ***Factoring***

UBI Factor S.p.A. is wholly owned by UBI Banca. As at 31 December 2013 the company had outstanding loans amounting to Euro 2.3 billion and a net profit of Euro 7.3 million.

### **UBI Banca's Management and Supervisory Bodies**

UBI Banca has adopted a "dual" governance system.

The dual governance system consists of a Supervisory Board and a Management Board; the Shareholders' Meeting appoints the Supervisory Board, which then appoints the Management Board.

The Supervisory Board is in charge of setting the strategic guidelines and of controlling the management of the company. It approves the financial statements of UBI Banca and the consolidated financial statements of the Group prepared by the Management Board.



The Management Board has exclusive responsibility for the management of the company and for performing all those operations necessary for implementing the business purpose of the company in compliance with the general strategies and plans drawn up by the Supervisory Board.

### ***Supervisory Board***

According to Article 44 of UBI Banca's Articles of Association, the **Supervisory Board** is presently composed of 23 members with a three-year term of office and is elected on a list basis from amongst registered shareholders with voting rights. All its members must possess the qualities of integrity, professionalism and independence required by the legislation currently in force and at least three of them must be chosen from among persons enrolled in the *Registro dei Revisori Legali* (register of auditors) who have practised as legal certifiers of accounts for a period of not less than three-years.

The General Meeting of the Shareholders on 10 May 2014 approved, *inter alia*, (i) the reduction of the number of members of the Supervisory Board from 23 to 17, with effect from the next renewal of the Supervisory Board, (ii) the increase of the professional requirements of members of governing bodies with respect to those provided for under laws and regulations in force, and (iii) the introduction of age limits for appointment to those positions.

With reference to the Supervisory Board, the majority of the members must be in possession of the requirements of independence set forth in the Corporate Governance Code recommended by Borsa Italiana. The limit to the number of mandates, provided for the appointment of senior members of the Supervisory Board, must also be complied with.

The actual Supervisory Board of UBI Banca is composed as follows:

<b>Name</b>	<b>Position</b>	<b>Principal activities performed outside the UBI Banca Group</b>
Andrea Moltrasio	Chairman	Chair of the Board of Directors and CEO of Clinica Castelli S.p.A.  Chair of the Board of Directors and CEO of ICRO Didonè S.p.A.
Mario Cera	Senior Deputy Chairman	Chairman of Fondazione Ravasi Garzanti  Chairman of Fondazione Artistica Museo Poldi Pezzoli
Alberto Folonari	Deputy Chairman	Member of the Board of Directors of Centro Stampa Quotidiani - S.p.A.  Member of the Board of Directors of Editoriale Brescia S.p.A.  Member of the Board of Directors of Numerica S.r.L.  Chair of the Board of Directors of Fingiama S.p.A.  Chair of the Board of Directors of Mercury S.p.A.  Member of the Steering Committee Fondazione Guido e Angela Folonari

		<p>Chairman of Fondazione CAB</p> <p>Member of the Board of Directors of Fondazione Iniziative Zooprofilattiche e Zootecniche</p> <p>Member of the Board of Directors of Fondazione il Vittoriale degli Italiani</p>
Armando Santus	Deputy Chairman	<p>Member of the Board of Directors of Opera Pia Maria Caleppio Ricotti</p> <p>Member of the Board of Directors of Edizioni Studium S.r.L.</p> <p>Member of the Board of Directors of Fondazione Papa Giovanni XXIII</p>
Dorino Mario Agliardi	Board Member	<p>Member of the Board of Statutory Auditors of CONFCOOPERATIVE Bergamo</p> <p>Auditor of CSA S.r.L.</p> <p>Member of the Board of Statutory Auditors of Fondazione Scuola d'Arte Andrea Fantoni Bergamo</p>
Antonella Bardoni	Board Member	Director of CONFIAB
Letizia Bellini Cavalletti	Board Member	Director of SIIT HFS LIQUID
Marina Brogi	Board Member	<p>Member of the Supervisory Board of A2A S.p.A. Member of the Board of Directors of Banco di Desio e Della Brianza S.p.A.</p> <p>Member of the Board of Directors of Impregilo S.p.A.</p> <p>Member of the Board of Directors of Prelios S.p.A. Chairman of the Supervisory Board of CAPE NATIXIS SGR S.p.A. in liquidation</p> <p>Chairman of the Supervisory Board of Credito Fiorentino in liquidation</p>
Pierpaolo Camadini	Board Member	<p>Chairman of the Board of Directors of Tipografia Camuna S.p.A.</p> <p>Board Member of Editoriale Bresciana S.p.A.</p> <p>Board Member of Finanziaria di Valle Camonica S.p.A.</p> <p>Board Member of Vincenzo Foppa Società Cooperativa Sociale – ONLUS</p> <p>Chairman of the Board of Directors of Editoriale Teletutto Bresciasette S.r.L.</p>

		<p>Chairman of FONDAZIONE CAMUNITAS</p> <p>Board Member of Fondazione "Annunciata Cocchetti"</p> <p>Board Member of FONDAZIONE " BRIXIA FIDELIS "</p> <p>Board Member of FONDAZIONE BANCA SAN PAOLO DI BRESCIA</p> <p>Board Member of FONDAZIONE CENTRO PASTORALE PAOLO VI</p> <p>Board Member of FONDAZIONE TASSARA</p> <p>Chairman of the Board of Directors of Fondazione Bresciana per l'educazione Monsignor Giuseppe Cavalleri</p> <p>Chairman of the Board of Directors of O.P.Q. Organizzazione Pubblicita' Quotidiani S.r.L.</p> <p>Board Member of Gold Line SpA</p> <p>Board Member of Numerica srl</p> <p>Chairman of the Board of Radio Cronache Bresciane srl</p>
Luca Vittorio Cividini	Board Member	<p>Chairman of the Board of Directors of GEFI S.p.A.</p> <p>Board Member of Agricola Guardara S.r.L.</p> <p>Board Member of Casalpuusterlengo Interporto Merci Internazionale S.r.L.</p> <p>Sole Board Member Cividini Ingegneria e Costruzioni S.r.L.</p> <p>Sole Board Member CO.RO. Immobiliare S.r.L.</p> <p>Chairman of the Board of Directors F.C.F. S.r.L.</p> <p>Deputy Chairman and CEO of G.F.C. S.p.A.</p> <p>Board Member Impresa Edile Luigi Cividini - S.p.A.</p> <p>Board Member Ippocampo S.r.L.</p> <p>Board Member Malpaga S.p.A.</p> <p>Board Member Maxicubo Self Storage S.r.L.</p> <p>Deputy Chairman of Progetto Uno S.r.L.</p> <p>Sole Board Member Rondanini S.r.L.</p>

		Sole Board Member Societa' Agricola Cividini S.r.L. Deputy Chairman of Solvestia 1 S.r.L.
Alessandra Del Boca	Board Member	
Ester Faia	Board Member	Board Member Buzzi Unicem S.p.A.
Marco Giacinto Gallarati	Board Member	Board Member C.R.S. Holding S.p.A. Sole Board Member E.V.A. Efficienza Valore Analisi S.p.A. Board Member C.R.S. Elettrica S.r.L. Sole Board Member CSH S.R.L. Board Member COIN Partecipazioni S.p.A. Chairman of the Board of Directors of COIN Service Nord S.p.A. Chairman of the Board of Directors of COIN Service S.p.A. Board Member Rheingold S.r.L.
Carlo Garavaglia	Board Member	Auditor of Gebau di Tosolini Pietro & C. S.a.p.A. Chairman of the Board of Directors of EUNOMIA S.p.A. Centro Medico Visconti Di Modrone Chairman of the Board of Statutory Auditors of COMITALIA Compagnia Fiduciaria S.p.A. Board Member De Longhi S.p.A. Board Member DELCLIMA S.p.A. Board Member CORDIFIN S.p.A.
Gian Luigi Gola	Board Member	Auditor Preve Costruzioni S.p.A. Board Member Newspaper Milano S.r.L. Chairman of the Board of Statutory Auditors F2I Reti Italia S.r.L. Auditor S.I.G.I.T. - Societa' Italiana Gomma Industriale Torino S.p.A. Chairman of the Auditors' Committee of Arpa Piemonte Chairman of the Supervisory Board of IAL CISL Piemonte (in special administration) Auditor of CCIAA Di Biella

Lorenzo Renato Guerini	Board Member	Deputy Chairman of the Board of Directors of Italcementi Fabbriche Riunite Cemento S.p.A. Bergamo  Chairman of the Board of Directors of 035 Investimenti S.p.A.  Chairman of the Board of Directors of Quenze S.r.l.
Alfredo Gusmini	Board Member and Secretary	
Federico Manzoni	Board Member	Chairman of the Board of Statutory Auditors of MESGO S.p.A.  Chairman of the Board of Statutory Auditors of Dedalo Esco S.p.A.  Auditor Terme e Grandi Alberghi Sirmione S.p.A.  Auditor Fidelitas S.p.A.  Auditor FGH S.p.A.  Auditor Castello SGR S.p.A.  Auditor of Barabino & Partners S.p.A.  Chairman of the Board of Directors of Mittel Investimenti Immobiliari S.r.L.  Chairman of the Board of Directors of IDS & UNITELM S.r.L.  Chairman of Fondazione Giordano dell' Amore  Board Member Istituto Centrale Sostentamento Clero
Mario Mazzoleni	Board Member	Board Member and attorney Mazzoleni Trafilerie Bergamasche S.p.A.
Enrico Minelli	Board Member	Chairman of Editrice Morcelliana S.r.L.  Member of the Board, La Scuola SpA
Sergio Pivato	Board Member	Chairman of the Board of Statutory Auditors Freni Brembo S.p.A.  Chairman of the Board of Statutory Auditors SMA S.p.A.  Chairman of the Board of Statutory Auditors Vita Società Editoriale S.p.A.  Auditor Auchan S.p.A.

Andrea Cesare Resti	Board Member	
Maurizio Zucchi	Board Member	

The business address of the Supervisory Board is the Issuer's registered office at Piazza Vittorio Veneto 8, 24122 Bergamo.

The present Supervisory Board has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of UBI Banca as at and for the year ending 31 December 2015.

The Supervisory Board also established from among its members the three committees provided for under the Articles of Association:

- the Appointments Committee, with the responsibility for selecting and proposing appointments to the Supervisory Board;
- the Remuneration Committee, with responsibility for proposing and consulting on remuneration in accordance with applicable law and the Articles of Association; and
- the Internal Audit Committee, with responsibility for proposing, consulting and enquiring on matters attributed to the Supervisory Board regarding internal controls, risk management and the ICT and accounting system.

The Supervisory Board has also established from amongst its members an Accounting Committee, which supports with proposal and consultation functions the Supervisory Board in relation to issues concerning the individual and consolidated Annual Reports and the interim reports.

The Supervisory Board also set up an internal related parties committee (the “**Related Parties Committee**”), made up of 3 members, who are required to perform the functions assigned to the same by the “Regulations for the discipline of UBI Banca related-party transactions”, in compliance with the provisions envisaged by the Consob Regulation concerning related parties adopted by means of Resolution n. 17221/2010.

The Related Parties Committee has changed its name in “Related Parties and Connected Subjects Committee” (“*Comitato Parti Correlate e Soggetti Collegati*”) as it has assumed, in addition to the functions provided for under Consob Resolution No. 17221 of 2010, also those established by the Bank of Italy regulations on the subject of “risk activities and conflicts of interests to connected subjects”.

### **Management Board**

The Management Board is composed by a minimum of 7 to a maximum of 9 members elected with a three-years mandate from amongst registered shareholders with voting rights by the Supervisory Board, on the proposal of the Appointments Committee. The Supervisory Board also appoints the Chairman and the Deputy Chairman of the Management Board. The Management Board appoints the Chief Executive Officer from among its members, upon proposal of the Supervisory Board, heard the Appointments Committee.

The Articles of Association of UBI Banca provides for the presence of senior managers of the Bank in the Management Board. The amendments to paragraphs 6 and 7 of Article 30 of the Articles of Association, which have been approved by Extraordinary Shareholders’ Meeting of 10 May 2014, will become effective from the date of the meeting of the Supervisory Board called to appoint the Management Board which will replace the existing one.

The members of the Management Board must be in possession of the qualities of integrity and professionalism and any other requirement prescribed by regulations currently in force. The majority of them must have at least a total of three-years experience in management and/or professional activities in financial and/or securities and/or banking and/or insurance companies in Italy or abroad and at least one of them must possess the requirements of independence stated in the consolidated law on finance. The Management Board, which meets at least once a month, is responsible for the management of the company in observance of the general strategic policies and programmes approved by the Supervisory Board.

The main powers of the Management Board are as follows:

- the definition of the general programmes and strategic policies and the drawing up of the industrial and/or financial plans of the Bank and the Group to be submitted to the approval of the Supervisory Board;
- the appointment and dismissal of the General Management and the definition of its functions and responsibilities, and also the appointment of the senior management of the Group;
- the preparation of the draft Individual Company Financial Statements and of the draft Consolidated Financial Statements.

On 23 April 2013 the Supervisory Board, as elected by the Shareholders' Meeting of 20 April 2013, decided the number of members of the Management Board for the years 2013-2015, reducing it to 9.

In compliance with the provisions of the Appointments Committee, the members of Management Board will include senior managers of the UBI Banca Group and more specifically the General Manager and Senior Deputy General Manager of UBI Banca. Furthermore, in compliance with the provisions of Law No. 120 of 12 July 2011, a balance between genders is ensured for the period.

Accepting the proposal put forward by the Appointments Committee, the Supervisory Board then appointed the members and also the Chairman and Deputy Chairman of the Management Board and submitted a proposal to it that it appoint Victor Massiah as CEO. The Management Board, in a subsequent meeting, confirmed the appointment of Victor Massiah as CEO.

The Management Board is currently composed by:

Name	Position	Principal activities performed outside the UBI
		Banca Group
Franco Polotti	Chairman	F.B.G. di Polotti Franco e C. S.n.C. - Managing Partner Trafilati Martin S.p.A. – CEO Associazione Arte e Spiritualità Centro Studi Paolo VI sull'Arte Moderna e Contemporanea – Board Member Fondazione Banca San Paolo di Brescia – Board Member Mar.Bea. S.r.L. - CEO – Deputy Chairman of the Board of Directors Opera per l'Educazione Cristiana – Board Member Eco Fortis S.r.L. – Board Member O.R.I. Martin S.p.A. – Chairman of the Board of Directors

		<p>– CEO</p> <p>C.M. S.r.L. –Board Member</p>
Giorgio Frigeri	Deputy Chairman	Istituto Diocesano per il Sostentamento del Clero di Bergamo – Chairman
Victor Massiah	CEO	<p>Associazione Bancaria Italiana (ABI) – Board Member</p> <p>Fondo Interbancario di Tutela dei Depositi – Board Member</p>
Silvia Fianza	Board Member	<p>Condor Trade S.r.L. – Special Attorney</p> <p>Befado S.p. zo.o. (Polonia) – Chairman of the Supervisory Board</p>
Luciana Gattinoni	Board Member	<p>Italcementi Fabbriche Riunite Cemento S.p.A. Bergamo – Acting Auditor</p> <p>Angelo Canevisio - S.p.A.- Acting Auditor</p> <p>Immobilegno S.p.A. – Alternate Auditor</p> <p>Domus Adiutrix S.p.A. – Acting Auditor</p> <p>Proposte S.p.A.. – Alternate Auditor</p> <p>Ganart S.r.L.- Acting Auditor</p> <p>Anita S.r.L. – Alternate Auditor</p> <p>Trafilerie Assi S.p.A. – Acting Auditor</p> <p>Metalmauri Trafilerie S.p.A – Acting Auditor</p>
Francesco Iorio	Board Member	Associazione Bancaria Italiana (ABI) – Board Member
Italo Lucchini	Board Member	<p>Italcementi Fabbriche Riunite Cemento S.p.A. Bergamo - Board Member</p> <p>Azienda Agricola Lodoletta S.r.L. – Chairman of the Board of Directors</p> <p>Fonderia di Torbole S.p.A. – Alternate Auditor</p> <p>Immobileffe S.p.A. – Chairman of the Board of Statutory Auditors</p> <p>Fondazione per la Storia Economica e Sociale di Bergamo – Istituto di Studi e Ricerche – CEO -</p> <p>Fondazione Famiglia Legler – CEO</p> <p>Fondazione Banca Popolare di Bergamo - Board Member</p>



		<p>Fondazione Italcementi Cav.Lav.Carlo Pesenti – Board Member</p> <p>Fondazione A.J.Zaninoni – Board Member</p> <p>Fondazione Bergamo nella Storia Organizzazione non Lucrativa di Utilità Sociale - Board Member</p> <p>Italmobiliare S.p.A. – Deputy Chairman of the Board of Directors</p> <p>BMW Italia S.p.A. - Chairman of the Board of Statutory Auditors</p> <p>BMW Milano S.r.L. - Chairman of the Board of Statutory Auditors</p> <p>BMW Roma S.r.L. Chairman of the Board of Statutory Auditors</p> <p>San Colombano S.p.A. - Chairman of the Board of Statutory Auditors</p> <p>Fedrigoni S.p.A. - Chairman of the Board of Statutory Auditors</p> <p>Alphabet Italia Fleet Management S.p.A. - Chairman of the Board of Statutory Auditors</p>
Flavio Pizzini	Board Member	<p>Impresa Tecnoeditoriale Lombarda S.r.L. - Chairman of the Board of Statutory Auditors</p> <p>Novaradio A S.r.L – Board Member</p> <p>Immobiliare Due Febbraio S.r.l. – CEO</p> <p>Fondazione Lambriana – CEO</p> <p>Fondazione Borghesi Buroni – Chairman of the Board of Directors</p> <p>Fondazione Housing Sociale – Chairman of the Board of Statutory Auditors</p> <p>Fondazione Opere Sociali - Chairman of the Board of Statutory Auditors</p> <p>Fondazione Milano Famiglie 2012 – Member of Statutory Auditors</p> <p>Bosa Srl in liquidazione - Liquidator</p>
Elvio Sonnino	Board Member	<p>Centro Studi Nazionale per il Controllo e la Gestione dei Rischi Aziendali - Chairman of the Steering Committee</p>

The business address of the Management Board is the Issuer's registered office at Piazza Vittorio Veneto 8, 24122 Bergamo.

The present Management Board has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of UBI Banca as at and for the year ending 31 December 2015.

### **General Management**

<b>Name</b>	<b>Position</b>		
Francesco Iorio.....	General Manager		
Elvio Sonnino	Senior Manager	Dep.	Gen.
Rossella Leidi.....	Deputy Manager		General
.....			
Ettore Medda.....	Deputy Manager		General
Pierangelo Rigamonti.....	Deputy Manager		General

### **Conflicts of Interest**

The members of the Supervisory Board and the Management Board of UBI Banca do not have any conflicts or potential conflicts of interest between their duties to UBI Banca and their private interests or other duties.

### **Significant Legal Proceedings**

The UBI Banca Group is subject to certain claims and is party to a number of legal proceedings relating to the normal course of its business. Although it is difficult to predict the outcome of such claims and proceedings with certainty, UBI Banca believes that liabilities related to such claims and proceedings are unlikely to have, in the aggregate, significant effects on the financial position or profitability of UBI Banca or the UBI Banca Group.

### **The Issuer's share capital**

As at 31 December 2013, the issued share capital of the Issuer amounted to Euro 2,254,371,430.00 , consisting of 901,748,572 ordinary shares with a nominal value of Euro 2.50 each.

As at 31<sup>st</sup> December 2012 the share capital of UBI Banca amounted to €2,254,367,512.50. The changes that occurred over twelve months are attributable in part to the conversions of the convertible bond which matured last July and in part to the issue of shares resulting from the merger of Centrobanca.

### **Capital Ratios**

As at 31 December 2013, the Group's capital ratios, calculated on a comparable basis with December 2012, were as follows: Core Tier 1 ratio of 12.60 per cent., Tier 1 ratio of 13.23 per cent. and a Total Capital ratio of 18.91 per cent. The capital ratios are calculated by applying the internal models for the purpose of measuring credit risk towards businesses in the corporate and retail segment and for the purpose of measuring operational risk.

The credit risk associated to the portfolios of UBI Leasing S.p.A. and UBI Factor S.p.A. and to the other minor legal entities is still calculated under the standardised methodology.

## OVERVIEW OF FINANCIAL INFORMATION OF THE ISSUER

The **following tables** present:

- (i) the audited consolidated balance sheet and income statement information of the Group approved by the Issuer's Supervisory Board as at and for the year ended 31 December 2013 and 31 December 2012, and
- (ii) the unaudited consolidated interim balance sheet and income statement information of the Issuer as at and for the three months ended 31 March 2014 and 31 March 2013,

prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and as implemented under the Bank of Italy's instructions contained in Circular No. 262 of 22 December 2005 (as amended from time to time) and related transitional regulations in Italy (IFRS). All figures are in thousand euro unless otherwise stated.

The information set out in the tables below should be read in conjunction with and is qualified in its entirety by reference to, the full financial statements referred to above, in each case together with the accompanying notes and auditors' reports, all of which are incorporated by reference in this Prospectus.

UNIONE DI BANCHE ITALIANE S.C.P.A.

MANDATORY FINANCIAL STATEMENTS - CONSOLIDATED BALANCE SHEET

<b>ASSETS</b>		
<i>(Figures in thousands of euro)</i>		
	<b>31.12.2013</b>	<b>31.12.2012</b>
Cash and cash equivalents	589,705	641,608
Financial assets held for trading	3,056,264	4,023,934
Financial assets at fair value	208,143	200,441
Available-for-sale financial assets	15,489,497	14,000,609
Held-to-maturity investments	3,086,815	3,158,013
Loans to banks	4,129,756	6,072,346
Loans to customers	88,421,467	92,887,969
Hedging derivatives	253,609	1,478,322
Fair value change in hedged financial assets (+/-)	33,380	885,997
Equity investments	411,886	442,491
Property, equipment and investment property	1,798,353	1,967,197
Intangible assets	2,918,509	2,964,882
<i>of which:</i>		
- goodwill	2,511,679	2,536,574
Tax assets	2,833,188	2,628,121
a) current	552,039	616,684
b) deferred	2,281,149	2,011,437
Non-current assets and disposal groups held for sale	79,877	21,382
Other assets	931,388	1,060,390
<b>TOTAL ASSETS</b>	<b>124,241,837</b>	<b>132,433,702</b>
<b>LIABILITIES AND EQUITY</b>		
<i>(Figures in thousands of euro)</i>		
	<b>31.12.2013</b>	<b>31.12.2012</b>
Due to banks	15,017,266	15,211,171
Due to customers	50,702,157	53,758,407
Securities issued	41,901,779	45,059,153
Financial liabilities held for trading	1,396,350	1,773,874
Hedging derivatives	483,545	2,234,988
Tax liabilities	756,359	666,364
a) current	404,246	317,506
b) deferred	352,113	348,858
Other liabilities	2,111,533	2,391,283
Post-employment benefits	382,262	420,704
Provisions for risks and charges:	309,219	340,589
a) pension and similar obligations	77,387	80,563
b) other provisions	231,832	260,026
Fair value reserves	(170,968)	(571,045)
Reserves	3,294,414	3,259,365
Share premiums	4,716,866	4,716,861
Share capital	2,254,371	2,254,368
Treasury shares	(6,121)	(4,375)
Non-controlling interests (+/-)	841,975	839,287
Profit (loss) for the year (+7-)	250,830	82,708
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>124,241,837</b>	<b>132,433,702</b>

UNIONE DI BANCHE ITALIANE S.C.P.A.

MANDATORY FINANCIAL STATEMENTS - CONSOLIDATED INCOME STATEMENT

<i>Figures in thousands of euro</i>	<b>31.12.2013</b>	<b>31.12.2012</b>
Interest and similar income	3,254,962	3,924,400
Interest expense and similar	(1,504,247)	(1,992,716)
<b>Net interest income</b>	<b>1,750,715</b>	<b>1,931,684</b>
Commission income	1,382,528	1,369,422
Commission expense	(195,462)	(187,616)
<b>Net commission income</b>	<b>1,187,066</b>	<b>1,181,806</b>
Dividends and similar income	10,409	15,591
Net trading income (loss)	107,234	91,803
Net hedging income	(3,318)	1,072
Income (losses) from disposal or repurchase of:	217,475	163,551
a) loans	(3,149)	(2,131)
b) available-for-sale financial assets	220,025	141,556
d) financial liabilities	599	24,126
Net income (loss) on financial assets and liabilities at fair value	3,163	852
<b>Gross income</b>	<b>3,272,744</b>	<b>3,386,359</b>
Net impairment losses on:	(990,489)	(902,024)
a) loans	(942,978)	(847,214)
b) available-for-sale financial assets	(26,898)	(56,145)
d) other financial transactions	(20,613)	1,335
<b>Net financial income</b>	<b>2,282,255</b>	<b>2,484,335</b>
<b>Net income from banking and insurance operations</b>	<b>2,282,255</b>	<b>2,484,335</b>
Administrative expenses	(2,194,758)	(2,384,023)
a) personnel expense	(1,337,687)	(1,525,753)
b) other administrative expenses	(857,071)	(858,270)
Net provisions for risks and charges	(12,372)	(49,212)
Net impairment losses on property, equipment and investment property	(119,956)	(102,543)
Net impairment losses on intangible assets	(78,535)	(81,117)
Other net operating income	310,511	244,515
<b>Operating expenses</b>	<b>(2,095,110)</b>	<b>(2,372,380)</b>
Profits of equity investments	46,506	52,650
Net impairment losses on goodwill	(24,895)	-
Profits on disposal of investments	(7,251)	6,490
<b>Pre-tax profit (loss) from continuing operations</b>	<b>201,505</b>	<b>171,095</b>
Taxes on income for the year from continuing operations	72,632	(79,429)
<b>Post-tax profit (loss) from continuing operations</b>	<b>274,137</b>	<b>91,666</b>
Post-tax profit from discontinued operations	-	-
<b>Profit (loss) for the year</b>	<b>274,137</b>	<b>91,666</b>
Profit (loss) for the year attributable to non-controlling interests	(23,307)	(8,958)
<b>Profit (loss) for the year attributable to the shareholders of the Parent</b>	<b>250,830</b>	<b>82,708</b>

### *Defaulted and problem loans*

The supervisory regulations of the Bank of Italy relating to problem loans identify the following categories:

- restructured loans (*crediti ristrutturati*);
- loans subject to country risk (*crediti soggetti a rischio paese*);
- impaired loans (*partite incagliate*);
- bad and doubtful loans (*crediti in sofferenza*); and
- loans past due (*esposizioni scadute e/o sconfinanti*).

### *Restructured loans*

These are loans for which a bank (or a pool of banks) agrees to amend the original contractual terms and conditions, due to deterioration in the debtor's financial and economic conditions, giving rise to a loss.

### *Loans subject to country risk*

"Country risk" relates to problems of solvency in countries where there are difficulties surrounding the service of debt. There are seven categories of risk. Italian banks must monitor the percentage of devaluation (0–15–20–25–30–40–60 per cent.) which has to be applied to loans in each of these categories which are not specifically guaranteed against political or economic risk. Italian banks must report monthly to the Bank of Italy on their positions for each country.

### *Impaired loans*

Pursuant to guidelines established by the Bank of Italy, banks must classify a loan as an "impaired loan" if they determine that the borrower is experiencing financial or economic difficulties that are likely to be temporary.

### *Non-performing loans*

Non performing loans are loans in relation to which the relevant borrower is in a state of insolvency (whether or not insolvency proceedings have been commenced). A subjective test is used by the relevant lending bank to determine whether the borrower is in a state of insolvency.

### *Loans past due*

A debtor should be reported as past-due if both of the following conditions apply:

- Overdue or overdraft credit has last for over 180\* days in consecutive terms.
- The higher of the following two values is at least equal to the threshold of 5 per cent.:
  - Average amount of overdue and/or overdrafts over the entire amount on a daily basis on the last preceding quarter.
  - Amount of overdue and/or overdrafts over the entire amount at the date of the report.

Loans secured by real estate overdue for more than 90 consecutive days are classified as "past due" without any reference to the threshold stated above.

The following table shows a breakdown of the Group's loans as at 31 December 2013.

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\* Starting from 1 January 2012 according to new Bank of Italy's regulations, the requirement has been changed to "over 90 days".

<b>Loans to customers as at 31 December 2013</b>			<b>total net impairment losses</b>		
<b>Figures in thousands of Euro</b>	<b>Gross exposure</b>	<b>%</b>	<b>Net exposure</b>	<b>%</b>	
<b>Deteriorated loans</b>	<b>12,673,865</b>	<b>13.74</b>	<b>(3,361,592)</b>	<b>9,312,273</b>	<b>10.53</b>
Non performing loans	5,885,049	6.38	(2,447,924)	3,437,125	3.89
Impaired loans	5,082,523	5.51	(768,542)	4,313,981	4.88
Restructured loans	872,069	0.95	(121,545)	750,524	0.85
Past due loans	834,224	0.90	(23,581)	810,643	0.91
<b>Performing loans</b>	<b>79,591,097</b>	<b>86.26</b>	<b>(481,903)</b>	<b>79,109,194</b>	<b>89.47</b>
<i>of which: Unguaranteed loans to countries at risk</i>	-	-	-	-	-
<b>TOTAL</b>	<b>92,264,962</b>	<b>100.00</b>	<b>(3,843,495)</b>	<b>88,421,467</b>	<b>100.00</b>

The following table shows a breakdown of the Group's loans as at 31 December 2012.

<b>Loans to customers as at 31 December 2012</b>			<b>Total net impairment losses</b>		
<b>Figures in thousands of Euro</b>	<b>Gross exposure</b>	<b>%</b>	<b>Net exposure</b>	<b>%</b>	
<b>Deteriorated loans</b>	<b>10,958,381</b>	<b>11.39</b>	<b>(2,853,207)</b>	<b>8,105,174</b>	<b>8.73</b>
Non performing loans	5,142,308	5.34	(2,190,369)	2,951,939	3.18
Impaired loans	4,123,537	4.29	(520,995)	3,602,542	3.88
Restructured loans	773,934	0.80	(114,833)	659,101	0.71
Past due loans	918,602	0.96	(27,010)	891,592	0.96
<b>Performing loans</b>	<b>85,253,156</b>	<b>88.61</b>	<b>(470,361)</b>	<b>84,782,795</b>	<b>91.27</b>
<i>of which: Unguaranteed loans to countries at risk</i>	1,240	-	(190)	1,050	-
<b>TOTAL</b>	<b>96,211,537</b>	<b>100.00</b>	<b>(3,323,568)</b>	<b>92,887,969</b>	<b>100.00</b>

### Funding (consolidated)

The following table presents the sources of the Groups' funding from customers as at 31 December 2013.

<b>Direct funding from customers</b>		
<b>Figures in thousands of Euro</b>	<b>31.12.2013</b>	<b>%</b>
Due to customers	50,702,157	54.80
Securities in issue	41,901,779	45.20
<i>of which: EMTN</i>	4,157,406	4.50
<b>Total Direct Funding</b>	<b>92,603,936</b>	<b>100.00</b>

### Financial assets/liabilities of the Group

The book value of securities portfolios (net of liabilities) of the UBI Banca Group amounted to approx Euro 20.4 billion as at 31 December 2013. The securities portfolios have been classified into IFRS categories as follows:

<b>Figures in thousands of Euro</b>	<b>31.12.2013</b>
Financial assets held for trading	3,056,264
Financial assets at fair value	208,143
Available for sale financial assets	15,489,497
Held to maturity financial assets	3,086,815
<b>TOTAL</b>	<b>21,840,719</b>
Financial liabilities held for trading	1,396,350
<b>Total net of financial liabilities</b>	<b>20,444,369</b>

### **Net interbank position of the Group**

As at 31 December 2013 the Group has a net interbank position negative by Euro 10,887.5 million.

### **Financial information for the quarter ended 31 March 2014**

On 10 May 2014 the Management Board of UBI Banca approved the consolidated results for the first quarter of 2014, which ended with a profit of 58.1million euro compared to 26.5 million euro achieved in the same period of 2013. Both quarters include non-recurring events and items that impact on earnings and are summarised as follows:

March 2014:

- Adjustment in the price for the disposal in 2013 of the interest held in Banque de Dépôts et de Gestion SA (BDG)

The Issuer makes use of the incorporation regime by means of reference to the document indicated above pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) 809/2004.



**UNIONE DI BANCHE ITALIANE S.C.P.A.**  
**INTERIM CONSOLIDATED BALANCE SHEET**

<b>ASSETS</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
<i>(Figures in thousands of euro )</i>		
Cash and cash equivalents	492,398	487,951
Financial assets held for trading	3,900,044	5,045,199
Financial assets at fair value	193,692	202,979
Available-for-sale financial assets	16,030,885	14,134,430
Held-to-maturity investments	3,113,263	3,185,071
Loans to banks	4,009,183	5,505,388
Loans to customers	87,094,749	92,264,578
Hedging derivatives	323,782	410,003
Fair value change in hedged financial assets (+/-)	36,493	78,088
Equity investments	427,438	447,352
Property, equipment and investment property	1,780,575	1,940,484
Intangible assets	2,903,371	2,956,402
of which:		
- goodwill	2,511,679	2,536,574
Tax assets	2,824,368	2,625,658
(a) current	551,822	606,934
(b) deferred	2,272,546	2,018,724
Non-current assets and disposal groups held for sale	79,769	23,205
Other assets	773,252	1,089,100
<b>TOTAL ASSETS</b>	<b>123,983,262</b>	<b>130,395,888</b>
<b>LIABILITIES AND EQUITY</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
<i>(Figures in thousands of euro )</i>		
Due to banks	15,397,770	15,086,195
Due to customers	46,366,664	54,816,744
Securities issued	44,477,537	43,861,671
Financial liabilities held for trading	1,409,672	1,801,256
Hedging derivatives	528,059	1,167,314
Tax liabilities	908,372	748,223
(a) current	499,203	407,387
(b) deferred	409,169	340,836
Other liabilities	2,704,318	1,647,419
Staff severance provisions	387,412	389,246
Provisions for risks and charges:	320,253	329,075
(a) pension and similar obligations	76,251	79,575
(b) other provisions	244,002	249,500
Fair value reserves	104,728	(611,646)
Reserves	3,539,503	3,338,878
Share premiums	4,716,866	4,716,862
Share capital	2,254,371	2,254,368
Treasury shares	(6,121)	(6,121)
Minority interests (+/-)	815,723	829,946
Profit (loss) for the period (+/-)	58,135	26,458
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>123,983,262</b>	<b>130,395,888</b>

**UNIONE DI BANCHE ITALIANE S.C.P.A.**  
**INTERIM CONSOLIDATED INCOME STATEMENT**

<i>Figures in thousands of euro</i>	<b>31.03.2014</b>	<b>31.03.2013</b>
Interest and similar income	785,367	830,652
Interest expense and similar	(330,895)	(413,475)
<b>Net interest income</b>	<b>454,472</b>	<b>417,177</b>
Commission income	347,332	352,026
Commission expense	(47,222)	(47,240)
<b>Net commission income</b>	<b>300,110</b>	<b>304,786</b>
Dividends and similar income	787	455
Net trading income (loss)	34,085	26,286
Net hedging income (loss)	(4,188)	(1,297)
Income/expenses from disposal or repurchase of:	32,115	14,731
a) loans	(705)	(626)
b) available-for-sale financial assets	34,090	15,847
d) financial liabilities	(1,270)	(490)
Net income/expenses on financial assets and liabilities at fair value	599	2,296
<b>Gross income</b>	<b>817,980</b>	<b>764,434</b>
Net impairment losses on:	(196,953)	(166,055)
a) loans	(198,626)	(157,742)
b) available-for-sale financial assets	297	(9,732)
d) other financial transactions	1,376	1,419
<b>Net financial operating income</b>	<b>621,027</b>	<b>598,379</b>
<b>Net income from banking and insurance operations</b>	<b>621,027</b>	<b>598,379</b>
Administrative expenses	(525,804)	(530,396)
a) personnel expenses	(326,094)	(331,353)
b) other administrative expenses	(199,710)	(199,043)
Net provisions for risks and charges	(10,063)	(2,329)
Net impairment losses on property, equipment and investment property	(22,141)	(24,578)
Net impairment losses on intangible assets	(19,212)	(19,637)
Other operating income/(expense)	70,460	63,132
<b>Operating expenses</b>	<b>(506,760)</b>	<b>(513,808)</b>
Profits (losses) of equity investments	10,009	7,605
Profits (losses) on disposal of investments	230	377
<b>Profit (loss) from continuing operations before tax</b>	<b>124,506</b>	<b>92,553</b>
Taxes on income for the period from continuing operations	(58,702)	(56,579)
<b>After tax profit (loss) from continuing operations</b>	<b>65,804</b>	<b>35,974</b>
Profit (loss) after tax of discontinued operations	-	-
<b>Profit (loss) for the period</b>	<b>65,804</b>	<b>35,974</b>
Profit (loss) for the period attributable to minority interests	(7,669)	(9,516)
<b>Profit (loss) for the period attributable to the shareholders of the Parent</b>	<b>58,135</b>	<b>26,458</b>

## THE GUARANTOR

### Introduction

The Guarantor, UBI Finance CB 2 S.r.l., is a limited liability company (*società a responsabilità limitata*) incorporated on 20 December 2011 under the laws of the Republic of Italy pursuant to the Securitisation and Covered Bonds Law, fiscal code and enrolment with the companies register of Milan No. 07639080964, enrolled under No. 42013 in the general register of financial intermediaries held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, part of the Unione di Banche Italiane Group enrolled under No. 3111.2 with the register held by the Bank of Italy in accordance with article 64 of the Consolidated Banking Act. The Guarantor has no employees and no subsidiaries.

The Guarantor has its registered office at Foro Buonaparte 70, 20121 Milan, Italy; the telephone number of the registered office is +39-02.861914 and the fax number is +39 02 863114286.

The Guarantor is part of the Unione di Banche Italiane Group and is subject to the management and coordination activity (*attività di direzione e coordinamento*) by UBI Banca that holds 60% of the Guarantor's quota capital.

The Guarantor commenced operations following its entry into the Transaction Documents to which it is a party.

### Principal Activities

The duration of the company is up to 31 December 2100 and may be extended. The sole purpose of the Guarantor under the objects clause in its by-laws is the ownership of the Covered Pool and the granting to, *inter alios*, the Covered Bondholders of the Covered Bond Guarantee.

### Quota Capital

The outstanding capital of the Guarantor is Euro 10,000, fully paid-up and divided into quotas as described below. The quotaholders of the Guarantor are as follows:

<u>Quotaholder</u>	<u>Quota</u>
Unione di Banche Italiane S.c.p.a. ....	€6,000 (60% of the capital)
Stichting Viola .....	€4,000 (40% of capital)

The Guarantor has not declared or paid any dividends or, save as otherwise described in this Prospectus, incurred any indebtedness.

### Quotaholders' Agreement

Under the Quotaholders' Agreement, each Quotaholder has agreed and undertaken to and with each other and the Representative of the Covered Bondholders, for the period necessary in order to exercise the call option and the put option granted thereunder, to keep its quota free and clear of any liens, claims, burdens, encumbrances, security interests or any other rights of any third parties whatsoever and not to sell, charge, pledge or otherwise dispose in any manner whatsoever of its quota.

The Quotaholders' Agreement contains put and call options granted pursuant to article 1331 of the Italian Civil Code in respect of the entire quota of 40 per cent. in the Guarantor's quota capital. In detail, Stichting Viola has granted UBI Banca an option to purchase the whole of Stichting Viola's quota and UBI Banca has granted Stichting Viola an option to sell such quota, in each case at a price equal to the nominal value of the quota. In both cases, the option is exercisable exclusively from the later of the Expiry Date and the Programme Maturity Date. Any purchase by UBI Banca may be effected either directly or through another company of the UBI Banca Group selected by UBI Banca.

### Management

#### *Board of Directors*

The following table sets out certain information regarding the current members of the Board of Directors.

<b>Name</b>	<b>Position</b>	<b>Principal activities performed outside the Guarantor</b>
Renzo Parisotto	Chairman	Chartered Accountant
Andrea Di Cola	Independent Director	Chartered Accountant
Giuseppe Sciarrotta	Director	Manager

The business address of the Board of Directors is the Guarantor's registered office at Foro Buonaparte 70, 20121 Milan, Italy.

***Board of Statutory Auditors***

No Board of Statutory Auditors has currently been appointed.

***Auditors***

The current independent auditors of UBI Finance CB 2 S.r.l. are Deloitte & Touche S.p.A.

**Conflict of Interest**

There are no conflicts or potential conflicts of interest between the duties of the directors to UBI Finance CB 2 S.r.l. and their private interests or other duties.

**Financial Statements**

The following tables set out non-consolidated balance sheet and income statement information relating to UBI Finance CB 2 S.r.l.. The financial year of the Guarantor ends on 31 December of each calendar year. Such information is reproduced from the non-consolidated financial statements of UBI Finance CB 2 S.r.l. as at and for the years ended 31 December 2013 and 31 December 2012. The financial statements of are prepared in accordance with IFRS..

<b>Figures in Euro</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
Total assets.....	90,306	52,174
Net profit for the year.....	5	5

## THE SELLERS

### Banca Popolare di Bergamo S.p.A.

#### *History and development*

Banca Popolare di Bergamo S.p.A. ("**Banca Popolare di Bergamo**") was incorporated under the laws of Italy on 25 March 2003, and started its banking activities on 1 July 2003, as Network Bank of the former BPU Group. The contribution in kind of the branch business of former Banca Popolare di Bergamo CV Srl (established in 1869) to the new Bank and the authorisation released by the Governor of Bank of Italy to perform banking activities became effective on the same date.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2050 but it may be extended by the Extraordinary General Meeting of Shareholders. Its registered office is at Piazza Vittorio Veneto 8, Bergamo, and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. The Company may carry out, in addition to banking activities, all other financial activities in compliance with the discipline set out for each of them, including the purchase and management of equity investments and the establishment and management of supplementary pension programmes, either open or closed.

#### *Areas of activity – general*

Banca Popolare di Bergamo is one of the eight network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in Lombardy, the key geographical areas in which it operates, and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Private & Corporate Unity . Because of the wide range of product companies within the UBI Group, Banca Popolare di Bergamo is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

#### *Lending*

##### **Composition of loans to customers (in thousand Euro)**

	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Current accounts .....	3,627,162	19.25	4,049,628	21.56
Mortgage loans and other medium to long-term financing .....	12,450,811	66.08	12,521,411	66.67
Credit cards, personal loans and salary-backed loans .....	176,635	0.94	143,906	0.77
Other transactions .....	2,586,664	13.73	2,064,989	11.00
<b>TOTAL.....</b>	<b>18,841,272</b>	<b>100.00</b>	<b>18,779,934</b>	<b>100.00</b>

#### *Defaulted and problem loans*

The following table shows a breakdown of the Bank's loans as at 31 December 2013 and 2012.

<b>Loans to customers as at 31 December 2013</b>	<b>Gross</b>		<b>Total net</b>	<b>Net</b>	
<b>Figures in thousands of Euro</b>	<b>exposure</b>	<b>%</b>	<b>impairme</b>	<b>exposure</b>	<b>%</b>
			<b>nt losses</b>		
<b>Deteriorated loans</b> .....	<b>1,952,622</b>	<b>10.07</b>	<b>(471,802)</b>	<b>1,480,820</b>	<b>7.86</b>
Non-performing loans .....	990,723	5.11	(355,221)	635,502	3.37
Impaired loans .....	680,632	3.51	(94,858)	585,774	3.11
Restructured loans .....	202,072	1.04	(16,570)	185,503	0.98
Past due loans .....	79,195	0.41	(5,154)	74,041	0.39
<b>Performing loans</b> .....	<b>17,438,766</b>	<b>89.93</b>	<b>(78,314)</b>	<b>17,360,452</b>	<b>92.14</b>
<b>TOTAL</b> .....	<b>19,391,388</b>	<b>100.00</b>	<b>(550,116)</b>	<b>18,841,272</b>	<b>100.00</b>

<b>Loans to customers as at 31 December 2012</b>	<b>Gross exposure</b>	<b>%</b>	<b>Total net</b>	<b>Net</b>	<b>%</b>
<b>Figures in thousands of Euro</b>			<b>impairm</b>	<b>exposure</b>	
			<b>ent losses</b>		
<b>Deteriorated loans</b> .....	<b>1,777,932</b>	<b>9.21</b>	<b>(443,116)</b>	<b>1,334,816</b>	<b>7.11</b>
Non-performing loans .....	863,660	4.48	(322,665)	540,995	2.88
Impaired loans .....	748,161	3.88	(102,861)	645,300	3.44
Restructured loans .....	95,241	0.49	(12,428)	82,813	0.44
Past due loans .....	70,870	0.37	(5,162)	65,708	0.35
<b>Performing loans</b> .....	<b>17,520,783</b>	<b>90.79</b>	<b>(75,665)</b>	<b>17,445,118</b>	<b>92.89</b>
<b>TOTAL</b> .....	<b>19,298,715</b>	<b>100.00</b>	<b>(518,781)</b>	<b>18,779,934</b>	<b>100.00</b>

### *Funding*

The following table presents the sources of the Bank' funding from customers as at 31 December 2013 and 2012.

#### **Direct funding from customers**

<b>Figures in thousands of Euro</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Due to customers .....	12,695,990	74.00	12,939,760	67.39
Securities in issue .....	4,461,361	26.00	6,262,474	32.61
<b>TOTAL</b> .....	<b>17,157,351</b>	<b>100.00</b>	<b>19,202,234</b>	<b>100.00</b>

#### **Detail of amounts due to customers**

<b>Figures in thousands of Euro</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Current accounts and deposits .....	12,287,903	96.79	12,077,408	93.34
Time deposits .....	105,060	0.83	634,996	4.91
Financing: .....	87,977	0.69	90,720	0.70
<i>Negative repurchase agreement</i> .....	86,153	0.68	90,012	0.70
<i>Others</i> .....	1,824	0.01	708	0.01
Other payables .....	215,049	1.69	136,635	1.06
<b>TOTAL</b> .....	<b>12,695,990</b>	<b>100.00</b>	<b>12,939,760</b>	<b>100.00</b>

## Management

Banca Popolare di Bergamo is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day to day operations of the bank. In accordance with the by Laws of Banca Popolare di Bergamo, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banca Popolare di Bergamo is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

### *Board of Directors*

The Board of Directors of Banca Popolare di Bergamo consists of between nine and fifteen members and is currently composed of the following persons:

<b>Name</b>	<b>Position</b>
Giorgio Frigeri (*).....	Chairman
Antonio Bulgheroni (*).....	Deputy Chairman
Guido Lupini (*) .....	Deputy Chairman
Paolo Agnelli .....	Director
Cristina Bombassei .....	Director
Riccardo Cagnoni.....	Director
Ercole Galizzi.....	Director
Stefano Gianotti (*).....	Director
Giuseppe Guerini .....	Director
Paolo Alberto Lamberti.....	Director
Angelo Radici .....	Director
Marino Augusto Vago.....	Director
Matteo Zanetti (*) .....	Director

(\*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Popolare di Bergamo as at and for the year ending 31 December 2016.

### *Board of Statutory Auditors*

The following table sets out the composition of the Board of Statutory Auditors.

<b>Name</b>	<b>Position</b>
Ferruccio Rota Sperti .....	Chairman
Alberto Carrara .....	Acting Auditor
Maurizio Vicentini .....	Acting Auditor
Giorgio Berta.....	Alternate Auditor
Paolo Pensotti Bruni	Alternate Auditor

### *General Management*

<b>Name</b>	<b>Position</b>
Osvaldo Ranica .....	General Manager
Silvano Manella .....	Deputy General

**Auditors**

The current independent auditors of Banca Popolare di Bergamo are Deloitte & Touche S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2020.

**Subsidiaries and associated companies**

As at 31 December 2013, Banca Popolare di Bergamo has a 2.88 per cent. stake in UBI Sistemi e Servizi S.c.p.A. and a 3.16 per cent stake in UBI Banca International S.A. and a 3.00 per cent stake in UBI Academy S.c.r.l.

**Share capital and shareholders**

As at 31 December 2013, Banca Popolare di Bergamo has an issued and fully paid up share capital of Euro 1,350,514,252 consisting of 1,350,514,252 ordinary shares with a nominal value of Euro 1.00 each.

The shares of Banca Popolare di Bergamo are unlisted and are wholly owned by UBI Banca (as at 31 December 2013).

**Employees**

As at 31 December 2013, Banca Popolare di Bergamo has 3,662 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 3,697 employees actually in service as at the previous year end.

**Financial information (Amm.ne)**

The following tables set out non consolidated balance sheet and income statement information relating to Banca Popolare di Bergamo. Such information is derived from the separate financial statements of Banca Popolare di Bergamo as at and for the years ended 31 December 2013 and 2012. The financial statements of Banca Popolare di Bergamo are prepared in accordance with IFRS. For the avoidance of doubt, the financial statements of Banca Popolare di Bergamo do not form part of this Prospectus.

**BALANCE SHEET**

<b>(In thousand Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Assets</b>		
Cash and cash equivalents.....	105,817	109,884
Financial assets held for trading.....	42,518	67,213
Available-for-sale financial assets .....	23,042	21,252
Loans to banks .....	1,704,770	3,919,753
Loans to customers.....	18,841,272	18,779,934
Hedging derivatives .....	16,827	117,749
Fair value changes of hedged financial assets.....	4,175	140,077
Equity investments .....	5,068	5,068
Property, Plant and equipment .....	41,935	44,449
Intangible assets .....	1,440	1,440
<i>of which goodwill:</i> .....	<i>1,440</i>	<i>1,440</i>
Tax assets .....	160,177	112,912
(a) <i>current</i> .....	<i>49,080</i>	<i>33,677</i>
(b) <i>deferred</i> .....	<i>111,097</i>	<i>79,235</i>
(b1) of which Legge 214/2011 .....	<i>91,009</i>	<i>62,710</i>
Non-current assets and disposal groups held for sale.....	141	361
Other assets .....	770,007	1,022,656



(In thousand Euro)	31.12.2013	31.12.2012
<b>Total assets</b> .....	<b>21,717,189</b>	<b>24,342,749</b>
<b>Liabilities and Shareholders' Equity</b>		
Due to banks .....	1,446,837	1,978,333
Due to customers.....	12,695,990	12,939,760
Securities issued.....	4,461,361	6,262,474
Financial liabilities held for trading .....	41,679	67,686
Hedging derivatives .....	40,465	197,238
Tax liabilities: .....	57,234	38,506
(a) <i>current</i> .....	56,375	34,034
(b) <i>deferred</i> .....	859	4,471
Other liabilities.....	538,498	444,399
Staff severance provisions.....	86,068	93,875
Provisions for liabilities and charges: .....	27,322	27,957
(b) <i>other provisions</i> .....	27,322	27,957
Valuation reserve .....	(12,775)	(12,845)
Reserves .....	845,276	825,400
Share capital.....	1,350,514	1,350,514
Profit for the year .....	138,720	129,453
<b>Total liabilities and shareholders' equity</b> .....	<b>21,717,189</b>	<b>24,342,749</b>

## INCOME STATEMENT

Figures in thousands of Euro	31.12.2013	31.12.2012
Interest and similar income .....	616,477	727,158
Interest expense and similar .....	(157,361)	(228,868)
<b>Net interest income</b> .....	<b>459,116</b>	<b>498,290</b>
Commission income.....	371,607	343,495
Commission expenses .....	(17,121)	(19,670)
<b>Net commission income</b> .....	<b>354,486</b>	<b>323,825</b>
Net profit (loss) from trading .....	17,701	7,766
Net profit (loss) from hedging.....	21	(6,063)
Profit (losses) from disposal or repurchase of:.....	(1,309)	(7,325)
(a) <i>loans</i> .....	(755)	(3,139)
(d) <i>financial liabilities</i> .....	(554)	(4,185)
<b>Gross income</b> .....	<b>830,015</b>	<b>816,494</b>
Net impairment losses on .....	(133,268)	(134,525)
(a) <i>loans</i> .....	(126,850)	(134,663)
(b) <i>available-for-sale financial assets</i> .....	(10)	(1)
(d) <i>other financial transactions</i> .....	(6,408)	139
<b>Net financial operating income</b> .....	<b>696,747</b>	<b>681,969</b>
Administrative expenses .....	(519,598)	(529,917)
(a) <i>staff costs</i> .....	(283,524)	(298,363)
(b) <i>other administrative expenses</i> .....	(236,074)	(231,554)
Net provisions for liabilities and charges .....	24	(3,870)
Net impairment losses on property, plant and equipment .....	(6,279)	(6,331)
Other operating income (expense) .....	82,447	59,372

<b>Figures in thousands of Euro</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Operating costs</b> .....	<b>(443,406)</b>	<b>(480,746)</b>
Profits (losses) on disposal of investments.....	85	(17)
<b>Profit (loss) on continuing operations before tax</b> .....	<b>253,425</b>	<b>201,206</b>
Taxes on income for the year for continuing operations.....	(114,705)	(71,753)
<b>Profit (loss) from continuing operations after tax</b> .....	<b>138,720</b>	<b>129,453</b>
<b>Profit (loss) for the year</b> .....	<b>138,720</b>	<b>129,453</b>

## **Banco di Brescia S.p.A.**

### *History and development*

Banco di Brescia S.p.A. ("**Banco di Brescia**") was incorporated under the laws of Italy on 31 December 1998 and, pursuant to Article 3 of its by Laws, the duration of the company is up to 31 December 2103 and may be extended by Shareholders' Meetings resolutions. Its registered office is at Corso Martiri della Libertà 13, Brescia and its principal objects, as set out in Article 2 of its by Laws, are deposit taking and the carrying out of all forms of lending activities. For such purposes, it may, subject to compliance with legislation in force and obtaining the required authorisations, perform any transactions or banking or financial services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects, including the issue of bonds in accordance with laws and regulation.

### *Areas of activity – general*

Banco di Brescia is one of the eight network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in the key geographical areas in which it operates (namely in Lombardy and Veneto in Northern Italy and Latium in Central Italy) and has a distinctive capability in understanding and serving the requirements of the local economy in those areas. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank) and Unity. Because of the wide range of product companies within the UBI Group, Banco di Brescia is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

### *Lending*

#### *Types of loans*

<b>Figures in thousands of Euro</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Current accounts .....	2,214,629	17.52	2,403,737	18.24
Mortgage loans and other medium to long-term financing ..	8,465,542	66.95	8,702,955	66.04
Credit cards, personal loans and salary-backed loans .....	124,440	0.98	101,402	0.77
Other transactions .....	1,832,842	14.50	1,962,382	14.89
Debt securities.....	6,711	0.05	7,181	0.05
<b>TOTAL</b> .....	<b>12,644,164</b>	<b>100.00</b>	<b>13,177,657</b>	<b>100.00</b>

### Defaulted and problem loans

The following table shows a breakdown of Banco di Brescia's loans as at 31 December 2013 and 2012.

Loans to customers as at 31 December 2013 Figures in thousands of Euro	Gross exposure	%	Total net impairme nt losses	Net exposure	%
<b>Deteriorated loans</b> .....	<b>1,681,406</b>	<b>12.87</b>	<b>(353,404)</b>	<b>1,328,002</b>	<b>10.50</b>
Non-performing loans .....	512,734	3.93	(216,744)	295,990	2.34
Impaired loans.....	812,576	6.22	(106,542)	706,033	5.58
Restructured loans.....	238,069	1.82	(26,121)	211,949	1.68
Past due loans.....	118,028	0.90	(3,998)	114,030	0.90
<b>Performing loans</b> .....	<b>11,382,085</b>	<b>87.13</b>	<b>(65,923)</b>	<b>11,316,162</b>	<b>89.50</b>
<b>TOTAL</b> .....	<b>13,063,491</b>	<b>100.00</b>	<b>(419,327)</b>	<b>12,644,164</b>	<b>100.00</b>

Loans to customers as at 31 December 2012 Figures in thousands of Euro	Gross exposure	%	Total net impairme nt losses	Net exposure	%
<b>Deteriorated loans</b> .....	<b>1,331,038</b>	<b>9.85</b>	<b>(276,638)</b>	<b>1,054,400</b>	<b>8.00</b>
Non-performing loans .....	468,237	3.46	(195,100)	273,137	2.07
Impaired loans.....	485,995	3.60	(56,372)	429,623	3.26
Restructured loans.....	245,457	1.82	(21,075)	224,382	1.70
Past due loans.....	131,349	0.97	(4,091)	127,258	0.97
<b>Performing loans</b> .....	<b>12,183,944</b>	<b>90.15</b>	<b>(60,687)</b>	<b>12,123,257</b>	<b>92.00</b>
<b>TOTAL</b> .....	<b>13,514,982</b>	<b>100.00</b>	<b>(337,325)</b>	<b>13,177,657</b>	<b>100.00</b>

### Funding

Banco di Brescia's principal sources of funding are as follows.

#### Direct funding from customers

Figures in thousands of Euro	31.12.2013	%	31.12.2012	%
Due to customers.....	7,604,272	66.88	8,088,006	66.61
Securities in issue.....	3,765,060	33.12	4,055,002	33.39
<b>TOTAL</b> .....	<b>11,369,232</b>	<b>100.00</b>	<b>12,143,008</b>	<b>100.00</b>

Detail of Amounts due to customers

Figures in thousands of Euro	31.12.2013	%	31.12.2012	%
Current accounts and deposits.....	7,489,488	98.49	7,651,989	94.61
Time deposits .....	7,615	0.10	314,598	3.89
Financing.....	22,928	0.30	34,615	0.43

<i>Negative Repurchase agreement</i> .....	21,644	0.28	33,487	0.41
<i>Others</i> .....	1,284	0.02	1,128	0.01
Other payables.....	84,241	1.11	86,804	1.07
<b>TOTAL</b> .....	<b>7,604,272</b>	<b>100.00</b>	<b>8,088,006</b>	<b>100.00</b>

### **Management**

Banco di Brescia is managed by the Board of Directors, appointed by the general meeting of shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banco di Brescia, the Board of Directors has also set up an Executive Committee, to which it can delegate certain powers. In addition, Banco di Brescia is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

### **Board of Directors**

The Board of Directors of Banco di Brescia consists of between nine and fifteen members and is currently composed of the following persons:

<b>Name</b>	<b>Position</b>
Costantino Vitali (*).....	Chairman
Pierfrancesco Rampinelli Rota(*)	Deputy Chairman
Pietro Gussalli Beretta(*)	Deputy Chairman
Francesco Bettoni.....	Director
Franco Bossoni(*).....	Director and Secretary of the Board
Francesca Bazoli(*)	Director
Giorgio Franceschi	Director
Stefano Gianotti .....	Director
Orlando Niboli	Director
Francesco Passerini Glazel.....	Director
Giuseppe Zannoni	Director
Raffaele Rizzardi (*).....	Director
Giuseppe Riello.....	Director

(\*) Member of Executive Committee.

The present Board of Directors has been appointed for the 2014, 2015 and 2016 financial years.

### **Board of Statutory Auditors**

The following table sets out the composition of the Board of Statutory Auditors.

<b>Name</b>	<b>Position</b>
Paolo Golia.....	Chairman
Eugenio Ballerio .....	Acting Auditor
Alessandro Masetti Zannini .....	Acting Auditor
Maurizio Baiguera.....	Alternate Auditor
Guido Piccinelli.....	Alternate Auditor

## **General Management**

<b>Name</b>	<b>Position</b>
Roberto Tonizzo.....	General Manager

### **Auditors**

The current independent auditors of Banco di Brescia are KPMG S.p.A., who have been appointed by the General Meeting of Shareholders of 5 April 2012 to audit the bank's annual financial statements up to the year ending 31 December 2021.

### **Subsidiaries and associated companies**

As at 31 December 2013, Banco di Brescia has a 8.716 per cent. shareholding in Banca di Valle Camonica S.p.A., a 5.483 per cent. shareholding in UBI Banca International S.A., a 2.877 per cent shareholding in UBI Sistemi e Servizi S.c.p.A. and a 3.00 per cent. shareholding in UBI Academy S.c.r.l. All the aforementioned companies belong to UBI Banca Group. Banco di Brescia has no subsidiaries and no other significant shareholdings in other companies.

### **Share capital and shareholders**

As at 31 December 2013, Banco di Brescia has an issued and fully paid-up share capital of Euro 615,632,231 consisting of 905,341,516 ordinary shares with a nominal value of Euro 0.68 each.

Banco di Brescia's shares are unlisted and are wholly owned by UBI Banca (as at 31 December 2013).

### **Employees**

As at 31 December 2013, Banco di Brescia has 2,564 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 2,555 employees actually in service as at the previous year end.

### **Financial information**

The following tables set out non-consolidated balance sheet and income statement information relating to Banco di Brescia. Such information is derived from the non-consolidated financial statements of Banco di Brescia as at and for the years ended 31 December 2013 and 2012. For the avoidance of doubt, the financial statements of Banco di Brescia do not form part of this Prospectus. The financial statements of Banco di Brescia are prepared in accordance with IFRS.

## **BALANCE SHEET**

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Assets</b>		
Cash and cash equivalents.....	76,799	70,679
Financial assets held for trading.....	34,673	54,351
Available-for-sale financial assets .....	29,900	33,038
Loans to banks .....	335,910	665,447
Loans to customers.....	12,644,164	13,177,657
Hedging derivatives .....	8,498	57,103
Fair value change of hedged financial assets .....	2,284	96,246
Equity investments.....	19,025	19,025
Property, plant and equipment .....	274,029	280,620
Intangible assets .....	19,705	19,705
<i>of which: goodwill.....</i>	<i>19,705</i>	<i>19,705</i>
Tax assets.....	124,846	77,573

(a) <i>current</i> .....	32,906	23,923
(b) <i>deferred</i> .....	91,940	53,650
(b1) of which Legge 214/2011 .....	79,619	40,688
Non-current assets and disposal groups held for sale.....	3	1,139
Other assets .....	878,616	524,408
<b>Total assets</b> .....	<b>14,448,453</b>	<b>15,076,993</b>
<b>Liabilities and Shareholders' Equity</b>		
Due to banks .....	1,169,888	915,649
Due to customers.....	7,604,272	8,088,006
Securities issued.....	3,765,060	4,055,002
Financial liabilities held for trading .....	35,589	56,078
Hedging derivatives .....	3,660	123,233
Tax liabilities: .....	27,712	27,521
(a) <i>current</i> .....	18,217	17,623
(b) <i>deferred</i> .....	9,496	9,898
Other liabilities.....	355,949	308,984
Staff severance provisions.....	65,373	69,077
Provisions for liabilities and charges: .....	17,936	19,491
(b) <i>other provisions</i> .....	17,936	19,491
Valuation reserve .....	3,982	4,660
Reserves .....	660,016	650,461
Share issue premium .....	120,000	120,000
Share capital.....	615,632	615,632
Profit for the year .....	3,386	23,198
<b>Total liabilities and shareholders' equity</b> .....	<b>14,448,453</b>	<b>15,076,993</b>

## INCOME STATEMENT

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Interest and similar income .....	385,092	461,716
Interest expense and similar .....	(144,068)	(194,766)
<b>Net interest income</b> .....	<b>241,025</b>	<b>266,949</b>
Commission income.....	207,738	196,804
Commission expenses .....	(8,972)	(9,360)
<b>Net commission income</b> .....	<b>198,766</b>	<b>187,444</b>
Dividend and similar income .....	228	312
Net profit (loss) from trading .....	11,470	(181)
Net profit (loss) from hedging.....	(732)	(1,869)
Profit (losses) from disposal or repurchase of:.....	1,417	(1,074)
(a) <i>loans</i> .....	53	0
(b) <i>Available-for-sale financial assets</i> .....	2,328	1,995
(d) <i>financial liabilities</i> .....	(965)	(3,069)
<b>Gross income</b> .....	<b>452,173</b>	<b>451,581</b>
Net impairment losses on .....	(148,125)	(113,675)
(a) <i>loans</i> .....	(146,347)	(112,245)
(b) <i>Available-for-sale financial assets</i> .....	(1,006)	(378)
(d) <i>other financial transactions</i> .....	(773)	(1,052)

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Net financial operating income</b> .....	<b>304,047</b>	<b>337,906</b>
Administrative expenses .....	(320,863)	(317,898)
(a) <i>staff costs</i> .....	(175,561)	(171,546)
(b) <i>other administrative expenses</i> .....	(145,302)	(146,352)
Net provisions for liabilities and charges .....	(2,189)	(489)
Net impairment losses on property, plant and equipment .....	(8,291)	(8,762)
Other operating income (expense) .....	44,707	30,258
<b>Operating costs</b> .....	<b>(286,637)</b>	<b>(296,890)</b>
Profits (losses) on disposal of investments.....	630	206
<b>Profit (loss) on continuing operations before tax</b> .....	<b>18,041</b>	<b>41,221</b>
Taxes on income for the year for continuing operations .....	(14,655)	(18,023)
<b>Profit (loss) from continuing operations after tax</b> .....	<b>3,386</b>	<b>23,198</b>
<b>Profit (loss) for the year</b> .....	<b>3,386</b>	<b>23,198</b>

### **Banca Popolare Commercio e Industria S.p.A.**

Banca Popolare Commercio e Industria S.p.A. ("**Banca Popolare Commercio e Industria**") was incorporated under the laws of Italy on 27 March 2003, and started its banking activities on 1 July 2003, as Network Bank of the former BPU Group. The contribution in kind of the branch business of former Banca Popolare Commercio e Industria Scrl (established in 1888) and Banca Popolare di Luino e di Varese S.p.A. (established in 1885) to the new Bank and the authorization released by the Governor of Bank of Italy to perform banking activities became effective on the same date.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2050 but it may be extended by the Extraordinary General Meeting of Shareholders. Its registered office is in Milan, via Monte di Pietà, 7, and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. The Company may carry out, in addition to banking activities, all other financial activities in compliance with the discipline set out for each of them, including the purchase and management of equity investments and the establishment and management of supplementary pension programmes, either open or closed.

#### ***Areas of activity – general***

Banca Popolare Commercio e Industria is one of the eight network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in Lombardy, the key geographical areas in which it operates, and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided by its parent company UBI Banca directly or indirectly through its subsidiaries, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail and Private & Corporate Unity. Because of the wide range of product companies within the UBI Group, Banca Popolare Commercio e Industria is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

#### ***Lending***

**Composition of loans to customers  
(in thousands Euro)**

	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Current accounts .....	1,444,300	17.24	1,458,185	17.47
Mortgage loans and other medium to long-term financing .....	5,627,037	67.16	5,621,858	67.35
Credit cards, personal loans and salary-backed loans .....	66,302	0.79	48,459	0.58
Other transactions .....	1,240,651	14.81	1,218,753	14.60
<b>TOTAL.....</b>	<b>8,378,292</b>	<b>100.00</b>	<b>8,347,255</b>	<b>100.00</b>

**Defaulted and problem loans**

The following table shows a breakdown of the Bank's loans as at 31 December 2013 and 2012.

<b>Loans to customers as at 31 December 2013 (In thousand Euro)</b>	<b>Gross exposure</b>	<b>%</b>	<b>Total net impairment losses</b>		
			<b>Net exposure</b>	<b>%</b>	
<b>Deteriorated loans .....</b>	<b>921,226</b>	<b>10.61</b>	<b>(272,650)</b>	<b>648,577</b>	<b>7.74</b>
Non-performing loans .....	569,738	6.56	(232,052)	337,686	4.03
Impaired loans.....	238,321	2.74	(32,783)	205,538	2.45
Restructured loans.....	48,323	0.56	(6,130)	42,193	0.50
Past due loans.....	64,845	0.75	(1,685)	63,160	0.75
<b>Performing loans .....</b>	<b>7,761,884</b>	<b>89.39</b>	<b>(32,169)</b>	<b>7,729,715</b>	<b>92.26</b>
<b>TOTAL.....</b>	<b>8,683,110</b>	<b>100.00</b>	<b>(304,819)</b>	<b>8,378,292</b>	<b>100.00</b>

<b>Loans to customers as at 31 December 2012 (In thousand Euro)</b>	<b>Gross exposure</b>	<b>%</b>	<b>Total net impairment losses</b>		
			<b>Net exposure</b>	<b>%</b>	
<b>Deteriorated loans .....</b>	<b>824,245</b>	<b>9.53</b>	<b>(266,894)</b>	<b>557,351</b>	<b>6.68</b>
Non-performing loans .....	550,816	6.37	(233,537)	317,279	3.80
Impaired loans.....	193,269	2.24	(22,752)	170,517	2.04
Restructured loans.....	65,924	0.76	(10,012)	55,911	0.67
Past due loans.....	14,236	0.16	(593)	13,644	0.16
<b>Performing loans .....</b>	<b>7,820,826</b>	<b>90.47</b>	<b>(30,922)</b>	<b>7,789,904</b>	<b>93.32</b>
<b>TOTAL.....</b>	<b>8,645,071</b>	<b>100.00</b>	<b>(297,816)</b>	<b>8,347,255</b>	<b>100.00</b>

**Funding**

The following table presents the sources of the Bank's funding from customers as at 31 December 2013 and 2012.

<b>Direct funding from customers (in thousand Euro)</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Due to customers.....	5,462,759	84.64	5,529,575	77.20



Securities in issue.....	991,261	15.36	1,633,392	22.80
<b>TOTAL.....</b>	<b>6,454,020</b>	<b>100.00</b>	<b>7,162,967</b>	<b>100.00</b>

#### Detail of amounts due to customers

<b>Figures in thousands of Euro</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Current accounts and deposits.....	5,275,713	96.58	5,157,553	93.27
Time deposits .....	55,836	1.02	251,139	4.54
Financing.....	60,730	1.11	62,484	1.13
<i>Negative Repurchase agreement</i> .....	59,652	1.09	61,162	1.11
<i>Others</i> .....	1,078	0.02	1,322	0.02
Other payables.....	70,480	1.29	58,399	1.06
<b>TOTAL.....</b>	<b>5,462,759</b>	<b>100.00</b>	<b>5,529,575</b>	<b>100.00</b>

#### Management

Banca Popolare Commercio e Industria is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banca Popolare Commercio e Industria, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banca Popolare Commercio e Industria is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its By-Laws, and the principles of correct administration, and that it maintains an organisational structure, internal controls and administrative and accounting systems.

#### Board of Directors

The Board of Directors of Banca Popolare Commercio e Industria consists of eleven members.

The Board of Directors of Banca Popolare Commercio e Industria is currently composed of the following persons:

<b>Name</b>	<b>Position</b>
Alberto Barcella (*)	Chairman
Livio Strazzera (*)	Deputy Chairman
Marco Agliati (*)	Director
Silvio Albini	Director
Giovanni Frau	Director
Giuseppe Gallo	Director
Alberto Majocchi (*)	Director
Giovanna Mazzocchi	Director
Carlo Porcari (*)	Director
Felice Scalvini	Director
Antonio Trotta	Director

(\*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Popolare Commercio e Industria as at and for the year ending 31 December 2016.

#### ***Board of Statutory Auditors***

The following table sets out the current members of the Board of Statutory Auditors.

<b>Name</b>	<b>Position</b>
Pietro Mazzola .....	Chairman
Alessandro Atzeni .....	Acting Auditor
Giorgio Dall'Olio .....	Acting Auditor
Franco Ghiringhelli .....	Alternate Auditor
Vittorio Fiammarelli .....	Alternate Auditor

#### ***General Management***

<b>Name</b>	<b>Position</b>
Marco Mandelli .....	General Manager

#### ***Auditors***

The current independent auditors of Banca Popolare Commercio e Industria are Deloitte & Touche S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2020.

#### ***Subsidiaries and associated companies***

As at 31 December 2013, Banca Popolare Commercio e Industria has a 2.88 per cent. stake in UBI Sistemi e Servizi S.c.p.A. and a 3.00 per cent. stake in UBI Academy S.c.r.l. It has no subsidiaries and no other significant shareholdings in other companies.

#### ***Share capital and shareholders***

As at 31 December 2013, Banca Popolare Commercio e Industria has an issued and fully paid-up share capital of Euro 934,150,468 consisting of 889,667,112 ordinary shares with a nominal value of Euro 1.05 each.

Banca Popolare Commercio e Industria's shares are unlisted and are 75.077 per cent. owned by UBI Banca (as at 31 December 2013), 16.237 per cent owned by Fondazione Banca del Monte di Lombardia and 8.686 per cent owned by Aviva S.p.A.

#### ***Employees***

As at 31 December 2013, Banca Popolare Commercio e Industria has 1,626 employees actually in service ("*Dipendenti effettivi in servizio*"), compared to 1,676 employees actually in service, as at the previous year end.

#### ***Financial information***

The following tables set out non-consolidated balance sheet and income statement information relating to Banca Popolare Commercio e Industria. Such information is derived from the separate financial statements of Banca Popolare Commercio e Industria as at and for the years ended 31 December 2013 and 2012. For the avoidance of doubt, the financial statements of Banca Popolare Commercio e Industria do not form part of this Prospectus. The financial statements of Banca Popolare Commercio e Industria are prepared in accordance with IFRS.

## BALANCE SHEET

(In thousands of Euro)	31.12.2013	31.12.2012
<b>Assets</b>		
Cash and cash equivalents.....	42,887	43,162
Financial assets held for trading.....	35,840	48,586
Available-for-sale financial assets .....	15,413	15,501
Loans to banks .....	189,449	546,306
Loans to customers.....	8,378,292	8,347,255
Hedging derivatives .....	1,883	54,421
Change in fair value of hedged financial assets.....	2,221	114,215
Equity investments.....	1,568	1,568
Property, plant and equipment .....	47,738	116,320
Intangible assets .....	22,261	22,261
<i>of which goodwill:</i> .....	22,261	22,261
Tax assets.....	130,960	118,914
(a) <i>current</i> .....	41,628	35,802
(b) <i>deferred</i> .....	89,331	83,112
(b1) of which Legge 214/2011 .....	82,465	72,176
Non-current assets and disposal groups held for sale.....	61,778	-
Other assets .....	696,852	351,177
<b>Total assets</b> .....	<b>9,627,143</b>	<b>9,779,685</b>
<b>Liabilities and Shareholders' Equity</b>		
Due to banks .....	1,690,565	1,020,381
Due to customers.....	5,462,759	5,529,575
Securities issued.....	991,261	1,633,392
Financial liabilities held for trading .....	37,374	50,010
Hedging derivatives .....	3,438	126,875
Tax liabilities: .....	21,948	17,490
(a) <i>current</i> .....	16,061	12,083
(b) <i>deferred</i> .....	5,887	5,407
Other liabilities.....	167,291	149,497
Staff severance provisions.....	35,331	38,682
Provisions for liabilities and charges: .....	11,814	29,307
(b) <i>other provisions</i> .....	11,814	29,307
Valuation reserve .....	(3,386)	(3,266)
Reserves .....	238,059	229,588
Share capital.....	934,150	934,150
Profit for the year .....	36,539	24,003
<b>Total liabilities and shareholders' equity</b> .....	<b>9,627,143</b>	<b>9,779,685</b>

## INCOME STATEMENT

(In thousands of Euro)	31.12.2013	31.12.2012
Interest and similar income .....	216,170	271,723
Interest expense and similar .....	(49,575)	(92,691)
<b>Net interest income</b> .....	<b>166,595</b>	<b>179,032</b>
Commission income .....	157,619	148,825

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Commission expenses .....	(7,563)	(7,898)
<b>Net commission income</b> .....	<b>150,056</b>	<b>140,927</b>
Dividend and similar income .....	4	1
Net profit (loss) from trading .....	9,955	585
Net profit (loss) from hedging.....	(176)	341
Profit (losses) from disposal or repurchase of:.....	70	(4,084)
(a) <i>loans</i> .....	(327)	-
(d) <i>financial liabilities</i> .....	397	(4,084)
<b>Gross income</b> .....	<b>326,504</b>	<b>316,802</b>
Net impairment losses on .....	(53,614)	(35,920)
(a) <i>loans</i> .....	(50,225)	(35,208)
(b) <i>Available-for-sale financial assets</i> .....	(770)	(18)
(d) <i>other financial transactions</i> .....	(2,619)	(695)
<b>Net financial operating income</b> .....	<b>272,890</b>	<b>280,882</b>
Administrative expenses .....	(235,274)	(249,796)
(a) <i>staff costs</i> .....	(115,910)	(132,256)
(b) <i>other administrative expenses</i> .....	(119,364)	(117,540)
Net provisions for liabilities and charges .....	20	(8,881)
Net impairment losses on property, plant and equipment .....	(5,164)	(5,449)
Other operating income (expense) .....	31,617	22,048
<b>Operating costs</b> .....	<b>(208,801)</b>	<b>(242,078)</b>
Profits (losses) on disposal of investments.....	2,432	-
<b>Profit (loss) on continuing operations before tax</b> .....	<b>66,520</b>	<b>38,803</b>
Taxes on income for the year for continuing operations .....	(29,981)	(14,800)
<b>Profit (loss) from continuing operations after tax</b> .....	<b>36,539</b>	<b>24,003</b>
<b>Profit (loss) for the year</b> .....	<b>36,539</b>	<b>24,003</b>

### **Banca Regionale Europea S.p.A.**

Banca Regionale Europea S.p.A. ("**Banca Regionale Europea**") was created in 1994 following the merger between Cassa di Risparmio di Cuneo and Banca del Monte di Lombardia. In 2000, it became one of the network banks of the former Group Banca Lombarda and the Group took the name of Banca Lombarda e Piemontese. In April 2007, it became one of the network banks of the UBI Banca Group.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2100. Its registered office is in Cuneo, via Roma 13, while the General Management and the Administrative Offices are located in Turin, Via Santa Teresa, 11. Its principal objects, as set out in Article 4 of its by-Laws, are banking activities; in addition, the Company may carry out all other financial activities in compliance with the discipline set out for each of them, and the establishment and management of supplementary pension programmes.

### ***Areas of activity – general***

Banca Regionale Europea is one of the eight network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The Bank, following the reorganisation of the Group, focused its banking activities in Piedmont and Liguria, although it has also a branch in Milan and three branches in France – in Côte d'Azur. It has a distinctive capability in understanding and serving the requirements of the local economy in the reference areas. It carries on its business with the support

and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Private & Corporate Unity. Because of the wide range of product companies within the UBI Group, Banca Regionale Europea is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

On 22 October 2012, the creation of a single North West banking operation was realised through the merger of Banco di San Giorgio into Banca Regionale Europea with a view to Group simplification and local market focus.

### *Lending*

#### **Composition of loans to customers**

<b>(in thousand Euro)</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Current accounts .....	1,436,419	16.30	1,680,511	18.26
Mortgage loans and other medium to long-term financing .....	5,899,200	66.95	6,072,912	65.98
Credit cards, personal loans and salary-backed loans .....	62,721	0.71	51,809	0.56
Other transactions .....	1,412,951	16.04	1,398,667	15.20
<b>TOTAL.....</b>	<b>8,811,291</b>	<b>100.00</b>	<b>9,203,899</b>	<b>100.00</b>

#### *Defaulted and problem loans*

The following table shows a breakdown of the Bank's loans as at 31 December 2013 and 2012.

<b>Loans to customers as at 31 December 2013</b>	<b>Gross exposure</b>	<b>%</b>	<b>Total net impairment losses</b>	<b>Net exposure</b>	<b>%</b>
<b>Figures in thousand Euro</b>					
<b>Deteriorated loans .....</b>	<b>1,106,856</b>	<b>12.09</b>	<b>(306,529)</b>	<b>800,327</b>	<b>9.08</b>
Non-performing loans .....	626,693	6.85	(259,500)	367,192	4.17
Impaired loans .....	392,848	4.29	(40,160)	352,688	4.00
Restructured loans .....	29,683	0.32	(5,536)	24,147	0.27
Past due loans .....	57,633	0.63	(1,333)	56,300	0.64
<b>Performing loans .....</b>	<b>8,048,012</b>	<b>87.91</b>	<b>(37,047)</b>	<b>8,010,964</b>	<b>90.92</b>
<b>TOTAL.....</b>	<b>9,154,867</b>	<b>100.00</b>	<b>(343,576)</b>	<b>8,811,291</b>	<b>100.00</b>

<b>Loans to customers as at 31 December 2012</b>	<b>Gross exposure</b>	<b>%</b>	<b>Total net impairment losses</b>	<b>Net exposure</b>	<b>%</b>
<b>Figures in thousand Euro</b>					
<b>Deteriorated loans .....</b>	<b>998,775</b>	<b>10.50</b>	<b>(274,030)</b>	<b>724,745</b>	<b>7.87</b>
Non-performing loans .....	468,050	4.92	(210,737)	257,313	2.80
Impaired loans .....	410,567	4.32	(53,948)	356,619	3.87
Restructured loans .....	38,886	0.41	(6,088)	32,798	0.36
Past due loans .....	81,272	0.85	(3,257)	78,015	0.85
<b>Performing loans .....</b>	<b>8,514,839</b>	<b>89.50</b>	<b>(35,685)</b>	<b>8,479,154</b>	<b>92.13</b>

<b>TOTAL</b> .....	<b>9,513,614</b>	<b>100.00</b>	<b>(309,715)</b>	<b>9,203,899</b>	<b>100.00</b>
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### **Funding**

The following table presents the sources of the Bank's funding from customers as at 31 December 2013 and 2012.

#### **Direct funding from customers**

<b>Figures in thousands of Euro</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Due to customers.....	4,568,556	68.40	4,823,629	61.36
Securities in issue.....	2,111,030	31.60	3,037,281	38.64
<b>TOTAL</b> .....	<b>6,679,586</b>	<b>100.00</b>	<b>7,860,910</b>	<b>100.00</b>

#### **Detail of Amounts due to customers**

<b>Figures in thousands of Euro</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Current accounts and deposits.....	4,424,149	96.84	4,495,918	93.21
Time deposits.....	62,152	1.36	238,953	4.95
Financing.....	6,117	0.13	27,706	0.57
<i>Negative Repurchase agreement</i> .....	<i>6,117</i>	<i>0.13</i>	<i>27,706</i>	<i>0.57</i>
Other payables.....	76,138	1.67	61,052	1.27
<b>TOTAL</b> .....	<b>4,568,556</b>	<b>100.00</b>	<b>4,823,629</b>	<b>100.00</b>

### **Management**

Banca Regionale Europea is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banca Regionale Europea, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banca Regionale Europea is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

#### **Board of Directors**

The Board of Directors of Banca Regionale Europea consists of eleven members and is currently composed of the following persons:

<b>Name</b>	<b>Position</b>
Luigi Rossi di Montelera (*)	Chairman
Pierfranco Giovanni Risoli (*)	Vice Chairman
Mario Cismondi (*)	Director
Ferruccio Dardanella	Director
Cristina Faissola	Director
Filippo Ferrua Magliani (*)	Director and Secretary of the Board
Maurilio Fratino	Director
Giacomo Lodi	Director

Marco Manfredi	Director
Ettore Giuseppe Medda (*)	Director
Fabrizio Pace	Director

(\*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Regionale Europea as at and for the year ending 31 December 2016.

### ***Board of Statutory Auditors***

The following table sets out the current members of the Board of Statutory Auditors.

<b>Name</b>	<b>Position</b>
Filippo Rovetta.....	Chairman
Piero Aldo Fenoglio.....	Acting Auditor
Aristide Rodiani.....	Acting Auditor
Claudio Uberti.....	Alternate Auditor
Giampietro Rubino.....	Alternate Auditor

### ***General Management***

<b>Name</b>	<b>Position</b>
Riccardo Barbarini.....	General Manager
Mario Spaltini.....	Deputy General Manager

### ***Auditors***

The current independent auditors of Banca Regionale Europea are KPMG S.p.A who have been appointed to audit the bank's annual financial statements from the year ending 31 December 2013 to the year ending 31 December 2021.

### ***Share capital and shareholders***

As at 31 December 2013, Banca Regionale Europea has an issued and fully paid-up share capital of Euro 587,892,824.35 consisting of 789,548,506 ordinary shares, 68,591,443 privileged shares and 46,310,550 saving shares with a nominal value of Euro 0.65 each.

Banca Regionale Europea's shares are unlisted and are 74.744 per cent. owned by UBI Banca (as at 31 December 2013), 24.904 per cent owned by Fondazione Cassa di Risparmio di Cuneo 0.352 per cent by third parties.

### ***Employees***

As at 31 December 2013, Banca Regionale Europea has 1,792 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 1,899 employees actually in service, as at the previous year end.

### ***Financial information***

The following tables set out non-consolidated balance sheet and income statement information relating to Banca Regionale Europea. Such information is derived from the separate financial statements of Banca Regionale Europea as at and for the years ended 31 December 2013 and 2012. For the avoidance of doubt, the financial

statements of Banca Regionale Europea do not form part of this Prospectus. The financial statements of Banca Regionale Europea are prepared in accordance with IFRS.

## BALANCE SHEET

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Assets</b>		
Cash and cash equivalents.....	49,794	51,328
Financial assets held for trading.....	18,765	28,906
Available-for-sale financial assets .....	34,260	17,580
Loans to banks .....	162,986	188,770
Loans to customers.....	8,811,291	9,203,899
Hedging derivatives .....	4,218	30,871
Change in fair value of hedged financial assets.....	1,687	71,416
Equity investment .....	2,454	2,454
Property, plant and equipment .....	213,122	215,602
Intangible assets .....	150,668	151,680
<i>of which goodwill:</i> .....	<i>140,466</i>	<i>140,466</i>
Tax assets .....	97,350	77,395
(a) <i>current</i> .....	<i>14,049</i>	<i>12,173</i>
(b) <i>deferred</i> .....	<i>83,301</i>	<i>65,223</i>
(b1) of which Legge 214/2011 .....	<i>68,660</i>	<i>53,833</i>
Non-current assets and disposal groups held for sale.....	-	888
Other assets .....	362,840	206,075
<b>Total assets</b> .....	<b>9,909,435</b>	<b>10,246,864</b>
<b>Liabilities and Shareholders' Equity</b>		
Due to banks .....	1,567,930	652,404
Due to customers.....	4,568,556	4,823,629
Securities issued.....	2,111,030	3,037,281
Financial liabilities held for trading .....	19,696	28,656
Hedging derivatives .....	6,383	97,370
Tax liabilities: .....	26,426	21,270
(a) <i>current</i> .....	<i>16,276</i>	<i>12,347</i>
(b) <i>deferred</i> .....	<i>10,150</i>	<i>8,923</i>
Other liabilities.....	182,901	178,759
Staff severance provisions.....	42,351	46,739
Provisions for liabilities and charges: .....	33,666	35,828
(a) <i>severance and similar liabilities</i> .....	<i>25,607</i>	<i>26,883</i>
(b) <i>other provisions</i> .....	<i>8,059</i>	<i>8,945</i>
Valuation reserve .....	(12,214)	(11,222)
Reserves .....	748,288	774,820
Share capital.....	587,893	587,893
Profit for the year .....	26,530	(26,564)
<b>Total liabilities and shareholders' equity</b> .....	<b>9,909,435</b>	<b>10,246,864</b>

## INCOME STATEMENT

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Interest and similar income .....	239,532	300,815



Interest expense and similar .....	(69,670)	(116,410)
<b>Net interest income</b> .....	<b>169,862</b>	<b>184,405</b>
Commission income.....	136,691	128,594
Commission expenses .....	(4,865)	(5,153)
<b>Net commission income</b> .....	<b>131,826</b>	<b>123,441</b>
Dividends and similar income.....	185	237
Net profit (loss) from trading .....	7,009	156
Net profit (loss) from hedging.....	(900)	(421)
Profit (losses) from disposal or repurchase of:.....	17,416	(1,802)
(a) <i>loans</i> .....	149	-
(b) <i>Available-for-sale financial assets</i> .....	17,151	(105)
(d) <i>financial liabilities</i> .....	115	(1,696)
<b>Gross income</b> .....	<b>325,397</b>	<b>306,016</b>
Net impairment losses on: .....	(77,920)	(93,112)
(a) <i>loans</i> .....	(74,253)	(93,820)
(b) <i>Available-for-sale financial assets</i> .....	(3,044)	(18)
(d) <i>other financial transactions</i> .....	(622)	726
<b>Net financial operating income</b> .....	<b>247,478</b>	<b>212,904</b>
Administrative expenses .....	(229,414)	(264,601)
(a) <i>staff costs</i> .....	(118,781)	(146,921)
(b) <i>other administrative expenses</i> .....	(110,633)	(117,680)
Net provisions for liabilities and charges .....	(981)	(2,639)
Net impairment losses on property, plan and equipment .....	(7,608)	(8,054)
Net impairment losses on intangible assets.....	(1,046)	(1,048)
Other operating income (expense) .....	36,018	25,633
<b>Operating costs</b> .....	<b>(203,031)</b>	<b>(250,709)</b>
Profit (loss) on disposal of investments .....	211	(4)
<b>Profit (loss) from continuing operations before tax</b> .....	<b>44,658</b>	<b>(37,809)</b>
Tax on income for the year for continuing operations .....	(18,128)	11,245
<b>Profit (loss) from continuing operations after tax</b> .....	<b>26,530</b>	<b>(26,564)</b>
<b>Profit (loss) for the year</b> .....	<b>26,530</b>	<b>(26,564)</b>

### **Banca Popolare di Ancona S.p.A.**

Banca Popolare di Ancona S.p.A. ("**Banca Popolare di Ancona**") was incorporated on 18 October 1891 in Jesi as a co-operative bank. In 1995 it became Joint-Stock company and entered the former Banca Popolare di Bergamo-Credito Varesino Group. In July 2003 it became one of the network banks of the former BPU Group, and in April 2007 it joined the UBI Banca Group.

Pursuant to Article 2 of its by-Laws, the duration of the company is up to 31 December 2050. Its registered office is at via Don A. Battistoni, 4, Jesi (AN), and its principal objects, as set out in Article 3 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. The company may, subject to compliance with legislation in force and obtaining the required authorisations, perform any transactions or banking or financial services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects. Provided the relevant authorisations are obtained, the company may proceed to the

purchase, incorporation, or concentration with other banks or companies; it may also purchase and manage equity stakes, including controlling stakes, in companies carrying-out banking, insurance and financial or other activities allowed, within the limits and with the modalities set out in law dispositions.

### *Areas of activity – general*

Banca Popolare di Ancona is one of the eight network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in the Marche region, the key geographical area in which it operates, and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided, directly or indirectly through its subsidiaries, by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Private & Corporate Unity. Because of the wide range of product companies within the UBI Group, Banca Popolare di Ancona is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

### *Lending*

#### **Composition of loans to customers**

<b>(in thousand Euro)</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Current accounts .....	1,164,982	15.28	1,361,643	17.53
Mortgage loans and other medium to long-term financing .....	5,411,402	70.99	5,296,123	68.16
Credit cards, personal loans and salary-backed loans .....	120,452	1.58	77,308	0.99
Others transactions .....	926,088	12.15	1,034,575	13.32
<b>TOTAL.....</b>	<b>7,622,923</b>	<b>100.00</b>	<b>7,769,649</b>	<b>100.00</b>

### *Defaulted and problem loans*

The following table shows a breakdown of the Bank's loans as at 31 December 2013 and 2012.

<b>Loans to customers as at 31 December 2013</b>	<b>Gross</b>		<b>Total net</b>		<b>Net</b>	
<b>Figures in thousands of Euro</b>	<b>exposure</b>	<b>%</b>	<b>t losses</b>	<b>exposure</b>	<b>%</b>	
<b>Deteriorated loans .....</b>	<b>1,341,665</b>	<b>16.64</b>	<b>(389,742)</b>	<b>951,923</b>	<b>12.49</b>	
Non-performing loans .....	754,818	9.36	(314,822)	439,997	5.77	
Impaired loans .....	487,344	6.05	(66,700)	420,643	5.52	
Restructured loans .....	45,979	0.57	(6,140)	39,839	0.52	
Past due loans .....	53,524	0.66	(2,080)	51,444	0.67	
<b>Performing loans .....</b>	<b>6,719,530</b>	<b>83.36</b>	<b>(48,530)</b>	<b>6,671,000</b>	<b>87.51</b>	
<b>TOTAL.....</b>	<b>8,061,195</b>	<b>100.00</b>	<b>(438,272)</b>	<b>7,622,923</b>	<b>100.00</b>	

<b>Loans to customers as at 31 December 2012</b>	<b>Gross</b>		<b>Total net</b>		<b>Net</b>	
<b>Figures in thousands of Euro</b>	<b>exposure</b>	<b>%</b>	<b>impairme nt losses</b>	<b>exposure</b>	<b>%</b>	

<b>Deteriorated loans</b> .....	<b>1,158,334</b>	<b>14.21</b>	<b>(341,593)</b>	<b>816,741</b>	<b>10.51</b>
Non-performing loans .....	680,484	8.35	(295,312)	385,172	4.96
Impaired loans.....	389,770	4.78	(41,505)	348,265	4.48
Restructured loans.....	34,078	0.42	(2,840)	31,238	0.40
Past due loans.....	54,002	0.66	(1,936)	52,066	0.67
<b>Performing loans</b> .....	<b>6,994,558</b>	<b>85.79</b>	<b>(41,650)</b>	<b>6,952,908</b>	<b>89.49</b>
<b>TOTAL</b> .....	<b>8,152,892</b>	<b>100.00</b>	<b>(383,243)</b>	<b>7,769,649</b>	<b>100.00</b>

### *Funding*

The following table presents the sources of the Bank's funding from customers as at 31 December 2013 and 2012.

#### **Direct funding from customers**

<b>Figures in thousands of Euro</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Due to customers.....	4,332,738	66.43	4,320,302	67.03
Securities in issue.....	2,189,040	33.57	2,124,800	32.97
<b>TOTAL</b> .....	<b>6,521,778</b>	<b>100.00</b>	<b>6,445,102</b>	<b>100.00</b>

<b>Detail of amounts due to customers</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Current accounts and deposits.....	4,167,383	96.18	3,960,779	91.68
Time deposits .....	31,378	0.72	255,079	5.90
Financing.....	49,833	1.16	33,286	0.77
<i>Negative Repurchase agreement</i> .....	<i>49,615</i>	<i>1.15</i>	<i>33,056</i>	<i>0.77</i>
<i>Others</i> .....	<i>218</i>	<i>0.01</i>	<i>229</i>	<i>0.01</i>
Other payables.....	84,144	1.94	71,158	1.65
<b>TOTAL</b> .....	<b>4,332,738</b>	<b>100.00</b>	<b>4,320,302</b>	<b>100.00</b>

### *Management*

Banca Popolare di Ancona is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In addition, Banca Popolare di Ancona is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

#### *Board of Directors*

The Board of Directors of Banca Popolare di Ancona consists of between seven and fifteen members and is currently composed of the following persons:

<b>Name</b>	<b>Position</b>
Corrado Mariotti .....	Chairman
Paolo Leonardi .....	Deputy Chairman
Giovanni Frezzotti.....	Director

Rodolfo Giampieri .....	Director
Otello Gregorini .....	Director
Maria Cristina Loccioni.....	Director
Giannalberto Luzi .....	Director
Marco Pacetti.....	Director
Andrea Pisani Massamormile .....	Director

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Popolare di Ancona as at and for the year ending 31 December 2016.

#### ***Board of Statutory Auditors***

The following table sets out the current members of the Board of Statutory Auditors.

<b>Name</b>	<b>Position</b>
Roberto Barbieri.....	Chairman
Massimo Albonetti.....	Acting Auditor
Luigi Scoponi.....	Acting Auditor
Guido Cesarini .....	Alternate Auditor
Paolo Di Paolo .....	Alternate Auditor

#### ***General Management***

<b>Name</b>	<b>Position</b>
Nunzio Tartaglia .....	General Manager
Genesio Rispoli .....	Deputy General Manager

#### ***Auditors***

The current independent auditors of Banca Popolare di Ancona are Deloitte & Touche S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2019.

#### ***Subsidiaries and associated companies***

As at 31 December 2013, Banca Popolare di Ancona has a 2.88 per cent stake in UBI Sistemi e Servizi S.c.p.A. and a 3 per cent. stake in UBI Academy S.c.r.l.

#### ***Share capital and shareholders***

As at 31 December 2013, Banca Popolare di Ancona has an issued and fully paid up share capital of Euro 147,301,670.32 consisting of 24,468,716 ordinary shares with a nominal value of Euro 6.02 each.

Banca Popolare di Ancona's shares are unlisted and are 92,99 per cent. owned by UBI Banca (as at 31 December 2013), 6,49 per cent. owned by Aviva S.p.A. and for the remaining part by minority shareholders.

#### ***Employees***

As at 31 December 2013, Banca Popolare di Ancona has 1,605 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 1,675 employees as at the previous year end.

## Financial information

The following tables set out non consolidated balance sheet and income statement information relating to Banca Popolare di Ancona. Such information is derived from the separate financial statements of Banca Popolare di Ancona as at and for the years ended 31 December 2013 and 2012. For the avoidance of doubt, the financial statements of Banca Popolare di Ancona do not form part of this Prospectus. The financial statements of Banca Popolare di Ancona are prepared in accordance with IFRS.

### BALANCE SHEET

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Assets</b>		
Cash and cash equivalents.....	63,571	68,239
Financial assets held for trading.....	43,351	60,990
Available-for-sale financial assets .....	18,321	17,659
Loans to banks .....	760,572	161,667
Loans to customers .....	7,622,923	7,769,649
Hedging derivatives .....	3,622	44,459
Fair value change of hedged financial assets (+/-) .....	3,141	116,918
Equity Investments.....	1,568	1,594
Property, plant and equipment .....	108,844	116,327
Intangible assets .....	31,727	31,727
<i>of which goodwill:</i> .....	<i>31,727</i>	<i>31,727</i>
Tax assets .....	126,458	112,907
(a) <i>current</i> .....	<i>17,387</i>	<i>23,189</i>
(b) <i>deferred</i> .....	<i>109,071</i>	<i>89,718</i>
(b1) of which Legge 214/2011 .....	<i>98,024</i>	<i>78,086</i>
Non-current assets and disposal groups held for sale .....	<i>30</i>	<i>21,359</i>
Other assets .....	636,320	318,317
<b>Total assets</b> .....	<b>9,420,449</b>	<b>8,841,812</b>
<b>Liabilities and Shareholders' Equity</b>		
Due to banks .....	1,691,867	1,044,209
Due to customers.....	4,332,738	4,320,302
Securities issued.....	2,189,040	2,124,800
Financial liabilities held for trading .....	45,012	63,030
Hedging derivatives .....	37,759	166,736
Tax liabilities: .....	14,401	14,278
(a) <i>current</i> .....	<i>9,878</i>	<i>10,451</i>
(b) <i>deferred</i> .....	<i>4,523</i>	<i>3,826</i>
Other liabilities .....	192,293	192,486
Staff severance provisions .....	30,354	34,087
Provisions for liabilities and charges: .....	13,501	14,673
(b) <i>other provisions</i> .....	<i>13,501</i>	<i>14,673</i>
Valuation reserve .....	(4,250)	(5,855)
Reserves .....	242,233	246,655
Share issue premium .....	483,554	483,554
Share capital.....	147,302	147,302
Profit for the year .....	4,645	(4,443)
<b>Total liabilities and shareholders' equity</b> .....	<b>9,420,449</b>	<b>8,841,812</b>

### INCOME STATEMENT

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Interest and similar income .....	246,576	301,554
Interest expense and similar .....	(85,209)	(117,500)
<b>Net interest income</b> .....	<b>161,368</b>	<b>184,054</b>
Commission income.....	126,441	119,031
Commission expenses .....	(4,639)	(4,635)
<b>Net commission income</b> .....	<b>121,802</b>	<b>114,396</b>
Dividends and similar income.....	-	74
Net profit (loss) from trading .....	6,901	892
Net profit (loss) from hedging.....	304	(3,586)
Profit (losses) from disposal or repurchase of:.....	(302)	(3,084)
<i>(a) loans</i> .....	25	-
<i>(b) Available-for-sale financial assets</i> .....	(1)	4
<i>(d) financial liabilities</i> .....	(326)	(3,088)
<b>Gross income</b> .....	<b>290,073</b>	<b>292,746</b>
Net impairment losses on:.....	(91,715)	(73,580)
<i>(a) loans</i> .....	(89,740)	(73,458)
<i>(b) Available-for-sale financial assets</i> .....	(67)	(4)
<i>(d) other financial transactions</i> .....	(1,908)	(119)
<b>Net financial operating income</b> .....	<b>198,359</b>	<b>219,166</b>
Administrative expenses .....	(208,286)	(235,334)
<i>(a) staff costs</i> .....	(109,696)	(135,056)
<i>(b) other administrative expenses</i> .....	(98,590)	(100,278)
Net provisions for liabilities and charges .....	(1,341)	(799)
Net impairment losses on property, plan and equipment .....	(9,563)	(10,088)
Other operating income (expense) .....	30,821	18,921
<b>Operating costs</b> .....	<b>(188,369)</b>	<b>(227,300)</b>
Profit (loss) of equity investments .....	2,932	5,180
Profit (loss) on disposal of investments .....	(60)	(21)
<b>Profit (loss) from continuing operations before tax</b> .....	<b>12,862</b>	<b>(2,975)</b>
Tax on income for the year for continuing operations .....	(8,218)	(1,468)
<b>Profit (loss) from continuing operations after tax</b> .....	<b>4,645</b>	<b>(4,443)</b>
<b>Profit (loss) for the year</b> .....	<b>4,645</b>	<b>(4,443)</b>

## **Banca Carime S.p.A.**

### ***History and development***

Banca Carime S.p.A. ("**Banca Carime**") was incorporated under the laws of Italy on 30 January 2001 following the merger between a financial company belonging to the former Banca Popolare Commercio e Industria Group and Carime, a banking company incorporated on 31 December 1997 within the Intesa Group, to which the lines of business of three Southern Saving Banks (Carical S.p.A., Caripuglia S.p.A. and Cassa di Risparmio Salernitana S.p.A.) has been transferred. In June 2000 Banca Intesa and Banca Popolare Commercio e Industria reached an agreement for the sale to the latter of the controlling stake in Banca Carime. On 1 July 2003, Banca Carime became part of the BPU Group, created from the merger between Banca Popolare di Bergamo-Credito

Varesino Scrl, Banca Popolare Commercio e Industria Scrl and Banca Popolare di Luino e di Varese S.p.A. Banca Carime then became part of the UBI Banca Group following the merger between BPU Banca and Banca Lombarda effective from the 1 April 2007.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2050. Its registered office is at Viale Crati in Cosenza and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. For such purposes, the Company may carry out, in addition to banking activities, all other financial activities in compliance with the discipline set out for each of them, including the purchase and management of equity investments and the establishment and management of supplementary pension programmes, either open or closed.

### *Areas of activity – general*

Banca Carime is one of the eight network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in the key geographical areas in which it operates (namely Southern Italy, and, in particular, the Calabria, Apulia, Basilicata and Campania regions) and considers that it has a distinctive capability in understanding and serving the requirements of the local economy in those areas. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Private & Corporate Unity. Because of the wide range of product companies within the UBI Group, Banca Carime is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

### *Lending*

The following table shows the lending of Banca Carime as at 31 December 2013 and 2012, broken down according to the type of loan.

#### **Composition of loans to customers**

<b>(in thousand Euro)</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Current accounts .....	789,809	16.73	835,002	17.65
Mortgage loans and other medium to long-term financing .....	3,286,966	69.64	3,357,966	70.98
Credit cards, personal loans and salary-backed loans .....	105,071	2.23	66,640	1.41
Other transactions .....	537,909	11.40	471,378	9.96
<b>TOTAL.....</b>	<b>4,719,756</b>	<b>100.00</b>	<b>4,730,986</b>	<b>100.00</b>

### *Defaulted and problem loans*

The following table shows a breakdown of Banca Carime's loans as at 31 December 2013 and 2012.

<b>Loans to customers as at 31 December 2013</b>			<b>Total net</b>		
<b>(In thousand Euro)</b>	<b>Gross exposure</b>	<b>%</b>	<b>impairment losses</b>	<b>Net exposure</b>	<b>%</b>
<b>Deteriorated loans.....</b>	<b>629,159</b>	<b>12.81</b>	<b>(165,247)</b>	<b>463,912</b>	<b>9.83</b>
Non-performing loans .....	266,823	5.43	(107,005)	159,818	3.39
Impaired loans.....	308,885	6.29	(53,236)	255,649	5.42
Restructured loans.....	9,198	0.19	(1,655)	7,543	0.16
Past due loans.....	44,253	0.90	(3,352)	40,901	0.87

Loans to customers as at 31 December 2013 (In thousand Euro)	Gross exposure	%	Total net impairme nt losses	Net exposure	%
Performing loans .....	4,282,491	87.19	(26,647)	4,255,844	90.17
<b>TOTAL.....</b>	<b>4,911,650</b>	<b>100.00</b>	<b>(191,894)</b>	<b>4,719,756</b>	<b>100.00</b>

Loans to customers as at 31 December 2012 (In thousand Euro)	Gross exposure	%	Total net impairme nt losses	Net exposure	%
Deteriorated loans .....	491,561	10.06	(130,157)	361,404	7.64
Non-performing loans .....	212,577	4.35	(84,388)	128,189	2.71
Impaired loans.....	236,169	4.84	(41,709)	194,460	4.11
Restructured loans.....	11,848	0.24	(2,070)	9,778	0.21
Past due loans.....	30,967	0.63	(1,990)	28,977	0.61
Performing loans .....	4,392,667	89.94	(23,085)	4,369,582	92.36
<b>TOTAL.....</b>	<b>4,884,228</b>	<b>100.00</b>	<b>(153,242)</b>	<b>4,730,986</b>	<b>100.00</b>

### *Funding*

Banca Carime's principal sources of funding are as follows:

#### **Direct funding from customers**

Figures in thousands of Euro	31.12.2013	%	31.12.2012	%
Due to customers.....	4,718,503	73.92	4,773,064	67.57
Securities in issue.....	1,664,992	26.08	2,290,866	32.43
<b>TOTAL.....</b>	<b>6,383,495</b>	<b>100.00</b>	<b>7,063,930</b>	<b>100.00</b>

Detail of Amounts due to customers	31.12.2013	%	31.12.2012	%
Current accounts and deposits.....	4,527,293	95.95	4,483,881	93.94
Time deposits .....	45,360	0.96	163,160	3.42
Financing.....	5,128	0.11	12,525	0.26
<i>Negative Repurchase agreement</i> .....	5,128	0.11	12,525	0.26
Other payables.....	140,721	2.98	113,498	2.38
<b>TOTAL.....</b>	<b>4,718,503</b>	<b>100.00</b>	<b>4,773,064</b>	<b>100.00</b>

### *Management*

The management of Banca Carime is divided between the Board of Directors and the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banca Carime, the Board of Directors has also set up an Executive Committee, to which it can delegate certain powers. In addition, Banca Carime is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.



### ***Board of Directors***

The Board of Directors of Banca Carime consists of between seven and fifteen members and is currently composed of the following persons:

<b>Name</b>	<b>Position</b>
Andrea Pisani Massamormile(*).....	Chairman
Carlo Porcari (*) .....	Deputy Chairman
Marcello Calbiani(*).....	Director
Alberto Cazzani.....	Director
Marco Franzini.....	Director
Giorgio Palasciano(*) .....	Director
Giuseppe Sciarrotta .....	Director
Mario Scicutella .....	Director
Alberto Valdembri (*) .....	Director

(\*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Carime as at and for the year ending 31 December 2016.

### ***Board of Statutory Auditors***

The following table sets out the current members of the Board of Statutory Auditors.

<b>Name</b>	<b>Position</b>
Stefano Adamo	Chairman
Alberto Nardi	Acting Auditor
Nicola Vito Notarnicola	Acting Auditor
Giuseppe Macario	Alternate Auditor
Antonio Pastore	Alternate Auditor

### ***General Management***

<b>Name</b>	<b>Position</b>
Raffaele Avantaggiato	General Manager
Giuseppe Minervino	Deputy General Manager

### ***Auditors***

The current independent auditors of Banca Carime are Deloitte & Touche S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2020.

### ***Subsidiaries and associated companies***

As at 31 December 2013, Banca Carime has a 2.88 per cent stake in UBI Sistemi e Servizi S.c.p.A. and a 3.00 in UBI Academy S.c.r.l., no other significant shareholdings in other companies of the UBI Group.

### **Share capital and shareholders**

As at 31 December 2013, Banca Carime has an issued and fully paid-up share capital of Euro 1,468,208,506 consisting of 1,411,738,948 ordinary shares with a nominal value of Euro 1.04 each.

Banca Carime's shares are unlisted and are 92.84 per cent owned by UBI Banca (as at 31 December 2013), 7.15 per cent by Aviva S.p.A. and the remaining part by minority shareholders.

### **Employees**

As at 31 December 2013, Banca Carime has 1,960 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 2,143 employees actually in service, as at the previous year end.

### **Financial information**

The following tables set out non-consolidated balance sheet and income statement information relating to Banca Carime. Such information is derived from the separate financial statements of Banca Carime as at and for the years ended 31 December 2013 and 2012. For the avoidance of doubt, the financial statements of Banca Carime do not form part of this Prospectus. The financial statements of Banca Carime are prepared in accordance with IFRS.

### **BALANCE SHEET**

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Assets</b>		
Cash and cash equivalents.....	79,013	74,879
Financial assets held for trading.....	2,341	3,681
Available-for-sale financial assets .....	32,727	18,667
Loans to Banks.....	2,463,842	3,244,607
Loans to customers.....	4,719,756	4,730,986
Hedging derivatives .....	1,010	8,067
Fair value change of hedged financial assets (+/-) .....	2,843	63,331
Equity investments.....	1,568	1,568
Property, plant and equipment .....	126,844	131,066
Intangible assets .....	650,787	650,787
<i>of which goodwill:</i> .....	<i>650,787</i>	<i>650,787</i>
Tax assets .....	84,630	77,093
(a) <i>current</i> .....	<i>15,140</i>	<i>21,393</i>
(b) <i>deferred</i> .....	<i>69,490</i>	<i>55,699</i>
(b1) of which Legge 214/2011 .....	<i>38,151</i>	<i>24,570</i>
Not current assets and disposal groups held for sale	15,562	16,541
Other assets .....	264,010	163,583
<b>Total assets</b> .....	<b>8,444,935</b>	<b>9,184,854</b>
<b>Liabilities and Shareholders' equity</b>		
Due to banks .....	91,753	114,332
Due to customers.....	4,718,503	4,773,064
Securities in issue.....	1,664,992	2,290,866
Financial liabilities held for trading .....	2,426	3,728
Hedging derivatives .....	3,786	69,262
Tax liabilities: .....	99,285	82,471
(a) <i>current</i> .....	<i>8,944</i>	<i>7,969</i>
(b) <i>deferred</i> .....	<i>90,341</i>	<i>74,502</i>
Other liabilities.....	169,602	164,524

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Staff severance provisions.....	49,936	58,462
Provisions for liabilities and charges: .....	84,778	90,687
(a) <i>severance and similar obligations</i> .....	50,720	52,580
(b) <i>other provisions</i> .....	34,059	38,107
Valuation reserve .....	(22,249)	(21,023)
Reserves .....	89,905	96,709
Capital .....	1,468,209	1,468,209
Profit for the year .....	24,010	(6,436)
<b>Total liabilities and shareholders' equity</b> .....	<b>8,444,935</b>	<b>9,184,854</b>

## INCOME STATEMENT

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Interest and similar income .....	244,899	306,533
Interest expense and similar .....	(66,095)	(96,407)
<b>Net interest income</b> .....	<b>178,803</b>	<b>210,126</b>
Commission income.....	114,085	113,186
Commission expenses .....	(3,501)	(3,180)
<b>Net commission income</b> .....	<b>110,584</b>	<b>110,006</b>
Dividends and similar income.....	172	124
Net profit (loss) from trading .....	3,942	2,338
Net profit (loss) from hedging.....	410	(4,376)
Profit (losses) from disposal or repurchase of:.....	11,016	(3,321)
(b) <i>Available-for-sale financial assets</i> .....	12,154	40
(d) <i>financial liabilities</i> .....	(1,139)	(3,361)
<b>Gross income</b> .....	<b>304,927</b>	<b>314,897</b>
Net impairment losses on:.....	(57,531)	(43,290)
(a) <i>loans</i> .....	(53,830)	(42,965)
(b) <i>Available-for-sale financial assets</i> .....	(233)	(109)
(d) <i>other financial transactions</i> .....	(3,468)	(215)
<b>Net financial operating income</b> .....	<b>247,396</b>	<b>271,607</b>
Administrative expenses .....	(230,324)	(277,312)
(a) <i>staff costs</i> .....	(122,192)	(168,654)
(b) <i>other administrative expenses</i> .....	(108,132)	(108,659)
Net provisions for liabilities and charges .....	(876)	(6,269)
Net impairment losses on property, plan and equipment .....	(11,823)	(12,168)
Other operating income (expense) .....	34,942	19,976
<b>Operating costs</b> .....	<b>(208,081)</b>	<b>(275,773)</b>
Profit (loss) on disposal of investments .....	540	61
<b>Profit (loss) from continuing operations before tax</b> .....	<b>39,855</b>	<b>(4,106)</b>
Tax on income for the year for continuing operations .....	(15,846)	(2,330)
<b>Profit (loss) from continuing operations after tax</b> .....	<b>24,010</b>	<b>(6,436)</b>
<b>Profit (loss) for the year</b> .....	<b>24,010</b>	<b>(6,436)</b>

## Banca di Valle Camonica S.p.A

Banca di Valle Camonica S.p.A. ("**Banca di Valle Camonica**") was created in 1872. In 1963 it was acquired by Banca San Paolo di Brescia, which in 1998 changed its name into Banca Lombarda following its merger with Credito Agrario Bresciano. In April 2007, Banca di Valle Camonica became one of the network banks of the UBI Group.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2050 but it may be extended by the Extraordinary General Meeting of Shareholders. Its registered office is in Breno (Brescia), Piazza della Repubblica 2, and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. Its aim is to generate value for shareholders and to promote activities for moral and economic improvement. For such purposes, it may, subject to compliance with legislation in force and obtaining the required authorisations and the approval from the supervisory authority, perform any transactions or banking services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects, including the issue of bonds.

### *Areas of activity – general*

Banca di Valle Camonica is one of the eight network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank is present in Lombardy and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Private & Corporate Unity . Because of the wide range of product companies within the UBI Group, Banca di Valle Camonica is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

### *Lending*

The following table shows the lending of Banca di Valle Camonica as at 31 December 2013 and 2012, broken down according to the type of loan.

<b>Types of loans</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Current accounts .....	376,363	20.50	373,041	20.74
Mortgage loans and other medium to long-term financing .....	1,229,130	66.95	1,211,490	67.35
Credit cards, personal loans and salary-backed loans .....	27,410	1.49	20,383	1.13
Other transactions .....	203,109	11.06	193,789	10.77
<b>TOTAL.....</b>	<b>1,836,012</b>	<b>100.00</b>	<b>1,798,703</b>	<b>100.00</b>

### *Defaulted and problem loans*

The following table shows a breakdown of Banca di Valle Camonica's loans as at 31 December 2013 and 2012.

<b>Loans to customers as at 31 December 2013 (In thousand Euro)</b>	<b>Gross exposure</b>	<b>%</b>	<b>Total net impairment losses</b>	<b>Net exposure</b>	<b>%</b>
<b>Deteriorated loans</b>	<b>229,015</b>	<b>12.04</b>	<b>(55,722)</b>	<b>173,293</b>	<b>9.44</b>
<b>Non-performing loans</b>	<b>127,944</b>	<b>6.73</b>	<b>(43,018)</b>	<b>84,926</b>	<b>4.63</b>
<b>Impaired loans</b>	<b>80,897</b>	<b>4.25</b>	<b>(10,088)</b>	<b>70,809</b>	<b>3.86</b>
<b>Restructured loans</b>	<b>11,653</b>	<b>0.61</b>	<b>(2,174)</b>	<b>9,479</b>	<b>0.52</b>
<b>Past due loans</b>	<b>8,521</b>	<b>0.45</b>	<b>(443)</b>	<b>8,078</b>	<b>0.44</b>
<b>Performing loans</b>	<b>1,673,155</b>	<b>87.96</b>	<b>(10,435)</b>	<b>1,662,719</b>	<b>90.56</b>
<b>TOTAL</b>	<b>1,902,170</b>	<b>100.00</b>	<b>(66,158)</b>	<b>1,836,012</b>	<b>100.00</b>
<b>Loans to customers as at 31 December 2012 (In thousand Euro)</b>	<b>Gross exposure</b>	<b>%</b>	<b>Total net impairment losses</b>	<b>Net exposure</b>	<b>%</b>
<b>Deteriorated loans</b>	<b>187,443</b>	<b>10.10</b>	<b>(47,455)</b>	<b>139,989</b>	<b>7.78</b>
<b>Non-performing loans</b>	<b>112,327</b>	<b>6.05</b>	<b>(37,640)</b>	<b>74,687</b>	<b>4.15</b>
<b>Impaired loans</b>	<b>57,028</b>	<b>3.07</b>	<b>(6,915)</b>	<b>50,113</b>	<b>2.79</b>
<b>Restructured loans</b>	<b>12,339</b>	<b>0.66</b>	<b>(2,472)</b>	<b>9,868</b>	<b>0.55</b>
<b>Past due loans</b>	<b>5,749</b>	<b>0.31</b>	<b>(428)</b>	<b>5,321</b>	<b>0.30</b>
<b>Performing loans</b>	<b>1,668,091</b>	<b>89.90</b>	<b>(9,377)</b>	<b>1,658,714</b>	<b>92.22</b>
<b>TOTAL</b>	<b>1,855,535</b>	<b>100.00</b>	<b>(56,832)</b>	<b>1,798,703</b>	<b>100.00</b>

### *Funding*

Banca di Valle Camonica's principal sources of funding are as follows:

#### **Direct funding from customers**

<b>Figures in thousands of Euro</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Due to customers.....	873,601	56.64	882,589	51.35
Securities in issue.....	668,768	43.36	836,106	48.65
<b>TOTAL.....</b>	<b>1,542,369</b>	<b>100.00</b>	<b>1,718,695</b>	<b>100.00</b>

<b>Detail of Amounts due to customers</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Current accounts and deposits.....	860,554	98.51	807,424	91.48
Time deposits.....	3,492	0.40	66,471	7.53
Financing.....	1,519	0.17	2,803	0.32
<i>Negative Repurchase agreement.....</i>	<i>865</i>	<i>0.10</i>	<i>1,969</i>	<i>0.22</i>
<i>Others.....</i>	<i>654</i>	<i>0.07</i>	<i>834</i>	<i>0.09</i>
Other payables.....	8,035	0.92	5,891	0.67

<b>TOTAL</b> .....	<b>873,601</b>	<b>100.00</b>	<b>882,589</b>	<b>100.00</b>
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### **Management**

Banca di Valle Camonica is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In addition, Banca di Valle Camonica is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

### **Board of Directors**

The Board of Directors of Banca di Valle Camonica consists of between five and nine members and is currently composed of the following persons:

<b>Name</b>	<b>Position</b>
Egidio Tempini .....	Chairman
Ruggero Brunori .....	Deputy Chairman
Massimo Ghetti .....	Secretary Director
Mario Nolli.....	Director
Francesco Bonera.....	Director
Ettore Giuseppe Medda .....	Director
Gianfranco Maiolini .....	Director

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca di Valle Camonica as at and for the year ending 31 December 2013.

### **Board of Statutory Auditors**

The following table sets out the current members of the Board of Statutory Auditors.

<b>Name</b>	<b>Position</b>
Francesco Landriscina.....	Chairman
Paolo Stefano De Zan.....	Acting Auditor
Giovanni Nulli.....	Acting Auditor
Clara Sterli .....	Alternate Auditor
Ilenia Monchieri.....	Alternate Auditor

### **General Management**

<b>Name</b>	<b>Position</b>
Stefano Vittorio Kuhn.....	General Manager
Pietro Tosana .....	Deputy General Manager

### **Auditors**

The current independent auditors of Banca di Valle Camonica are KPMG S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2015.

### ***Subsidiaries and associated companies***

As at 31 December 2013, Banca di Valle Camonica has a 1.44 per cent stake in UBI Sistemi e Servizi S.c.p.A., a 1.50 per cent. stake in UBI Academy S.c.r.l. and no other significant shareholdings in other companies.

### ***Share capital and shareholders***

As at 31 December 2013, Banca di Valle Camonica has an issued and fully paid up share capital of Euro 2,738,693 consisting of 2,738,693 ordinary shares with a nominal value of Euro 1.00 each.

Banca di Valle Camonica's shares are unlisted and are 74.244 per cent owned by UBI Banca (as at 31 December 2012), 8.716 per cent owned by Banco di Brescia, 6.378 per cent owned by Società Cattolica di Assicurazione S.p.A., 5.993 per cent owned by Finanziaria di Valle Camonica S.p.A., 2.216 per cent owned by La Scuola S.p.A. and for the remaining part by minority shareholders.

### ***Employees***

As at 31 December 2013, Banca di Valle Camonica has 351 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 346 employees actually in service, as at the previous year end.

### ***Financial information***

The following tables set out non-consolidated balance sheet and income statement information relating to Banca di Valle Camonica. Such information is derived from the separate financial statements of Banca di Valle Camonica as at and for the years ended 31 December 2013 and 2012. For the avoidance of doubt, the financial statements of Banca di Valle Camonica do not form part of this Prospectus. The financial statements of Banca di Valle Camonica are prepared in accordance with IFRS.

### **BALANCE SHEET**

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Assets</b>		
Cash and cash equivalents.....	17,496	15,375
Financial assets held for trading.....	2,547	3,845
Available-for-sale financial assets .....	1,480	1,392
Loans to Banks.....	18,214	23,068
Loans to customers.....	1,836,012	1,798,703
Hedging derivatives .....	1,497	8,979
Fair value change of hedged financial assets (+/-) .....	465	8,012
Equity investments .....	784	784
Property, plant and equipment .....	25,747	27,036
Intangible assets .....	6,899	6,899
<i>of which goodwill:</i> .....	<i>6,899</i>	<i>6,899</i>
Tax assets .....	17,979	13,751
(a) <i>current</i> .....	<i>2,835</i>	<i>2,468</i>
(b) <i>deferred</i> .....	<i>15,144</i>	<i>11,283</i>
(b1) of which Legge 214/2011 .....	<i>13,116</i>	<i>9,917</i>
Other assets .....	64,221	39,465
<b>Total assets</b> .....	<b>1,993,343</b>	<b>1,947,308</b>
<b>Liabilities and Shareholders' equity</b>		
Due to banks .....	269,994	38,328
Due to customers.....	873,601	882,589

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Securities in issue.....	668,768	836,106
Financial liabilities held for trading.....	2,627	3,989
Hedging derivatives.....	1,100	11,001
Tax liabilities:.....	4,978	4,338
(a) <i>current</i> .....	3,577	3,117
(b) <i>deferred</i> .....	1,401	1,221
Other liabilities.....	48,102	48,611
Staff severance provisions.....	7,321	7,839
Provisions for liabilities and charges:.....	2,619	2,083
(b) <i>other provisions</i> .....	2,619	2,083
Valuation reserve.....	11,279	11,331
Reserves.....	70,463	69,309
Share issue premiums.....	27,895	27,895
Capital.....	2,739	2,739
Profit for the year.....	1,860	1,150
<b>Total liabilities and shareholders' equity.....</b>	<b>1,993,343</b>	<b>1,947,308</b>

## INCOME STATEMENT

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Interest and similar income.....	56,273	65,025
Interest expense and similar.....	(22,928)	(29,400)
<b>Net interest income.....</b>	<b>(33,345)</b>	<b>35,625</b>
Commission income.....	25,678	22,991
Commission expenses.....	(897)	(966)
<b>Net commission income.....</b>	<b>24,781</b>	<b>22,025</b>
Net profit (loss) from trading activities.....	756	236
Net profit (loss) from hedging activities.....	(148)	(247)
Profit (losses) from disposal or repurchase of:.....	(64)	(410)
(a) <i>loans</i> .....	23	-
(d) <i>financial liabilities</i> .....	(87)	(410)
<b>Gross income.....</b>	<b>58,669</b>	<b>57,230</b>
Net impairment losses on:.....	(14,988)	(11,107)
(a) <i>loans</i> .....	(14,973)	(10,862)
(d) <i>other financial transactions</i> .....	(15)	(245)
<b>Net financial operating income.....</b>	<b>43,681</b>	<b>46,123</b>
Administrative expenses.....	(43,249)	(44,971)
(a) <i>staff costs</i> .....	(21,803)	(23,805)
(b) <i>other administrative expenses</i> .....	(21,446)	(21,166)
Net provisions for liabilities and charges.....	(420)	(371)
Net impairment losses on property, plan and equipment.....	(1,620)	(1,624)
Other operating income (expense).....	6,613	3,851
<b>Operating costs.....</b>	<b>(38,676)</b>	<b>(43,115)</b>
Profits (losses) on disposal of investment.....	2	0
<b>Profit (loss) from continuing operations before tax.....</b>	<b>5,006</b>	<b>3,008</b>



<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Taxes on income for the year for continuing operations .....	(3,146)	(1,858)
<b>Profit (loss) from continuing operations after tax</b> .....	<b>1,860</b>	<b>1,150</b>
<b>Profit (loss) for the period</b> .....	<b>1,860</b>	<b>1,150</b>

### **UBI Banca Private Investment S.p.A**

UBI Banca Private Investment S.p.A. (“**UBI Banca Private Investment**”) is a bank providing financial advisory and private banking services. It is 100 per cent. owned by UBI Banca. It was formed through the merger by incorporation, effective 1 January 2008, of UBI Società di Intermediazione Mobiliare S.p.A. into Banca Lombarda Private Investment S.p.A. The bank operates through a distribution network of about 700 financial advisors.

The Head Office and General Management of the Bank are located in Via Cefalonia, 74, Brescia (Italy). UBI Banca Private Investment's fiscal code and registration number in the Company Registry of Brescia is 00485260459 and its VAT number is 02458160245; the company is part of the UBI Banca Group, registered under number 3111.2 in the Bank of Italy's Banking Groups' Registry.

### **Business object**

According to Article 2 of its by-Laws, the duration of the company is up to 31 December 2050 but may be extended. Its principal objects, as set out in Article 3 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. For such purposes, it may, subject to compliance with legislation in force and obtaining the required authorisations, perform any transactions or banking or financial services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects. The company may issue bonds in accordance with laws and regulations.

### **Lending**

#### **Composition of loans to customers**

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Current accounts .....	38,111	8.01	40,845	8.65
Mortgage loans.....	403,434	84.82	402,011	85.16
Credit cards, personal loans and salary-backed loans .....	13,063	2.75	10,219	2.16
Other transactions .....	21,002	4.42	18,963	4.03
<b>TOTAL</b> .....	<b>475,611</b>	<b>100.00</b>	<b>472,038</b>	<b>100.00</b>

### **Defaulted and problem loans**

The following table shows a breakdown of the Bank's loans as at 31 December 2013 and 2012.

<b>Loans to customers as at 31 December 2013</b>	<b>Gross</b>		<b>Total</b>	<b>Net</b>	
<b>(In thousands of Euro)</b>	<b>exposure</b>	<b>%</b>	<b>net</b>	<b>exposur</b>	<b>%</b>
			<b>impair</b>	<b>e</b>	
			<b>ment</b>		
			<b>losses</b>		
<b>Deteriorated loans</b> .....	<b>30,546</b>	<b>6.33</b>	<b>(5,744)</b>	<b>24,802</b>	<b>5.21</b>
Non performing loans .....	18,817	3.90	(4,992)	13,825	2.91
Impaired loans.....	9,231	1.91	(726)	8,506	1.79

<b>Loans to customers as at 31 December 2013</b> <b>(In thousands of Euro)</b>	<b>Gross exposure</b>	<b>%</b>	<b>Total net impairment losses</b>	<b>Net exposure</b>	<b>%</b>
Past due loans.....	2,498	0.52	(27)	2,471	0.52
<b>Performing loans.....</b>	<b>451,721</b>	<b>93.67</b>	<b>(912)</b>	<b>450,809</b>	<b>94.79</b>
<b>TOTAL.....</b>	<b>482,268</b>	<b>100.00</b>	<b>(6,656)</b>	<b>475,611</b>	<b>100.00</b>

<b>Loans to customers as at 31 December 2012</b> <b>(In thousands of Euro)</b>	<b>Gross exposure</b>	<b>%</b>	<b>Total net impairment losses</b>	<b>Net exposure</b>	<b>%</b>
<b>Deteriorated loans.....</b>	<b>27,124</b>	<b>5.68</b>	<b>(4,374)</b>	<b>22,750</b>	<b>4.82</b>
Non performing loans.....	11,184	2.34	(3,950)	7,234	1.53
Impaired loans.....	13,623	2.85	(418)	13,205	2.80
Past due loans.....	2,317	0.48	(6)	2,311	0.49
<b>Performing loans.....</b>	<b>450,640</b>	<b>94.32</b>	<b>(1,352)</b>	<b>449,288</b>	<b>95.18</b>
<b>TOTAL.....</b>	<b>477,764</b>	<b>100.00</b>	<b>(5,726)</b>	<b>472,038</b>	<b>100.00</b>

### *Funding*

The following table presents the sources of the Bank's funding as at 31 December 2013 and 2012.

<b>Figures in thousands of Euro</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
<b>Due to customers</b>	<b>542,588</b>	<b>99.69</b>	<b>636,961</b>	<b>99.67</b>
<b>Securities in issue</b>	<b>1,693</b>	<b>0.31</b>	<b>2,108</b>	<b>0.33</b>
<b>TOTAL</b>	<b>544,280</b>	<b>100.00</b>	<b>639,069</b>	<b>100.00</b>
	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
<b>Direct funding from customers</b>				
<b>Current accounts and deposits</b>	<b>521,495</b>	<b>96.11</b>	<b>611,647</b>	<b>96.03</b>
<b>Time deposits</b>	<b>3,153</b>	<b>0.58</b>	<b>8,762</b>	<b>1.38</b>
<b>Financing</b>	<b>8,750</b>	<b>1.61</b>	<b>9,041</b>	<b>1.42</b>
<b>Others</b>	<b>8,750</b>	<b>1.61</b>	<b>9,041</b>	<b>1.42</b>
<b>Other payables</b>	<b>9,191</b>	<b>1.70</b>	<b>7,511</b>	<b>1.17</b>
<b>TOTAL</b>	<b>542,588</b>	<b>100.00</b>	<b>636,961</b>	<b>100.00</b>

### *UBI Private Investment's Board of Directors, Statutory Board of Auditors and Management*

#### *Board of Directors*

The Board of Directors of UBI Banca Private Investment presently consists of the following persons:

<b>Name</b>	<b>Position</b>
Giovanni Lecchi.....	Chairman

<b>Name</b>	<b>Position</b>
Gianluca Bisognani .....	Deputy Chairman
Luigi Venturati .....	Director

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of UBI Banca Private Investment for the year ending 31 December 2014.

#### ***Board of Statutory Auditors***

The following table sets out the composition of the Board of Statutory Auditors.

<b>Name</b>	<b>Position</b>
Leonardo Lanzani .....	Chairman
Sergio Comincioli .....	Acting Auditor
Maria Rachele Vigani .....	Acting Auditor
Alessandro Masetti Zannini .....	Alternate Auditor
Claudio Uberti .....	Alternate Auditor

#### ***General Management***

<b>Name</b>	<b>Position</b>
Cesare Colombi .....	General Manager

#### ***Auditors***

The auditors of UBI Banca Private Investment are KPMG S.p.A., appointed to audit the bank's annual financial statements up to the year ending 31 December 2021.

#### ***Subsidiaries and associated companies***

As at 31 December 2013, UBI Banca Private Investment has a 1,44 per cent. stake in UBI Sistemi e Servizi S.c.p.A.

#### ***Share capital and shareholders***

According to Article 4 of its by-Laws, UBI Banca Private Investment has issued and fully paid-up capital of Euro 67,950,000 consisting of 22,650,000 shares with a nominal value of Euro 3.00 each.

UBI Banca Private Investment shares are unlisted and fully owned by UBI Banca (as at 31 December 2013).

#### ***Employees***

As at 31 December 2013, UBI Banca Private Investment has 150 employees actually in service ("*Dipendenti effettivi in servizio*"), compared to 163 employees actually in service, as at the previous year end.

#### ***Financial Information***

The following tables set out non consolidated balance sheet and income statement information relating to UBI Banca Private Investment. Such information is derived from the separate financial statements of UBI Banca Private Investment as at and for the year ended 31 December 2013 as well as the separate financial statements as

at the year ended 31 December 2012. The financial statements are prepared in accordance with IFRS. For the avoidance of doubt, the financial statements of UBI Banca Private Investment do not form part of this Prospectus. The main financial information is the following:

## BALANCE SHEET

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Assets</b>		
Cash and cash equivalents.....	2,112	1,647
Loans to banks .....	120,425	230,622
Loans to customers.....	475,611	472,038
Change in fair value of hedged financial assets.....	400	6,194
Equity investments.....	784	784
Property, plant and equipment .....	1,246	1,591
Intangible assets .....	27,873	27,873
<i>of which goodwill:</i> .....	27,873	27,873
Tax assets.....	5,140	3,468
(a) <i>current</i> .....	2,489	1,289
(b) <i>deferred</i> .....	2,651	2,179
(b1) of which Legge 214/2011 .....	618	374
Other assets .....	36,037	16,956
<b>Total assets</b> .....	<b>669,630</b>	<b>761,172</b>
<b>Liabilities and Shareholders' Equity</b>		
Due to banks .....	15,015	4,469
Due to customers.....	542,588	636,961
Securities issued.....	1,693	2,108
Hedging derivatives .....	480	11,195
Tax liabilities: .....	3,059	2,276
(a) <i>current</i> .....	1,793	1,313
(b) <i>deferred</i> .....	1,266	963
Other liabilities.....	20,936	20,493
Staff severance provisions.....	668	816
Provisions for liabilities and charges: .....	5,314	4,747
(b) <i>other provisions</i> .....	5,314	4,747
Valuation reserve .....	(199)	(188)
Reserves .....	8,087	7,167
Share issue premium .....	67,950	67,950
Profit for the year .....	4,039	3,180
<b>Total liabilities and shareholders' equity</b> .....	<b>669,630</b>	<b>761,172</b>

## INCOME STATEMENT

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Interest and similar income .....	12,120	15,067
Interest expense and similar .....	(4,742)	(7,347)
<b>Net interest income</b> .....	<b>7,377</b>	<b>7,720</b>
Commission income.....	75,961	70,090
Commission expenses .....	(44,340)	(38,145)
<b>Net commission income</b> .....	<b>31,621</b>	<b>31,946</b>

<b>(In thousands of Euro)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Net profit (loss) from trading activities .....	773	(8)
Net profit (loss) from hedging activities .....	38	(439)
Profit (loss) from disposal or repurchase of: .....	(6)	(14)
(d) <i>financial liabilities</i> .....	(6)	(14)
<b>Gross income</b> .....	<b>39,803</b>	<b>39,204</b>
Net impairment losses on: .....	(1,080)	(501)
(a) <i>loans</i> .....	(901)	(524)
(d) <i>other financial transactions</i> .....	(178)	23
<b>Net financial operating income</b> .....	<b>38,723</b>	<b>38,703</b>
Administrative expenses .....	(36,731)	(36,870)
(a) <i>staff costs</i> .....	(12,128)	(14,240)
(b) <i>other administrative expenses</i> .....	(24,604)	(22,629)
Net provisions for liabilities and charges .....	(934)	(989)
Net impairment losses on property, plant and equipment .....	(509)	(569)
Other operating income (expense) .....	7,601	4,638
<b>Operating costs</b> .....	<b>(30,573)</b>	<b>(33,790)</b>
Profits (losses) on disposal of investment .....	(9)	-
<b>Profit (loss) from continuing operations before tax</b> .....	<b>8,141</b>	<b>4,914</b>
Taxes on income for the period for continuing operations .....	(4,102)	(1,734)
<b>Profit (loss) from after tax</b> .....	<b>4,039</b>	<b>3,180</b>
<b>Profit (loss) for the period</b> .....	<b>4,039</b>	<b>3,180</b>

## OVERVIEW OF THE TRANSACTION DOCUMENTS

### Covered Bond Guarantee

On 2 April 2012, the Guarantor, the Issuer and the Representative of the Covered Bondholders entered into the Covered Bond Guarantee pursuant to which the Guarantor agreed to issue, for the benefit of the Covered Bondholders and the Other Issuer Creditors, a first demand, unconditional, irrevocable and autonomous guarantee to support payments of interest and principal under the Covered Bonds issued by the Issuer under the Programme and other payments due to the Other Issuer Creditors. Under the Covered Bond Guarantee the Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become due and payable but which would otherwise be unpaid by the Issuer. The obligations of the Guarantor under the Covered Bond Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations.

The Representative of the Covered Bondholders will enforce the Covered Bond Guarantee: (i) following the occurrence of an Issuer Event of Default and subject to any applicable grace periods, by serving an Issuer Default Notice on the Issuer and the Guarantor; and (ii) following the occurrence of a Guarantor Event of Default and subject to any applicable grace periods, by serving a Guarantor Default Notice on the Guarantor.

Following the service of an Issuer Default Notice by the Representative of the Covered Bondholders, payment of the Guaranteed Amounts shall be made by the Guarantor on the dates scheduled and for the amounts determined in accordance with the Guarantee Priority of Payments.

Under the Covered Bond Guarantee, the parties have agreed that, should a resolution pursuant to article 74 of the Consolidated Banking Act be issued in respect of the Issuer, although such event constitutes an Issuer Event of Default, the consequences thereof will only apply during the Suspension Period. Following an Article 74 Event:

- (i) the Representative of the Covered Bondholders will serve an Issuer Default Notice on the Issuer and the Guarantor, specifying that an Article 74 Event has occurred and that such event may be temporary; and
- (ii) in accordance with Decree No. 310, the Guarantor shall be responsible for the payments of the amounts due and payable under the Covered Bonds within the Suspension Period at their relevant due date *provided that* it shall be entitled to claim any such amounts from the Issuer.

The Suspension Period shall end upon delivery by the Representative of the Covered Bondholders to the Issuer, the Guarantor and the Asset Monitor of an Article 74 Event Cure Notice, informing such parties that the Article 74 Event has been revoked.

Upon the termination of the Suspension Period the Issuer shall again be responsible for meeting the payment obligations under the Covered Bonds.

Under the Covered Bond Guarantee, the parties thereto have also agreed that, upon enforcement of the Covered Bond Guarantee, the Guarantor shall be entitled to request from the Issuer — also prior to any payments are effected by the Guarantor under the Covered Bond Guarantee — an amount up to the Guaranteed Amounts, in order to secure the Issuer obligations to the subrogation right of the Guarantor. Any sum so received or recovered from the Issuer will be used to make payments in accordance with the Covered Bond Guarantee. The parties have also agreed that the Guarantor shall no longer be entitled to request to the Issuer payment of such amounts if a Guarantor Default Notice is delivered by the Representative of the Covered Bondholders or the Covered Bonds have been otherwise accelerated pursuant to the Conditions.

The service of a Guarantor Default Notice by the Representative of the Covered Bondholders will result in the acceleration of the right of the Covered Bondholders of each Series of Covered Bonds issued to receive payment of the Guaranteed Amounts and the Representative of the Covered Bondholders will demand the immediate payment by the Guarantor of all Guaranteed Amounts. Payments made by the Guarantor following the service of a Guarantor Event of Default shall be made *pari passu* and on a *pro-rata* basis to the Covered Bondholders of all outstanding Series of Covered Bonds, in accordance with the Post-Enforcement Priority of Payments.

Pursuant to the terms of the Covered Bond Guarantee, the recourse of the Covered Bondholders and the Other Issuer Creditors to the Guarantor under the Covered Bond Guarantee will be limited to the Guarantor Available Funds.

Furthermore, under the Covered Bond Guarantee, the parties have agreed that as of the date of administrative liquidation (*liquidazione coatta amministrativa*) of the Issuer or following the delivery of an Issuer Default Notice to the Issuer and the Guarantor, the Guarantor (or the Representative of the Covered Bondholders pursuant to the Intercreditor Agreement) shall exercise, on an exclusive basis and in compliance with the provisions of article 4 of the Decree No. 310, the rights of the Covered Bondholders against the Issuer and any amount recovered from the Issuer will be part of the Guarantor Available Funds.

To the extent that the Guarantor makes, or there is made on its behalf, a payment of any amount under the Covered Bond Guarantee, the Guarantor will be fully and automatically subrogated to the Covered Bondholders' and Other Issuer Creditors' rights against the Issuer pursuant to article 2900 *et seq.* of the Italian Civil Code.

#### *Governing law*

The Covered Bond Guarantee is governed by Italian law.

#### **Subordinated Loan Agreements**

On 29 February 2012, each Seller and the Guarantor entered into a Subordinated Loan Agreement pursuant to article 7-bis of the Securitisation and Covered Bond Law under which each Seller granted or will grant to the Guarantor a term loan facility in an aggregate amount equal to the relevant Total Commitment, for the purposes of funding the purchase by the Guarantor of (i) Eligible Assets from the relevant Seller pursuant to the terms of the relevant Master Loans Purchase Agreement and (ii) Eligible Asset and/or Top-Up Assets from the relevant Seller pursuant to the terms of the Cover Pool Management Agreement.

Pursuant to the relevant Subordinated Loan Agreement, each Subordinated Lender has acknowledged its undertakings (i) pursuant to the Cover Pool Management Agreement, to transfer further Eligible Assets and/or Top-Up Assets to the Guarantor and to make available to the Guarantor further Term Loans in order to fund the purchase of such assets, and (ii) pursuant to the Master Loans Purchase Agreement, to make available to the Guarantor further Term Loans in order to fund any settlement amounts of the purchase price of the Initial Portfolio or any New Portfolio which may be due by the Guarantor under the relevant Master Loans Purchase Agreement.

The obligation of each Seller (in its capacity as Subordinated Lender) to advance a Term Loan to the Guarantor under the relevant Subordinated Loan Agreement will be off-set against the obligation of the Guarantor to pay to the relevant Seller the purchase price for the Eligible Assets and Top-Up Assets funded by means of the relevant Term Loan.

On each Guarantor Payment Date and subject to the relevant Subordinated Lender having paid to the Guarantor any shortfall amount, the Guarantor will pay to the Subordinated Lender the amount of the Premium, if any, payable to such Subordinated Lender on the relevant Guarantor Payment Date in accordance with the applicable Priority of Payments and the terms of the relevant Subordinated Loan Agreement.

Interest and Premium, if any, payable in respect of a Term Loan shall be payable on each Guarantor Payment Date following the Drawdown Date (as defined under each Subordinated Loan Agreement) of that Term Loan, subject to the relevant Priority of Payments.

Prior to the delivery of an Issuer Default Notice, each Term Loan shall be repaid on each Guarantor Payment Date subject to the written request of the relevant Subordinated Lender and the Issuer, according to the Pre Issuer Event of Default Principal Priority of Payments and within the limits of the then Guarantor Available Funds, provided that such repayment does not result in a breach of any of the Tests or the Relevant Portfolio Test.

Following the service of an Issuer Default Notice, the Term Loans shall be repaid within the limits of the Guarantor Available Funds subject to the repayment in full (or, prior to the service of a Guarantor Default Notice, the accumulation of funds sufficient for the purpose of such repayment) of all Covered Bonds.

#### *Governing law*

Each Subordinated Loan Agreement is governed by Italian law.

## Master Loans Purchase Agreements

On 29 February 2012 each Seller and the Guarantor entered into the Master Loans Purchase Agreements, as amended from time to time, pursuant to which, each Seller will assign and transfer to the Guarantor, and the Guarantor will purchase, without recourse (*pro soluto*) from the relevant Seller, an Initial Portfolio and New Portfolios of Eligible Assets and Top-Up Assets that shall form part of the Cover Pool, in accordance with articles 4 and 7-*bis* of the Securitisation and Covered Bond Law and article 2 of Decree No. 310.

Under each Master Loans Purchase Agreement, upon satisfaction of certain conditions set out therein, the relevant Seller (i) may or shall, as the case may be, assign and transfer, without recourse (*pro soluto*), to the Guarantor and the Guarantor shall purchase, without recourse (*pro soluto*) from the relevant Seller, New Portfolios which shall form part of the Cover Pool held by the Guarantor, if such transfer is required under the terms of the Cover Pool Management Agreement in order to ensure the compliance of the Cover Pool with the Tests or with the 15 per cent threshold limit with respect to Top-Up Assets provided for by Decree No. 310 and the Bank of Italy Regulations; and (ii) may transfer New Portfolios to the Guarantor, and the Guarantor shall purchase from each Seller such New Portfolios, in order to supplement the Cover Pool in connection with the issuance of further Series of Covered Bonds under the Programme in accordance with the Programme Agreement.

In addition to (i) and (ii) above, under the terms and subject to the conditions of the Master Loans Purchase Agreement, prior to the delivery to the Issuer and the Guarantor of an Issuer Default Notice, each Seller may transfer New Portfolios to the Guarantor, which will fund the purchase price thereof through the principal collections then standing to the credit of the relevant Luxembourg Principal Collection Account.

The Purchase Price payable for the Initial Portfolio has been determined pursuant to each Master Loans Purchase Agreement. Under each Master Loans Purchase Agreement the relevant parties thereto have acknowledged that the Purchase Price for the Initial Portfolio shall be funded through the proceeds of the first Term Loan under the relevant Subordinated Loan Agreement. The Purchase Price for each New Portfolio will be equal to the aggregate amount of the Individual Purchase Price of all Receivables comprised in such New Portfolio as at the relevant Transfer Date.

In case the Purchase Price is paid with the principal collections then standing to the credit of the relevant Luxembourg Principal Collection Account and, upon the settlement procedure set out above, the Guarantor is required to pay amounts to the Seller in excess of the Purchase Price already paid, such amounts will be deducted from the amounts due to the relevant Seller as repayment of the outstanding Term Loans and, to the extent no such amounts are available, through the proceeds of an appropriate Term Loan to be made available by the relevant Seller as Subordinated Lender pursuant to the relevant Subordinated Loan Agreement.

Each initial Seller has sold to the Guarantor, and the Guarantor has purchased from such Seller, the Receivables comprised in the Initial Portfolio, which meet the Common Criteria (as described in detail in the section headed "*Description of the Cover Pool*") and the relevant specific criteria (as described in detail under each relevant Master Loans Purchase Agreement). Receivables comprised in any New Portfolio to be transferred under the relevant Master Loans Purchase Agreement shall meet, in addition to the Common Criteria, the relevant specific criteria and/or any further criteria.

Pursuant to each Master Loans Purchase Agreement, prior to the occurrence of an Issuer Event of Default, the relevant Seller will have the right to repurchase individual Receivables (including Defaulted Receivables) transferred to the Guarantor under the Master Loans Purchase Agreement.

After the service of an Issuer Default Notice, the Guarantor will, prior to disposing of the Eligible Assets or Top-Up Assets pursuant to the terms of the Cover Pool Management Agreement, offer to sell the Eligible Assets to the relevant Seller at a price equal to the minimum purchase price of the relevant Eligible Assets as determined pursuant to the Cover Pool Management Agreement. If the Guarantor should subsequently propose to transfer such assets for a price lower than the minimum purchase price as determined pursuant to the Cover Pool Management Agreement, it shall again offer such assets to the relevant Seller on the same terms and conditions offered by such third parties before entering into a transfer agreement with the latter.

### *Governing law*

Each Master Loan Purchase Agreement is governed by Italian law.



## **Warranty and Indemnity Agreement**

On 29 February 2012, each Seller and the Guarantor entered into a Warranty and Indemnity Agreement pursuant to which each Seller has given certain representations and warranties in favour of the Guarantor in respect of, *inter alia*, itself, the Portfolio transferred and to be transferred by it pursuant to the relevant Master Loans Purchase Agreement, the Real Estate Assets over which the relevant Mortgages are established and certain other matters in relation to the issue of the Covered Bonds and has agreed to indemnify the Guarantor in respect of certain liabilities of the Guarantor that may be incurred, *inter alia*, in connection with the purchase and ownership of the relevant Portfolio.

Each Warranty and Indemnity Agreement contains representations and warranties given by the relevant Seller as to matters of law and fact affecting the relevant Seller including, without limitation, that the relevant Seller validly exists as a legal entity, has the corporate authority and power to enter into the Transaction Documents to which it is party and assume the obligations contemplated therein and has all the necessary authorisations for such purpose.

Each Warranty and Indemnity Agreement sets out certain representations and warranties in respect of the Portfolio to which it relates, including, *inter alia*, that, as of the date of execution of each Warranty and Indemnity Agreement, the Receivables comprised in the Initial Portfolio (i) are valid, in existence and in compliance with the criteria set forth under the relevant Master Loans Purchase Agreement, and (ii) relate to Mortgage Loan Agreements which have been entered into, executed and performed by the relevant Seller in compliance with all applicable laws, rules and regulations.

Pursuant to each Warranty and Indemnity Agreement, the relevant Seller has agreed to indemnify and hold harmless the Guarantor, its officers or agents or any of its permitted assigns from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*, any representation and warranty given by the Seller under or pursuant to the relevant Warranty and Indemnity Agreement being false, incomplete or incorrect.

### *Governing law*

Each Warranty and Indemnity Agreement is governed by Italian law.

## **Master Servicing Agreement**

On 29 February 2012, the Master Servicer, each Seller (in its capacity as Sub-Servicer and Service Provider) and the Guarantor entered into the Master Servicing Agreement, as amended from time to time pursuant to which the Guarantor has appointed Unione di Banche Italiane S.c.p.A. as Master Servicer of the Receivables. The Master Servicer will act as the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*" pursuant to the Securitisation and Covered Bond Law and will be responsible for the receipt of the Collections acting as agent (*mandatario con obbligo di rendiconto*) of the Guarantor. In such capacity, the Master Servicer shall also be responsible for ensuring that such operations comply with the provisions of articles 2.3, letter (c), and 2.6 of the Securitisation and Covered Bond Law.

Pursuant to the Master Servicing Agreement the Master Servicer will transfer the interest and principal collections with respect to the Receivables credited to the Italian Collection Account pertaining to each Seller to, as appropriate, the relevant Luxembourg Interest Collection Account and Luxembourg Principal Collection Account held with the Luxembourg Account Bank within the immediately following Business Day.

Under the Master Servicing Agreement the Master Servicer has delegated each Seller, in its capacity as Sub-Servicer, to carry out on behalf of the Guarantor and in accordance with the Master Servicing Agreement and the Credit and Collection Policy the management, administration, collection and recovery activities with respect to the Receivables transferred by the relevant Seller to the Guarantor, except from the Receivables arising from UBI Portfolio.

The Master Servicer will not be responsible for the actions undertaken by the Sub-Servicers which will be responsible for the fulfilment of the obligations undertaken by them under the Master Servicing Agreement on an individual basis and without joint liability.

Under the Master Servicing Agreement, the Guarantor has also directly appointed each Seller to act as Service Provider in order to carry out certain monitoring and reporting activities with respect to the Receivables transferred by the relevant Seller to the Guarantor. Each Service Provider has confirmed, in relation to its

undertakings pursuant to the Master Servicing Agreement, its willingness to be the autonomous holder (*titolare autonomo del trattamento dei dati personali*) for the processing of personal data in relation to the Receivables, pursuant to the Privacy Law.

The Master Servicer has undertaken to deliver to, *inter alios*, the Guarantor, the Asset Monitor, the Representative of the Covered Bondholders, the Principal Paying Agent and the Corporate Servicer, the Monthly Servicer's Report and the Quarterly Servicer's Report prepared on the basis of the information reported by each Seller as Service Provider.

The Master Servicer and each Service Provider have represented to the Guarantor that each has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Master Servicing Agreement in relation to the respective responsibilities.

The Guarantor has undertaken, also in accordance with the terms of the Intercreditor Agreement, to use reasonable endeavours to appoint a back-up Master Servicer within 45 days from the date on which the Master Servicer's long-term rating has been downgraded below "BBB-" from Fitch or the Master Servicer's short-term rating has been downgraded below "F3" from Fitch.

Upon occurrence of such downgrading, the Master Servicer shall immediately give notice of such event to the Representative of the Bondholders, the Rating Agency, the Calculation Agent, the Sub-Servicer and the Guarantor; and shall alternatively: (i) notify in writing to the Debtors the details of the new account opened in name and on behalf of the Guarantor with an Eligible Institution where any payments in respect of the Receivables shall be made and ensure that, starting from the date in which such downgrading has occurred, the daily balance of the Italian Collection Accounts is equal to zero as set out in the relevant account statements (*estratti conto*); or (ii) procure and maintain a first demand guarantee issued by an Eligible Institution, so to guarantee the obligations of the Master Servicer and/or the Sub-Servicer to transfer the Collections pursuant to the Master Servicing Agreement, provided that, in the event the Commingling Amount is considered for the calculation of the Nominal Value Test in accordance with the provisions of Clause 2.3 of the Cover Pool Management Agreement, and in case such test is satisfied, the Master Servicer shall not be obliged to realise any of the activities referred to in points (i) and (ii) above.

The Guarantor may terminate the Master Servicer's and each Service Provider's appointment and appoint a successor master servicer or service provider if certain events occur, namely:

- (a) with respect to the Master Servicer (each, a "**Master Servicer Termination Event**"):
  - (i) failure (not attributable to *force majeure*) to deposit or pay any amount required to be paid or deposited which failure continues for a period of 10 Business Days following receipt of a written notice from the Guarantor requiring the relevant amount to be paid or deposited;
  - (ii) failure to observe or perform duties under specified clauses of the Master Servicing Agreement and the continuation of such failure for a period of 10 Business Days following receipt of written notice from the Guarantor (*provided that* a failure ascribable to any Sub-Servicers delegated by the Master Servicer shall not constitute a Master Servicer Termination Event);
  - (iii) an Insolvency Event occurs with respect to the Master Servicer;
  - (iv) it becomes unlawful for the Master Servicer to perform or comply with any of its obligations under the Master Servicing Agreement;
  - (v) the Master Servicer is or will be unable to meet the current or future legal requirements and the Bank of Italy's Regulations for entities acting as servicers in the context of a covered bonds transaction;
- (b) with respect to each Service Provider (each, a "**Service Provider's Termination Event**"):
  - (i) failure to observe or perform duties under specified clauses of the Master Servicing Agreement and the continuation of such failure for a period of 10 Business Days following receipt of written notice from the Guarantor;
  - (ii) an Insolvency Event occurs with respect to the Service Provider;

- (iii) it becomes unlawful for the Service Provider to perform or comply with any of its obligations under the Master Servicing Agreement.

#### *Governing law*

The Master Servicing Agreement is governed by Italian law.

#### **Programme Agreement**

For a description of the Programme Agreement, see "*Subscription and Sale*".

#### **Intercreditor Agreement**

On 2 April 2012, the Guarantor and the Other Creditors entered into the Intercreditor Agreement, as amended from time to time. Under the Intercreditor Agreement provision is made as to the application of the proceeds from Collections in respect of the Cover Pool and as to the circumstances in which the Representative of the Covered Bondholders will be entitled, in the interest of the Covered Bondholders, to exercise certain of the Guarantor's rights in respect of the Cover Pool and the Transaction Documents.

In the Intercreditor Agreement the Other Creditors have agreed, *inter alia*: to the order of priority of payments to be made out of the Guarantor Available Funds; that the obligations owed by the Guarantor to the Covered Bondholders and, in general, to the Other Creditors are limited recourse obligations of the Guarantor; and that the Covered Bondholders and the Other Creditors have a claim against the Guarantor only to the extent of the Guarantor Available Funds.

Under the terms of the Intercreditor Agreement, the Guarantor has undertaken, following the service of a Guarantor Default Notice, to comply with all directions of the Representative of the Covered Bondholders, acting pursuant to the Conditions, in relation to the management and administration of the Cover Pool.

#### *Governing law*

The Intercreditor Agreement is governed by Italian law.

#### **Asset Monitor Agreement**

On 2 April 2012, the Issuer, the Guarantor, the Asset Monitor, the Calculation Agent and the Representative of the Covered Bondholders entered into the Asset Monitor Agreement, whereby each of the Issuer and the Guarantor has appointed the Asset Monitor to perform the services set out therein — please see "*The Asset Monitor*" below.

The appointment by the Guarantor will become effective only subject to, and with effect from, the delivery of an Issuer Default Notice, *provided that*, in case the Issuer Event of Default consists of an Article 74 Event, the Asset Monitor will provide the services to the Guarantor up to the date on which the Representative of the Covered Bondholder will have delivered an Article 74 Event Cure Notice.

Pursuant to the Asset Monitor Agreement, the Asset Monitor has agreed to the Issuer and, upon delivery of an Issuer Default Notice, to the Guarantor, to verify, subject to due receipt of the information to be provided by the Calculation Agent to the Asset Monitor, the arithmetic accuracy of the calculations performed by the Calculation Agent in relation to the Statutory Tests and the Amortisation Test carried out pursuant to the Cover Pool Management Agreement, with a view to confirming whether such calculations are accurate.

In the Asset Monitor Agreement, the Asset Monitor has acknowledged to perform its services also for the benefit and in the interests of the Guarantor (to the extent it will carry out the services under the appointment of the Issuer) and the Covered Bondholders and accepted that upon delivery of an Issuer Default Notice, it will receive instructions from, provide its services to, and be liable *vis-à-vis* the Guarantor or the Representative of the Covered Bondholders on its behalf.

In addition, on or prior to each relevant date as set out in the Asset Monitor Agreement, the Asset Monitor has undertaken to deliver to the Guarantor, the Calculation Agent, the Representative of the Covered Bondholders and the Issuer the Asset Monitor Report (as defined under the Asset Monitor Agreement). The Asset Monitor shall also send the Asset Monitor Report to the Rating Agency, subject to the Rating Agency having sent to the

Asset Monitor, prior to the first delivery of the Asset Monitor Report to the Rating Agency, a release letter confirming that the Rating Agency will not be able to rely on any such reports received under the Programme.

The Issuer or the Guarantor (as the case may be) may, until the occurrence of an Issuer Event of Default without any prior approval of the Representative of the Covered Bondholders and following the occurrence of an Issuer Event of Default with the prior approval of the Representative of the Covered Bondholders, revoke the appointment of the Asset Monitor, in either case by giving not less than three months' (or earlier, in the event of a breach of warranties and covenants) written notice to the Asset Monitor (with a copy to the Representative of the Covered Bondholders and the Calculation Agent). The Asset Monitor may resign from its appointment under the Asset Monitor Agreement, upon giving not less than three months' (or such shorter period as the Representative of the Covered Bondholders may agree) prior written notice of termination to the Issuer, the Guarantor, the Calculation Agent and the Representative of the Covered Bondholders subject to and conditional upon certain conditions set out in the Asset Monitor Agreement.

#### *Governing law*

The Asset Monitor Agreement is governed by Italian law.

#### **Cash Allocation, Management and Payments Agreement**

On 2 April 2012, the Guarantor, the Issuer, the Sellers (also in their capacity as Sub-Servicers and Service Providers), the Master Servicer, the Italian Account Bank, the Luxembourg Account Bank, the Calculation Agent, the Principal Paying Agent, the Guarantor Corporate Servicer and the Representative of the Covered Bondholders entered into the Cash Allocation, Management and Payments Agreement, as amended from time to time.

Under the terms of the Cash Allocation, Management and Payments Agreement:

- (i) the Italian Account Bank has agreed to establish and maintain, in the name and on behalf of the Guarantor, the Italian Collection Accounts, the Quota Capital Account and the Expenses Account and to provide the Guarantor with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such Accounts;
- (ii) the Luxembourg Account Bank has agreed to establish and maintain, in the name and on behalf of the Guarantor, the Luxembourg Principal Collection Accounts, the Luxembourg Interest Collection Accounts and the Reserve Fund Account and to provide the Guarantor with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such accounts. In addition the Luxembourg Account Bank has agreed to provide the Guarantor with certain payment services pursuant to the terms of the Cash Allocation, Management and Payments Agreement;
- (iii) the Principal Paying Agent has agreed to provide the Guarantor (and, prior to the delivery of an Issuer Default Notice, the Issuer) with certain payment services together with certain calculation services pursuant to the terms of the Cash Allocation, Management and Payments Agreement; and
- (iv) the Calculation Agent has agreed to provide the Guarantor with calculation services.

The Luxembourg Account Bank shall comply with any instruction of the Calculation Agent to invest, on behalf of the Guarantor, amounts standing to the credit of the Luxembourg Principal Collection Accounts and the Reserve Fund Account in Eligible Investments, as from time to time selected by the Calculation Agent in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

The Guarantor may (with the prior approval of the Representative of the Covered Bondholders) revoke its appointment of any Agent under the Cash Allocation, Management and Payment Agreement by giving not less than three months' (or earlier, in the event of a breach of warranties and covenants by the relevant Agent) written notice to the relevant Agent (with a copy to the Representative of the Covered Bondholders), regardless of whether an Issuer Event of Default or a Guarantor Event of Default has occurred. Any Agent may resign from its appointment under the Cash Allocation, Management and Payments Agreement, upon giving not less than three months' (or such shorter period as the Representative of the Covered Bondholders may agree) prior written notice of termination to the Guarantor and the Representative of the Covered Bondholders and the Issuer subject to and conditional upon certain conditions set out in the Cash Allocation, Management and Payments Agreement.

## *Governing law*

The Cash Allocation, Management and Payments Agreement is governed by Italian law.

### **Cover Pool Management Agreement**

On 2 April 2012, the Issuer, the Guarantor, the Asset Monitor, the Calculation Agent, the Sellers and the Representative of the Covered Bondholders entered into the Cover Pool Management Agreement, as amended from time to time, pursuant to which they have agreed certain terms regulating, *inter alia*, the performance of the Tests with respect to the Cover Pool and the purchase and sale by the Guarantor of assets included in the Cover Pool.

Under the Cover Pool Management Agreement, starting from the Issue Date of the first Series of Covered Bonds and until the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their Final Terms, each Seller (and failing the Seller to do so, the Issuer and, failing the Issuer, the other Seller(s)) has undertaken to procure that on any Calculation Date each of the Statutory Tests is met with respect to the Cover Pool. In addition, on each Calculation Date following the occurrence of an Issuer Event of Default and service of an Issuer Default Notice (but prior to service of a Guarantor Default Notice) the Calculation Agent shall verify that the Amortisation Test is met with respect to the Cover Pool.

The Calculation Agent has agreed to prepare and deliver to Issuer, the Sellers, the Guarantor, the Representative of the Covered Bondholders, the Asset Monitor and the Rating Agency a report setting out the calculations carried out by it in respect to the Statutory Tests, the Amortisation Test and other information such as, *inter alia*, the Top-up Assets Limits (the "**Test Performance Report**"). Such Test Performance Report shall specify the amount of Top-Up Assets in relation to each Seller, the occurrence of a breach of the Statutory Tests and/or of the Amortisation Test and the Portfolio with respect to which a shortfall has occurred, identified on the basis of the Seller (or Sellers) which transferred it to the Guarantor (each, a "**Relevant Seller**").

If the Calculation Agent notifies the breach of any Test during the Test Grace Period, the Guarantor will purchase Eligible Assets and/or Top-Up Assets, to be transferred by (a) the Relevant Seller(s); and/or (b) upon the occurrence of the circumstances set out below, the Issuer; and/or (c) upon the occurrence of the circumstances set out below, the other Sellers, in an aggregate amount sufficient to ensure, also taking into account the information provided by the Calculation Agent in the Test Performance Report notifying the relevant breach, that as of the Calculation Date falling at the end of the Test Grace Period, all Tests are satisfied with respect to the Cover Pool.

Each Seller has undertaken, to the extent it is identified as a Relevant Seller, to promptly deliver a written notice to the Guarantor, the Issuer and the other Seller(s) informing them of any circumstance which may prevent it from complying (in part or in full) with its obligation to transfer the required amount of Eligible Assets and/or Top-Up Assets to the Guarantor (the "**Relevant Seller Notice**"). To the extent that the Relevant Seller deems that the circumstances above will only prevent it from transferring to the Guarantor a part of the Eligible Assets and/or Top-Up Assets required, for the purpose of allowing the Issuer or, as appropriate, the other Seller(s) to determine the amount of Eligible Assets and Top-Up Assets to be transferred to remedy the breach of Tests, the Relevant Seller Notice shall specify the amount of Eligible Assets and Top-Up Assets that the Relevant Seller will not be able to transfer.

To the extent that, within the 1<sup>st</sup> (first) Calculation Date following the date on which the breach of the Tests has occurred, the Issuer has received a Relevant Seller Notice from the Relevant Seller(s) or the Guarantor has not received an offer by the Relevant Seller in accordance with the relevant Master Loans Purchase Agreement in respect of such Eligible Assets and/or Top-Up Assets to be transferred to remedy the Tests, the Issuer has undertaken to (a) transfer to the Guarantor Eligible Assets and/or Top-Up Assets, in the aggregate amount sufficient to ensure that, as of the Calculation Date falling at the end of the Test Grace Period, all Tests are satisfied with respect to the Cover Pool and (b) accordingly to promptly deliver a written notice, substantially in the form of the Relevant Seller Notice, to the Guarantor and the other Seller(s) informing them of any circumstance which may prevent it from complying (in part or in full) with its obligation to transfer the required amount of Eligible Assets and/or Top-Up Assets to the Guarantor.

To the extent that, within the 2<sup>nd</sup> (second) Calculation Date following the date on which the breach of the Tests has occurred, (a) the Issuer has received a Relevant Seller Notice from the Relevant Seller(s); or (b) the Guarantor has not received an offer by the Relevant Seller in accordance with the relevant Master Loans Purchase Agreement in respect of such Eligible Assets and/or Top-Up Assets; and (i) the other Seller(s) have

received a notice substantially in the form of a Relevant Seller Notice from the Issuer; or (ii) the Guarantor has not received a contractual proposal by the Issuer in respect of such Eligible Assets and/or Top-Up Assets, the other Seller(s), jointly and severally, have undertaken to transfer to the Guarantor Eligible Assets and/or Top-Up Assets, in the aggregate amount sufficient to ensure that, as of the Calculation Date falling at the end of the Test Grace Period, all Tests are satisfied with respect to the Cover Pool. The undertakings described above, assumed by each of the Seller, are conditional upon transfer of the relevant Initial Portfolio by each of them to the Guarantor.

The parties to the Cover Pool Management Agreement have acknowledged that, at any time prior to the delivery of an Issuer Default Notice, the aggregate amount of Top-Up Assets included in the Cover Pool may not exceed 15 per cent. of the aggregate Outstanding Principal Balance of the Cover Pool, pursuant to the combined provisions of Decree No. 310 and the Bank of Italy Regulations. In this respect, the Calculation Agent has undertaken to determine, on each Calculation Date, the amount of Top-Up Assets (including any Collections and Recoveries and other cash flows deriving from the Eligible Assets and/or Top-Up Assets already transferred to the Guarantor) forming part of the Cover Pool and to report such calculation in each Test Performance Report.

Should it result from any Test Performance Report that the aggregate amount of Top-Up Assets included in the Cover Pool is in excess of 15 per cent. of the aggregate Outstanding Principal Balance of the Cover Pool, then the Seller(s) in relation to which the aggregate amount of (i) Top-Up Assets transferred by such Seller(s) to the Guarantor and (ii) the Collections and Recoveries on the relevant Portfolio is in excess of 15 per cent. of the Outstanding Principal Balance of the relevant Portfolio (the "**Relevant Top-Up Assets Excess**") shall, during the 3<sup>rd</sup> (third) following Calculation Period, transfer to the Guarantor New Portfolio(s) of Eligible Assets in an aggregate amount at least equal to the Relevant Top-Up Asset Excess; provided however that such transfer will not be necessary if the Relevant Top-Up Assets Excess has been cured in full on or prior to the 3<sup>rd</sup> (third) Guarantor Payment Date immediately following the Calculation Date in which any such Test Performance Report has been delivered, upon repayment by the Guarantor of any Term Loan outstanding under the relevant Subordinated Loan Agreement in accordance with the Pre-Issuer Event of Default Principal Priority of Payments.

The purchase price of New Portfolio(s) of Eligible Assets so transferred will be financed (i) through the principal collections standing to the credit of the relevant Luxembourg Principal Collection Accounts, pursuant to Clause 3.4 of the relevant Master Loans Purchase Agreement or (ii) if the sums standing to the credit of the relevant Luxembourg Principal Collection Accounts are not sufficient to fund the purchase price of such New Portfolio(s) of Eligible Assets, through the proceeds of Term Loan(s) advanced by such Seller(s) to the Guarantor pursuant to the relevant Subordinated Loan Agreement.

The parties have also acknowledged and agreed that, if notwithstanding one or more Seller(s) having pursued the remedies set out in above, the aggregate amount of Top-Up Assets included in the Cover Pool is still in excess of 15 per cent. of the aggregate Outstanding Principal Balance of the Cover Pool, (a) the obligations to transfer New Portfolio(s) of Eligible Assets will be undertaken by the Issuer and/or the other Seller(s) (which for such purpose are deemed to be Relevant Seller(s)) in the circumstances set out above and (b) the obligations to fund the purchase price of such New Portfolio(s) of Eligible Assets will be funded as described below.

Following the delivery of an Issuer Default Notice on the Issuer and the Guarantor, any Collections and Recoveries and other cash flows deriving from the Eligible Assets and/or Top-Up Assets transferred to the Guarantor may then exceed the 15 per cent. limit of the aggregate Outstanding Principal Balance of the Cover Pool and the above provisions shall cease to apply, provided however that, should the Issuer Default Notice consist of an Article 74 Event, such provisions will again apply upon delivery of an Article 74 Cure Notice.

For the purpose of allowing the Guarantor to fund the purchases referred to above:

- (a) each Relevant Seller, in its capacity as Subordinated Lender, has undertaken to advance to the Guarantor a Term Loan in accordance with the relevant Subordinated Loan Agreement in an amount equal to the purchase price to be paid by the Guarantor for the Eligible Assets and/or Top-Up Assets to be transferred by such Relevant Seller, also acknowledging that the Total Commitment set out from time to time under the relevant Subordinated Loan Agreement shall not be a limitation with respect to the Relevant Seller's obligation to advance the Term Loans to the Guarantor in order to fund the purchase price for the relevant Eligible Assets and Top-Up Assets;

- (b) the Issuer has undertaken to advance a subordinated loan to the Guarantor on substantially the same terms as provided for under the Subordinated Loan Agreements in an amount equal to the purchase price to be paid by the Guarantor for the Eligible Assets and/or Top-Up Assets to be transferred by the Issuer; and
- (c) each other Seller, in its capacity as Subordinated Lender, has undertaken to advance to the Guarantor a Term Loan in accordance with the relevant Subordinated Loan Agreement in an amount equal to the purchase price to be paid by the Guarantor for the Eligible Assets and/or Top-Up Assets to be transferred by such other Seller.

The Guarantor will not be allowed under the Cover Pool Management Agreement to purchase Eligible Assets and/or Top-Up Assets from any other entities that are not part of the UBI Banca Group.

If, within the Test Grace Period, the relevant breach of the Tests is not remedied in accordance with the terms of the Cover Pool Management Agreement, the Representative of the Covered Bondholders will deliver:

1. an Issuer Default Notice to the Issuer and the Guarantor; or
2. a Guarantor Default Notice, if an Issuer Default Notice has already been served (*provided that*, should such Issuer Default Notice consist of an Article 74 Event, it has not served an Article 74 Event Cure Notice).

Upon receipt of an Issuer Default Notice or a Guarantor Default Notice, the Guarantor shall dispose of the assets included in the Cover Pool.

After the service of an Issuer Default Notice on the Issuer and the Guarantor, but prior to service of a Guarantor Default Notice, the Guarantor will sell, refinance or otherwise liquidate the Eligible Assets and Top-Up Assets included in the Cover Pool, subject to the rights of pre-emption in favour of the Sellers to buy such Eligible Assets and, if applicable, Top-Up Assets pursuant to the relevant Master Loans Purchase Agreements, *provided that*, in case the Issuer Event of Default consists of an Article 74 Event, such provisions will only apply for as long as the Representative of the Covered Bondholders will have delivered an Article 74 Event Cure Notice.

The Eligible Assets to be sold or liquidated will be selected from the Cover Pool by the Master Servicer on behalf of the Guarantor (any such Eligible Assets, together with any relevant Top-Up Assets, the "**Selected Assets**") and the proceeds from any sale of Selected Assets shall be credited to the Reserve Fund Account and applied as part of the Guarantor Available Funds in accordance with the applicable Priority of Payments. The Selected Assets shall be selected on a random basis and so to ensure that the ratio between the aggregate Outstanding Principal Balance of the Cover Pool and the Outstanding Principal Amount of all Series of Covered Bonds remains unaltered both prior to and following the sale or liquidation of the relevant Selected Assets and repayment of the Earliest Maturing Covered Bonds.

Before offering Selected Assets for sale or liquidating them, the Guarantor shall ensure that the Selected Assets have an aggregate Outstanding Principal Balance in an amount which is as close as possible to:

1. the Outstanding Principal Amount in respect of the Earliest Maturing Covered Bonds, multiplied by  $1 + \text{Negative Carry Factor} \times (\text{days to maturity of the relevant Series of Covered Bonds}/365)$ ; *minus*
2. amounts standing to the credit of the Luxembourg Principal Collection Accounts; *minus*
3. the principal amount of any Top-Up Assets consisting of deposits,

excluding, with respect to items 2 and 3 above, all amounts to be applied on the next following Guarantor Payment Date to repay higher ranking amounts in the applicable Priority of Payments (the "**Required Outstanding Principal Balance**").

The Guarantor will offer the Selected Assets for sale or liquidate them for the best price or proceeds reasonably available but in any event for an amount not less than the Required Outstanding Principal Balance (the "**Required Outstanding Principal Balance Amount**").

If the Selected Assets have not been sold or otherwise liquidated in an amount equal to the Required Outstanding Principal Balance Amount by the date which is six months prior to, as applicable, the Maturity Date (if the

relevant Series of Covered Bonds is not subject to an Extended Maturity Date) or the Extended Maturity Date (if the relevant Series of Covered Bonds is subject to an Extended Maturity Date) of the Earliest Maturing Covered Bonds, and the Guarantor does not have sufficient other funds standing to the credit of the Accounts available to repay the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), then the Guarantor will offer the Selected Assets for sale or liquidate them for the best price reasonably available notwithstanding that such amount may be less than the Required Outstanding Principal Balance Amount.

With respect to any sale or liquidation to be carried out, the Guarantor shall instruct the Portfolio Manager (as defined below) — to the extent possible taking into account the time left before the Maturity Date or Extended Maturity Date (if applicable) of the Earliest Maturing Covered Bonds — to sell or liquidate any Top-Up Assets included in the Cover Pool before any Eligible Assets are sold in accordance herewith.

The Guarantor may offer for sale or otherwise liquidate part of any portfolio of Selected Assets (a "**Partial Portfolio**"). Except in certain circumstances described in the Cover Pool Management Agreement, the sale price or liquidation proceeds of the Partial Portfolio (as a proportion of the Required Outstanding Principal Balance Amount) shall be at least equal to the proportion that the Partial Portfolio bears to the relevant portfolio of Selected Assets.

Upon the occurrence of an Issuer Event of Default, the Guarantor will through a tender process (to be carried out by the Guarantor Corporate Servicer on behalf of the Guarantor) appoint a portfolio manager (the "**Portfolio Manager**") of recognised standing on a basis intended to incentivise the Portfolio Manager to achieve the best proceeds for the sale or liquidation of the Selected Assets (if such terms are commercially available in the market) and to advise it in relation to the sale to purchasers (except where a Seller is buying the Selected Assets in accordance with its right of pre-emption under the Master Loans Purchase Agreement) or liquidation of the Selected Assets. The terms of the agreement giving effect to the appointment in accordance with such tender, as well as the terms and conditions of the sale of the Selected Assets, shall be approved by the Representative of the Covered Bondholders.

Following the delivery of an Issuer Default Notice consisting of an Article 74 Event, the obligation of the Guarantor to sell or liquidate Selected Assets, as described above, shall cease to apply starting from the date on which the Representative of the Covered Bondholders delivers to the Issuer, the Sellers, the Guarantor and the Asset Monitor an Article 74 Event Cure Notice in accordance with the provisions of the Covered Bond Guarantee.

Following the delivery by the Representative of the Covered Bondholders of a Guarantor Default Notice, the Guarantor shall immediately sell or liquidate all assets included in the Cover Pool in accordance with the procedures described above and the proceeds thereof will be applied as Guarantor Available Funds, *provided that* the Guarantor (or, in the absence, the Representative of the Covered Bondholders) will instruct the Portfolio Manager to use all reasonable endeavours to procure that such sale or liquidation is carried out as quickly as reasonably practicable taking into account the market conditions at that time.

#### *Governing law*

The Cover Pool Management Agreement is governed by Italian law.

#### **The Swap Agreements**

##### *Liability Swap Agreements*

The Guarantor may enter into one or more Liability Swap Agreements on each Issue Date with one or more Liability Swap Providers to hedge certain interest rate, currency and other risks in respect of amounts payable by the Guarantor in respect of the Series of Covered Bonds issued on that Issue Date. The aggregate notional amount of the Liability Swap Agreements entered into on each Issue Date shall be linked to the Outstanding Principal Amount of the relevant Series of Covered Bonds.

##### *Asset Swap Agreements*

Some of the Mortgage Loans in the portfolio purchased by the Guarantor from each Seller from time to time will pay a variable rate of interest and other Mortgage Loans will pay a fixed rate of interest. The Guarantor may enter into an Asset Swap Agreement with each Seller in its capacity as Asset Swap Provider to ensure that it has



sufficient funds to meet its monthly payment obligations and hedge variations between the rate of interest payable on Mortgage Loans in the portfolio purchased from that Asset Swap Provider as Seller and EURIBOR.

### **Mandate Agreement**

On 2 April 2012, the Guarantor and the Representative of the Covered Bondholders entered into a mandate agreement (the "**Mandate Agreement**"), pursuant to which the Representative of the Covered Bondholders shall be authorised, subject to a Guarantor Default Notice being delivered to the Guarantor or upon failure by the Guarantor to exercise its rights under the Transaction Documents and, subject to certain conditions, to exercise, in the name and on behalf of the Guarantor, in the interest of the Covered Bondholders and for the benefit of the Other Creditors all the Guarantor's right with reference to certain Transaction Documents.

#### *Governing law*

The Mandate Agreement is governed by Italian law.

### **Deeds of Pledge**

#### *Deed of Pledge*

On 2 April 2012, the Guarantor, the Representative of the Covered Bondholders and the Other Creditors entered into the Deed of Pledge under which, without prejudice and in addition to any security, guarantee and other right provided by the Securitisation and Covered Bond Law, the Luxembourg Deed of Pledge and the Deed of Charge, securing the discharge of the Guarantor's obligations to the Covered Bondholders and the Other Creditors, the Guarantor has pledged in favour of the Covered Bondholders and the Other Creditors all monetary claims and rights and all the amount arising (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Guarantor is or will be entitled to from time to time pursuant to certain Transaction Documents, with the exclusion of the Cover Pool and the Collections. The security created pursuant to the Deed of Pledge will become enforceable upon the service of a Guarantor Default Notice.

#### *Luxembourg Deed of Pledge*

On 2 April 2012, the Guarantor and the Representative of the Covered Bondholders entered into the Luxembourg Deed of Pledge under which the Guarantor has pledged in favour of the Covered Bondholders and the Other Creditors any claim standing to the credit balance of the Luxembourg Accounts as well as any other claim the Guarantor may have against the Luxembourg Account Bank in relation to the Luxembourg Accounts regardless of the nature thereof and including, for the avoidance of doubt, any pecuniary claim for the payment of the relevant credit balance as well as any other pecuniary claim, regardless of the nature thereof in relation to the Luxembourg Accounts, including, for the avoidance of doubt, any pecuniary claim for the payment of the interests paid into the Accounts. The security created pursuant to the Luxembourg Deed of Pledge will become enforceable upon the service of a Guarantor Default Notice.

#### *Governing law*

The Luxembourg Deed of Pledge is governed by Luxembourg law.

#### *Luxembourg Account Bank Deed of Guarantee*

On 12 December 2013, Unione di Banche Italiane S.c.p.A. as Luxembourg Account Bank Guarantor and UBI Finance CB 2 S.r.l. as Luxembourg Account Bank Guarantee Beneficiary, entered into the Luxembourg Account Bank Deed of Guarantee pursuant to which the Luxembourg Account Bank Guarantor has irrevocably and unconditionally granted to the Luxembourg Account Bank Guarantee Beneficiary an autonomous first demand guarantee (*garanzia autonoma a prima richiesta*) pursuant to which it has guaranteed to the Luxembourg Account Bank Guarantee Beneficiary the due and punctual observance and performance by the Luxembourg Account Bank of all of its obligations under or pursuant to the Cash Allocation, Management and Payments Agreement and has agreed to pay to the Luxembourg Account Bank Guarantee Beneficiary from time to time on first demand by the Luxembourg Account Bank Guarantee Beneficiary all sums of money which the Luxembourg Account Bank will be at any time liable to pay to the Luxembourg Account Bank Guarantee Beneficiary under or pursuant to the Cash Allocation, Management and Payments Agreement and which have become due and payable for any reasons whatsoever under the Cash Allocation, Management and Payments Agreement but have not been paid at the time such demand is made.

*Governing law*

The Luxembourg Account Bank Deed of Guarantee is governed by Italian law.

**Deed of Charge**

The Guarantor may enter into the Deed of Charge with the Representative of the Covered Bondholders pursuant to which, without prejudice and in addition to any security, guarantees and other rights provided by the Securitisation and Covered Bond Law and the Deeds of Pledge securing the discharge of the Guarantor's obligations to the Covered Bondholders and the Other Creditors, the Guarantor will assign in favour of the Representative of the Covered Bondholders as trustee for the Covered Bondholders and the Other Creditors all of its right, title, benefit and interest under the Swap Agreements as at that date and agree to create security over other swap agreements (excluding those entered into by Italian counterparties which will be subject to the Deed of Pledge) entered into by it from time to time thereafter.

*Governing law*

The Deed of Charge is governed by English law.

**Corporate Services Agreement**

The Guarantor Corporate Servicer and the Guarantor have entered into a corporate services agreement with the Guarantor Corporate Servicer on 29 February 2012 (the "**Corporate Services Agreement**"), pursuant to which the Guarantor Corporate Servicer has agreed to provide certain corporate and administrative services to the Guarantor

*Governing law*

The Corporate Services Agreement is governed by Italian law.

**Quotaholders' Agreement**

For a description of the Quotaholders' Agreement, see "*The Guarantor*".

## CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured, unconditional obligations of the Issuer. The Guarantor has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default, service by the Representative of the Covered Bondholders of an Issuer Default Notice on the Issuer and on the Guarantor or, if earlier, following the occurrence of a Guarantor Event of Default, service by the Representative of the Covered Bondholders of a Guarantor Default Notice on the Guarantor.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Covered Bondholders, as follows:

- the Covered Bond Guarantee provides credit support;
- the Statutory Tests are periodically performed with the intention of ensuring that the Cover Pool is at all times sufficient to repay the Covered Bonds;
- the Amortisation Test is periodically performed, following the occurrence of an Issuer Event of Default and service of an Issuer Default Notice on the Issuer and the Guarantor, for the purpose of testing the asset coverage of the Guarantor's assets in respect of the Covered Bonds;
- a Reserve Fund Account will be established which will build up over time using excess cash flow from Interest Available Funds and Principal Available Funds, in order to ensure that the Guarantor will have sufficient funds set aside to fulfil its obligation to pay interest accruing with respect to the Covered Bonds; and
- the swap agreements that may be entered into in order to hedge certain interest rate, currency or other risks, in respect of amounts received and amounts payable by the Guarantor.

Certain of these factors are considered more fully in the remainder of this section.

### Guarantee

The Covered Bond Guarantee provided by the Guarantor guarantees payment of Guaranteed Amounts when they become due for payment in respect of all Covered Bonds issued under the Programme.

See "*Overview of the Transaction Documents — Covered Bond Guarantee*" above, as regards the terms of the Covered Bond Guarantee. See "*Cashflows — Guarantee Priority of Payments*" further, as regards the payment of amounts payable by the Guarantor to Covered Bondholders and the Other Issuer Creditors following the occurrence of an Issuer Event of Default.

### Compliance with the Tests

Under the terms of the Cover Pool Management Agreement, each Relevant Seller (as defined under the Cover Pool Management Agreement) (and failing which, the Issuer, failing which, the other Seller(s)) must ensure that, on each Calculation Date prior to service of an Issuer Default Notice, the Cover Pool is in compliance with the Tests described below. If on any Calculation Date the Cover Pool is not in compliance with the Tests, then the Relevant Seller (and failing which, the Issuer, failing which, the other Seller(s)) will sell Eligible Assets or Top-Up Assets to the Guarantor for an amount sufficient to allow the Tests to be met on the next following Calculation Date, in accordance with the relevant Master Loans Purchase Agreements and the Cover Pool Management Agreement, to be financed through the proceeds of Term Loans to be granted by the Relevant Seller(s), and/or the Issuer and/or the other Seller(s) (each only in respect of the Eligible Assets and/or Top-Up Assets transferred by it).

### Statutory Tests

The Statutory Tests are intended to ensure that the Guarantor can meet its obligations under the Covered Bond Guarantee. In order to ensure that the statutory tests provided for under Article 3 of Decree No. 310 (the "**Statutory Tests**") are satisfied and that the Cover Pool is at all times sufficient to repay the Covered Bonds, each Seller (and failing the Seller to do so, the Issuer) must ensure that the three tests set out below are satisfied on each Calculation Date.

### ***Nominal Value Test***

The Calculation Agent shall verify that on each Calculation Date, the aggregate Outstanding Principal Balance of the Cover Pool shall be higher than or equal to the Outstanding Principal Amount of all Series of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Final Terms at the relevant Calculation Date.

For the purpose of the above, the Calculation Agent shall consider the Outstanding Principal Balance of the Cover Pool as an amount equal to the "**Nominal Value**", which will be calculated on each Calculation Date, by applying the following formula:

$$A + B + C - Y - W - Z$$

where,

"A" stands for the "**Adjusted Outstanding Principal Balance**" of each Mortgage Loan, in the Cover Pool as at the relevant Calculation Date, which shall be the lower of:

(i) the actual Outstanding Principal Balance of the relevant Mortgage Loan as calculated on the relevant Calculation Date; and

(ii) the Latest Valuation relating to that Mortgage Loan multiplied by M,

where

(a) for all Residential Mortgage Loans that are not Defaulted Loans,  $M = 0.80$ ;

(b) for all Commercial Mortgage Loans that are not Defaulted Loans,  $M = 0.60$ ; and

(c) for all Mortgage Loans that are Defaulted Loans  $M = 0$ ;

*minus*

the aggregate sum of the following deemed reductions to the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Cover Pool, if any of the following occurred during the previous Calculation Period:

1. a Mortgage Loan (or any security granted in relation thereto, the "**Related Security**") was, in the immediately preceding Calculation Period, in breach of the representations and warranties contained in the Warranty and Indemnity Agreement or was subject to any other obligation of the relevant Seller to repurchase the relevant Mortgage Loan and its Related Security, and in each case the Seller has not repurchased the Mortgage Loan or Mortgage Loans of the relevant Debtor to the extent required by the terms of the Master Loans Purchase Agreement (each such loan being an "**Affected Loan**"). In this event, the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Cover Pool (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Adjusted Outstanding Principal Balance of the relevant Affected Loan or Affected Loans (as calculated on the relevant Calculation Date); and/or

2. the Issuer (in its capacity as Seller) or any other Seller, in the preceding Calculation Period, was in breach of any other material warranty under the relevant Master Loans Purchase Agreement and/or the Master Servicer or any Service Provider was, in the preceding Calculation Period, in breach of a material term of the Master Servicing Agreement. In this event, the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Cover Pool (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the Guarantor in the immediately preceding Calculation Period (such financial loss to be calculated by the Guarantor or on its behalf without double counting and to be reduced by any amount paid (in cash or in kind) to the Guarantor by the Issuer, the relevant Seller and/or the Master Servicer or the relevant Service Provider to indemnify the Guarantor for such financial loss);

*multiplied* by the Asset Percentage;

- "B" stands for the aggregate amount standing to the credit of the Luxembourg Principal Collection Accounts, the principal amount standing to credit of the Italian Collection Accounts and the principal amount of any Eligible Assets and Top-Up Assets qualifying as Eligible Investment;
- "C" stands for the aggregate Outstanding Principal Balance of any Eligible Assets other than Mortgage Loans, provided that any such Eligible Assets (other than Mortgage Loans and Eligible Investments) will be weighted according to the then applicable Rating Agency's criteria;
- "Y" is equal to the Potential Set-Off Amount;
- "W" is equal to (i) nil, if any of the remedies under Clause 8-bis of the Master Servicing Agreement have been implemented; or (ii) otherwise, the Commingling Amount; and
- "Z" stands for the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding multiplied by the aggregate Principal Amount of the Covered Bonds multiplied by the Negative Carry Factor.

The "**Asset Percentage**" means the lower of (i) 100.00 per cent and (ii) such other percentage figure as may be determined by the Issuer and notified to the Guarantor, the Calculation Agent, the Representative of the Covered Bondholders and the Rating Agency. Such new figure of the Asset Percentage shall be set out in the Investors Report and shall thus form part of the calculation of the Nominal Value Test.

#### ***Net Present Value Test***

The Issuer and the Sellers shall ensure that the Net Present Value of the Cover Pool shall be higher than or equal to the Net Present Value of the Covered Bonds at the relevant Calculation Date.

The "**Net Present Value of the Cover Pool**" is an amount equal to:

$$A + B$$

where:

"A" stands for the net present value of all Eligible Assets and Top Up Assets comprised in the Cover Pool minus the payments to be made in priority to or *pari passu* with the amounts to be paid in relation to the Covered Bonds in accordance with the relevant Priority of Payments; and

"B" stands for the net present value of any and each Asset Swap Agreement, if any, and Liability Swap Agreement.

The "**Net Present Value of the Covered Bonds**" is an amount equal to the value resulting from discounting at a given discount rate a series of future payments or incomes (as the case may be) of the Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Final Terms.

#### ***Interest Coverage Test***

The Issuer and the Sellers must ensure that on each Calculation Date the amount of interest and other revenues generated by the assets included in the Cover Pool, net of the costs borne by the Guarantor (including the payments of any nature expected to be borne or due with respect to any Swap Agreement), shall be higher than the amount of interest due on all Series of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Final Terms at the relevant Calculation Date, taking into account the Swap Agreements entered into in connection with the Programme.

The Interest Coverage Test will be considered met if, on the relevant Calculation Date, the Expected Revenue Income (as defined below) is in an amount equal to or greater than the Expected Revenue Liability (as defined below), both as calculated on the relevant Calculation Date.

The "**Expected Revenue Income**" will be an amount calculated on each Calculation Date by applying the following formula:

$$A+B+C+Y$$

where,

- "A" stands for the aggregate amount standing to the credit of the Luxembourg Interest Collection Accounts and the Reserve Fund Account and the interest amount standing to the credit of the Italian Collection Accounts as of the relevant Calculation Date;
- "B" stands for any payments that the Guarantor is expected to receive under any Swap Agreement as at the end of the relevant Collection Period;
- "C" stands for the interest component of all the Instalments falling due from the relevant Calculation Date to the date falling 12-months thereafter (such interest payments to be calculated with respect to the applicable interest rates as of the relevant Calculation Date); and
- "Y" stands for any amount in respect of interest expected to be received from the Eligible Investments existing as of such date.

The "**Expected Revenue Liability**" will be an amount calculated on each Calculation Date by applying the following formula:

$$D+E+F$$

where,

- "D" stands for the aggregate amount of all interest payments due under all outstanding Series of Covered Bonds on the Interest Payment Dates falling in the period starting from the relevant Calculation Date and ending on the date falling 12-months thereafter (such interest payments to be calculated with respect to the applicable interest rates as of the relevant Calculation Date);
- "E" stands for any Senior Liabilities (net of any amounts credited to the Reserve Fund Account and payments made under any and all Swap Agreements) expected to be borne by the Guarantor during the period starting from the relevant Calculation Date and ending on the date falling 12-months thereafter; and
- "F" stands for any payments expected to be borne or due by the Guarantor under any Swap Agreement as at the end of the relevant Collection Period.

The Interest Coverage Test will:

- (i) be met if  $A+B+C+Y \geq D+E+F$ ; or
- (ii) not be met if  $A+B+C+Y < D+E+F$ .

***Amortisation Test***

The Amortisation Test is intended to ensure that, following an Issuer Event of Default, the service of an Issuer Default Notice on the Issuer and on the Guarantor (but prior to service on the Guarantor of a Guarantor Default Notice), the Cover Pool contains sufficient assets to enable the Guarantor to meet its obligations under the Covered Bond Guarantee. The Amortisation Test will be considered met if, on the relevant Calculation Date, the Amortisation Test Aggregate Loan Amount is an amount at least equal to the Outstanding Principal Amount of the issued Covered Bonds as calculated on the relevant Calculation Date. If the Amortisation Test Aggregate Loan Amount is less than the Outstanding Principal Amount of the issued Covered Bonds, then the Amortisation Test will be deemed to be breached and if such breach is not remedied by the Relevant Seller(s) (or failing which, the Issuer or, failing the Issuer, the other Seller(s)) by the 3<sup>rd</sup> (third) following Calculation Date, a Guarantor Default Notice will be served by the Representative of the Covered Bondholders on the Guarantor causing the acceleration of the Covered Bonds and a demand for enforcement of the Covered Bond Guarantee. The Calculation Agent, whilst Covered Bonds are outstanding, will immediately notify the Representative of the Covered Bondholders of any breach of the Amortisation Test. Following a Guarantor Default Notice, the Guarantor will be required to make payments in accordance with the Post-Enforcement Priority of Payments.

The "**Amortisation Test Aggregate Loan Amount**" will be calculated on each Calculation Date as follows:

$$A + B + C - Z$$

where,

"A" stands for the aggregate "**Adjusted Outstanding Principal Balance**" of each Mortgage Loan in the Cover Pool as at the relevant Calculation Date, which shall be the lower of:

- (i) the actual Outstanding Principal Balance of the relevant Mortgage Loan as calculated on the relevant Calculation Date; and
- (ii) the Latest Valuation relating to that Mortgage Loan multiplied by M,

where

(a) for all Residential Mortgage Loans that are not Defaulted Loans,  $M = 0.80$ ;

(b) for all Commercial Mortgage Loans that are not Defaulted Loans,  $M = 0.60$ ; and

(c) for all Mortgage Loans that are Defaulted Loans  $M = 0$ ;

"B" stands for the aggregate amount standing to the credit of the Luxembourg Principal Collection Accounts and the principal amount of any Top-Up Assets or Eligible Assets qualifying as Eligible Investment;

"C" stands for the aggregate Outstanding Principal Balance of any Eligible Assets other than Mortgage Loans; and

"Z" stands for the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding multiplied by the aggregate Outstanding Principal Amount of the Covered Bonds multiplied by the Negative Carry Factor.

#### ***Reserve Fund Account***

The Reserve Fund Account is held in the name of the Guarantor for the purpose of setting aside, on each Guarantor Payment Date, the relevant Reserve Fund Amount. Such Reserve Fund Amount will be determined on each Calculation Date in an amount sufficient to ensure that, in the event that a payment is required to the Guarantor under the Covered Bond Guarantee, the Guarantor would have sufficient funds set aside and readily available to pay (i) (A) interest accruing in respect of all outstanding Series of Covered Bonds during the immediately following Calculation Period (such that, if Liability Swap Agreements are in place for a Series of Covered Bonds, such interest amounts accruing will be the higher of the amount due to the Liability Swap Provider or the amount due to the Covered Bondholders of such Series, and if Liability Swap Agreements are not in place for a Series of Covered Bonds, such interest amounts accruing will be the amount due the Covered Bondholders of such Series) as calculated by the Calculation Agent on or prior to each Calculation Date, *plus* (B) prior to the service of an Issuer Default Notice, the aggregate amount to be paid by the Guarantor on the second Guarantor Payment Date following the relevant Calculation Date in respect of the items (*First*) to (*Third*) of the Pre-Issuer Event of Default Interest Priority of Payments, as calculated by the Calculation Agent; *plus* (ii) any additional amount that the Issuer has voluntarily resolved to accumulate as reserve in order to create an additional stock to procure that the Statutory Tests are met with respect to the Cover Pool. The required Reserve Fund Amount will be credited by the Guarantor to the Reserve Fund Account on each Guarantor Payment Date in accordance with the Pre-Issuer Event of Default Interest Priority of Payments and the Pre-Issuer Event of Default Principal Priority of Payments.

## CASHFLOWS

As described above under "*Credit Structure*", until an Issuer Default Notice is served on the Issuer and the Guarantor, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not it has received any corresponding payment from the Guarantor.

This section summarises the cashflows of the Guarantor only, as to the allocation and distribution of amounts standing to the credit of the Accounts and their order of priority (all such orders of priority, the "**Priority of Payments**") (a) prior to an Issuer Event of Default and a Guarantor Event of Default, (b) following an Issuer Event of Default (but prior to a Guarantor Event of Default) and (c) following a Guarantor Event of Default.

### Definitions

For the purposes hereof:

"**Interest Available Funds**" means, in respect of any Calculation Date, the aggregate of:

- (a) interest collected by the Master Servicer or any Sub-Servicer in respect of the Cover Pool (other than the interests due and taken into account for the purpose of the Individual Purchase Price of each Receivable) and credited into the Luxembourg Interest Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (b) all recoveries in the nature of interest and fees received by the Master Servicer or any Sub-Servicer and credited to the Luxembourg Interest Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (c) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the Collection Period preceding the relevant Calculation Date;
- (d) any payment received on or immediately prior to such Guarantor Payment Date from any Swap Provider other than any Swap Collateral Excluded Amounts;
- (e) all interest amounts received from any Seller by the Guarantor pursuant to the relevant Master Loans Purchase Agreement;
- (f) the Reserve Fund Amount standing to the credit of the Reserve Fund Account; and
- (g) any amounts (other than the amounts already allocated under other items of the Guarantor Available Funds) received by the Guarantor from any party to the Transaction Documents.

"**Individual Purchase Price**" means, with respect to each Receivable transferred pursuant to the Master Loan Purchase Agreements: (i) the *Ultimo Valore di Iscrizione in Bilancio* (as defined under the Master Definition Agreement) of the relevant Receivable minus all principal and interest collections (with respect only to the amounts of interest which constitute the *Ultimo Valore di Iscrizione in Bilancio*) received by the Seller with respect to the relevant Receivables from the date of the most recent financial statements of the Seller up to the relevant Transfer Date (included) and increased of the amount of interest accrued and not yet collected on such Receivables during the same period; or, at the option of the relevant Seller (ii) such other value, as indicated by the relevant Seller in the Transfer Notice, as will allow the Seller to consider each duty or tax due as if the relevant Receivables had not been transferred for the purpose of article 7-bis, sub-paragraph 7, of the Securitisation and Covered Bond Law.

"**Principal Available Funds**" means, in respect of any Calculation Date, the aggregate of:

- (a) all principal amounts (and any interest amount taken into account for the purpose of the Individual Purchase Price of each Receivable) collected by the Master Servicer or any Sub-Servicer in respect of the Cover Pool and credited to the Luxembourg Principal Collection Accounts net of the amounts applied to purchase Eligible Assets and Top-Up Assets during the Collection Period preceding the relevant Calculation Date;



- (b) all other recoveries in the nature of principal received by the Master Servicer or any Sub-Servicer and credited to the Luxembourg Principal Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (c) all principal amounts received from each Seller by the Guarantor pursuant to the relevant Master Loans Purchase Agreement;
- (d) the proceeds of any disposal of Eligible Assets and any disinvestment of Top-Up Assets;
- (e) where applicable, any swap principal payable under the Swap Agreements other than any Swap Collateral Excluded Amounts; and
- (f) all the amounts allocated pursuant to item *Sixth* of the Pre-Issuer Event of Default Interest Priority of Payments.

***Pre-Issuer Event of Default Interest Priority of Payments***

Prior to service of an Issuer Default Notice on the Guarantor and the Issuer or service of a Guarantor Default Notice on the Guarantor, Interest Available Funds will be applied by or on behalf of the Guarantor on each Guarantor Payment Date in making the following payments and provisions (the "**Pre-Issuer Event of Default Interest Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *First*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Expenses of the Guarantor (or make provision for any Expenses of the Guarantor which will be due before the next Guarantor Payment Date);
- (b) *Second*, to pay any amount due and payable to the Representative of the Covered Bondholders;
- (c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Service Providers, the Italian Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the Luxembourg Account Bank and the Principal Paying Agent;
- (d) *Fourth*, where applicable, to pay any amounts due and payable to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party) other than the swap principal;
- (e) *Fifth*, to transfer to the Reserve Fund Account the relevant Reserve Fund Amount;
- (f) *Sixth*, to allocate to the Principal Available Funds an amount equal to the amounts, if any, allocated on the immediately preceding Guarantor Payment Date and on any preceding Guarantor Payment Date pursuant to item (b) of the Pre Issuer Event of Default Principal Priority of Payments, net of any amount already allocated under this item six on any previous Guarantor Payment Date;
- (g) *Seventh*, to pay any payments due and payable by the Guarantor to any Swap Provider not paid under item Fourth above; and
- (h) *Eighth*, to pay any Premium due to the Subordinated Lenders under the relevant Term Loans.

**Pre-Issuer Event of Default Principal Priority of Payments**

Prior to service of an Issuer Default Notice on the Issuer and the Guarantor or service of a Guarantor Default Notice on the Guarantor, all Principal Available Funds will be applied by or on behalf of the Guarantor on each Guarantor Payment Date in making the following payments and provisions (the "**Pre-Issuer Event of Default Principal Priority of Payments**"):

- (a) *First*, to pay any swap principal due to any Swap Provider;

- (b) *Second*, to transfer any amounts to the Reserve Fund Account necessary in order to make up any shortfall in the Reserve Fund Amount;
- (c) *Third*, to repay the Term Loans advanced by the Subordinated Lenders under the relevant Subordinated Loan Agreements, provided the Tests and the Relevant Portfolio Test are complied with and the relevant Subordinated Lender has requested the repayment of the relevant Subordinated Loan pursuant to clause 6.2 of the relevant Subordinated Loan Agreement; and
- (d) *Fourth*, to the extent that any Subordinated Lender has not received amounts as repayment of the Term Loans under item (c) *Third* above, to deposit, pursuant to clause 6.2.2 of the Subordinated Loan Agreements, the relevant amounts in the appropriate Luxembourg Principal Collection Account(s).

#### ***Guarantee Priority of Payments***

On each Guarantor Payment Date after the service of an Issuer Default Notice on the Issuer and the Guarantor (but prior to the service of a Guarantor Default Notice), the Guarantor Available Funds shall be applied at the direction of the Guarantor in making the following payments or provisions in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *First*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Expenses of the Guarantor owed to third parties;
- (b) *Second*, to pay any amount due and payable to the Representative of the Covered Bondholders;
- (c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Service Providers, the Italian Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the Luxembourg Account Bank and the Principal Paying Agent;
- (d) *Fourth*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amounts, other than in respect of principal, due and payable on such Guarantor Payment Date or during the period commencing on (and including) such Guarantor Payment Date and ending on (but excluding) the immediately following Guarantor Payment Date (the "**Guarantor Payment Period**") (i) to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party); and (ii) on the Covered Bonds;
- (e) *Fifth*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amounts in respect of principal due and payable on such Guarantor Payment Date or during the immediately following Guarantor Payment Period; (i) to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party); and (ii) on the Covered Bonds;
- (f) *Sixth*, to deposit in the Reserve Fund Account any cash balances until the Covered Bonds have been repaid in full or sufficient amounts have been accumulated to pay outstanding Covered Bonds;
- (g) *Seventh*, to pay any termination payments due and payable by the Guarantor to the Swap Providers not paid under item *Fourth* or *Fifth* above;
- (h) *Eighth*, to pay to the Sellers any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items above;
- (i) *Ninth*, to pay any principal due and payable to the Subordinated Lenders under the relevant Term Loans; and
- (j) *Tenth*, to pay any Premium due to the Subordinated Lenders under the relevant Term Loans.

### **Application of Moneys following Occurrence of a Guarantor Event of Default**

Following the occurrence of a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor, the Guarantor Available Funds will be applied in the following order of priority (the "**Post-Enforcement Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *First*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Expenses of the Guarantor owed to third parties;
- (b) *Second*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Representative of the Covered Bondholders and the remuneration due to any Receiver and any proper costs and expenses incurred by it;
- (c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Service Providers, the Italian Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the Luxembourg Account Bank and the Principal Paying Agent;
- (d) *Fourth*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof: (i) any amounts due and payable to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party); and (ii) any interest and any Outstanding Principal Amount due under all outstanding Series of Covered Bonds;
- (e) *Fifth*, to pay any termination payments due and payable by the Guarantor to any Swap Provider not paid under item *Fourth* above;
- (f) *Sixth*, to pay to the Sellers any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items above;
- (g) *Seventh*, to pay any principal due and payable to the Subordinated Lenders under the relevant Term Loans; and
- (h) *Eighth*, to pay any Premium due to the Subordinated Lenders under the relevant Term Loans.

## DESCRIPTION OF THE COVER POOL

The Cover Pool is comprised of (i) the Portfolio, which is in turn comprised of Mortgage Loans and related collateral assigned to the Guarantor by the Sellers in accordance with the terms of the Master Loans Purchase Agreement and (ii) any other Eligible Assets and Top-Up Assets held by the Guarantor.

The Initial Portfolio and each New Portfolio acquired by the Guarantor (the "**Portfolio**"), consists of Mortgage Loans sold by any of the Sellers to the Guarantor from time to time, in accordance with the terms of the Master Loans Purchase Agreement, as more fully described under "*Overview of the Transaction Documents — Master Loans Purchase Agreements*".

For the purposes hereof:

"**Initial Portfolio**" means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from each Seller pursuant to the relevant Master Loans Purchase Agreement;

"**New Portfolio**" means any portfolio of Receivables (other than the Initial Portfolio), comprising Eligible Assets, which may be purchased by the Guarantor from any Seller pursuant to the terms and subject to the conditions of the relevant Master Loans Purchase Agreement.

### Eligibility Criteria

The sale of Loans and their Related Security and the transfer of any other Eligible Asset or Top-Up Asset to the Guarantor will be subject to various conditions (the "**Eligibility Criteria**") being satisfied on the relevant Transfer Date (except as otherwise indicated). The Eligibility Criteria with respect to each asset type will vary from time to time but will at all times include criteria so that Italian law requirements are met.

The following assets (*attivi idonei* or "**Eligible Assets**") are considered eligible under Article 2, sub-paragraph 1, of Decree No. 310:

- (a) residential mortgage loans that have an LTV that does not exceed 80 per cent and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
- (b) commercial mortgage loans that have an LTV that does not exceed 60 per cent and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
- (c) receivables owed by, securities issued by, or receivables or securities which have the benefit of a guarantee eligible for credit risk mitigation granted by:
  - (i) public entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach; and
  - (ii) public entities, located outside the European Economic Area or Switzerland, for which a 0 per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach — or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach;
- (d) asset backed securities for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach — *provided that* at least 95 per cent. of the relevant securitised assets are:
  - (i) residential mortgage loans that have an LTV that does not exceed 80 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
  - (ii) commercial mortgage loans that have an LTV that does not exceed 60 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;

- (iii) receivables or securities satisfying the requirements indicated under item (c) above;

*provided that* the assets described under item (d)(ii) above may not amount to more than 10 per cent. of the aggregate nominal value of the Cover Pool.

### ***Eligibility Criteria for Residential Mortgage Loans***

Under the Master Loans Purchase Agreements, the relevant Sellers and the Guarantor have agreed the following common criteria (the “**Common Criteria**”) (see "*Overview of the Transaction Documents — Master Loans Purchase Agreements*" above) that will be applied in selecting the Residential Mortgage Loans that will be transferred thereunder to the Guarantor:

Receivables arising from loans:

- which are, alternatively: (A) residential mortgage receivables (i) with a risk weight not higher than 35 per cent. and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 80 per cent. of the value of the property, in accordance with Decree No. 310, or (ii) in case of a loan guaranteed by mortgage on more than one property, among which at least one is a residential property, which have a risk weight higher than 35 per cent. and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 80 per cent. of the value of the residential property; or (B) commercial mortgage receivables (i) with a risk weight not higher than 50 per cent. and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 60 per cent. of the value of the property, in accordance with Decree No. 310, or (ii) in case of a loan guaranteed by mortgage on more than one property, among which at least one is a commercial property, which have a risk weight higher than 50 per cent. and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 60 per cent. of the value of the commercial property;
- in respect of which the hardening period (*periodo di consolidamento*) applicable to the relevant mortgage has elapsed and the relevant mortgage is not capable of being challenged pursuant to Article 67 of the Bankruptcy Law and, if applicable, of article 39, fourth paragraph of the Consolidated Banking Act;
- loans granted or acquired by the relevant Seller;
- which are governed by Italian law;
- which are performing and in respect of which no instalments are due but not paid since more than thirty days from the relevant payment date;
- which do not include any clauses limiting the possibility for the relevant Seller to assign the receivables arising thereunder or providing the Debtor's consent for such assignment and the relevant Seller has obtained such consent;
- in relation to which at least one instalment has been paid by the relevant Debtor;
- which provide for all payments due by the Debtor thereunder to be made in Euro;
- which are fully disbursed;
- which have been granted to one individual (including individuals who are, or were on the relevant disbursement date, employees of any company of the UBI Banca Group), and entity (except for public entities, local entities, government entities and central banks) or more individuals or entities (*persone fisiche o giuridiche cointestatarie*);
- which provide for the payment by the relevant Debtor of a floating (determined each time by the relevant Seller) or fixed rate;

- the payment of which is secured by a first lien, or any following lien, mortgage (*ipoteca di primo grado o di grado successivo*).

## THE ASSET MONITOR

The Bank of Italy Regulations require that the Issuer appoints a qualified entity to be the asset monitor to carry out controls on the regularity of the transaction and the integrity of the Guarantee and, following the latest amendments to the Bank of Italy Regulations introduced by way of inclusion of the new Part III, Chapter 3 (*Obbligazioni Bancarie Garantite*) in Bank of Italy's Circular No. 285 of 17 December 2013, the information to be provided to investors.

Pursuant to the Bank of Italy Regulations, the asset monitor must be an independent auditor enrolled with the Register of Certified Auditors held by the Ministry for Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010 and the Ministerial Decree No. 145 of 20 June 2012 and shall be independent from the Issuer and any other party to the Programme and from the accounting firm who carries out the audit of the Issuer.

Based upon controls carried out, the asset monitor shall prepare annual reports, to be addressed also to the Statutory Auditors of the Issuer.

Mazars S.p.A., incorporated under the laws of the Republic of Italy, having its registered office at Corso di Porta Vigentina, 35, 20122, Milan, Italy, fiscal code No. 03099110177, and enrolment with the companies register of Milan No. 2027292; Mazars S.p.A. is included in the Register of Certified Auditors held by the Ministry for Economy and Finance – Stage general accounting office, at No. 41306.

Pursuant to an engagement letter entered into on 2 April 2012, the Issuer has appointed the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning, *inter alia*, i) the compliance with the issuing criteria set out in Decree No. 310 in respect of the issuance of covered bonds; (ii) the fulfilment of the eligibility criteria set out under Decree No. 310 with respect to the Eligible Assets and Top-Up Assets included in the Cover Pool; (iii) the compliance with the limits on the transfer of the Eligible Assets and Top-Up Assets set out under Decree No. 310; (iv) the compliance with the limits set out in Decree No. 310 with respect to covered bonds issued and the Eligible Assets and Top-Up Assets included in the Portfolios as determined in the Statutory Tests; and (v) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme.

The engagement letter is in line with the provisions of the Bank of Italy Regulations in relation to the monitoring activity and reports to be prepared and submitted by the Asset Monitor also to the Board of Statutory Auditors (*collegio sindacale*) of the Issuer.

The engagement letter provides for certain matters such as the payment of fees and expenses by the Issuer to the Asset Monitor and the resignation of the Asset Monitor.

The engagement letter is governed by Italian law.

Furthermore, on 2 April 2012, the Issuer, the Calculation Agent, the Asset Monitor, the Guarantor and the Representative of the Covered Bondholders entered into the Asset Monitor Agreement, as more fully described under "*Overview of the Transaction Documents — Asset Monitor Agreement*".

## DESCRIPTION OF CERTAIN RELEVANT LEGISLATION IN ITALY

*The following is a general description of the Italian Securitisation and Covered Bond Law (as defined below) and other legislation that may be relevant to investors in assessing the Covered Bonds, including recent legislation affecting the rights of mortgage borrowers. It does not purport to be a complete analysis of the legislation described below or of the other considerations relating to the Covered Bonds arising from Italian laws and regulations. Furthermore, this summary is based on Italian Legislation as in effect on the date of this Prospectus, which may be subject to change, potentially with retroactive effect. This description will not be updated to reflect changes in laws. Accordingly, prospective Covered Bondholders should consult their own advisers as to the risks arising from Italian legislations that may affect any assessment by them of the Covered Bonds.*

### **The Securitisation and Covered Bond Law**

The legal and regulatory framework with respect to the issue of covered bonds in Italy comprises the following:

- Article 7-bis and article 7-ter of the Law No. 130 of 30 April 1999 (as further amended and supplemented, the "**Italian Securitisation and Covered Bond Law**");
- the regulations issued by the Italian Ministry for the Economy and Finance on 14 December 2006 under Decree No. 310 (the "**MEF Regulation**");
- the C.I.C.R. Decree dated 12 April 2007; and
- Part III, Chapter 3 of the "*Disposizioni di Vigilanza per le Banche*" (Circolare No. 285 of 17 December 2013), as amended and supplemented from time to time (the "**Bank of Italy Instructions**").

Law Decree No. 35 of 14 March 2005, converted by Law No. 80 of 14 May 2005, amended the Italian Securitisation and Covered Bond Law by adding two new articles, Articles 7-bis and 7-ter, which enable banks to issue covered bonds. Articles 7-bis and 7-ter, however, required both the Italian Ministry of Economy and Finance and the Bank of Italy to issue specific regulations before the relevant structures could be implemented.

The Italian Securitisation and Covered Bond Law was further amended by Law Decree no. 143 of 23 December 2013 (the "**Destinazione Italia Decree**") as converted with amendments into Law n. 9 of 21 February 2014 and by Law Decree no. 91 of 24 June 2014 (the "**Decreto Competitività**") which has not yet been converted into law.

Following the issue of the MEF Regulation, the Bank of Italy Instructions were published on 17 May 2007, as subsequently amended on 24 March 2010 and further supplemented by Title V, Chapter 3 of the "*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*" (Circolare No. 263 of 27 December 2006), completing the relevant legal and regulatory framework and allowing for the implementation on the Italian market of this funding instrument, which has previously only been available under special legislation to specific companies (such as Cassa Depositi e Prestiti S.p.A.).

The Bank of Italy published new supervisory regulations on banks in December 2013 (Circolare of the Bank of Italy No. 285 of 17 December 2013) which came into force on 1 January 2014, implementing CRD IV Package and setting out additional local prudential rules concerning matters not harmonised on EU level. Following the publication on 24 June 2014 of the 5<sup>th</sup> update to Circular of the Bank of Italy No. 285 of 17 December 2013, which added a new Chapter 3 ("*Obbligazioni bancarie garantite*") in Part III contained therein, the provisions set forth under Title V, Chapter 3 of Circolare No. 263 of 27 December 2006 have been abrogated.

The Bank of Italy Instructions introduced provisions, among other things, regulating:

- the capital adequacy requirements that issuing banks must satisfy in order to issue covered bonds and the ability of issuing banks to manage risks;



- limitations on the total value of eligible assets that banks, individually or as part of a group, may transfer as cover pools in the context of covered bond transactions;
- criteria to be adopted in the integration of the assets constituting the cover pools;
- the identification of the cases in which the integration is permitted and its limits; and
- monitoring and surveillance requirements applicable with respect to covered bond transactions and the provision of information relating to the transaction.

### ***Basic structure of a covered bond issue***

The structure provided under Article 7-bis with respect to the issue of covered bonds may be summarised as follows:

- a bank transfers a pool of eligible assets (i.e. the cover pool) to an Article 7-bis special purpose vehicle (the "SPV");
- the bank grants the SPV a subordinated loan in order to fund the payment by the SPV of the purchase price due for the cover pool;
- the bank issues the covered bonds which are supported by a first demand, unconditional and irrevocable guarantee issued by the SPV for the exclusive benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction. The Guarantee is backed by the entire cover pool held by the SPV.

Article 7-bis however also allows for structures which contemplate different entities acting respectively as cover pool provider, subordinated loan provider and covered bonds issuer.

### ***The SPV***

The Italian legislator chose to implement the new legislation on covered bonds by supplementing the Italian Securitisation Law, thus basing the new structure on a well established platform and applying to covered bonds many provisions with which the market is already familiar in relation to Italian securitisations. Accordingly, as is the case with the special purpose entities which act as issuers in Italian securitisation transactions, the SPV is required to be established with an exclusive corporate object that, in the case of covered bonds, must be the purchaser of assets eligible for cover pools and the person giving guarantees in the context of covered bond transactions.

### ***The guarantee***

The MEF Regulation provides that the guarantee issued by the SPV for the benefit of the bondholders must be irrevocable, first-demand, unconditional and independent from the obligations of the issuer of the covered bonds. Furthermore, upon the occurrence of a default by the issuer in respect of its payment obligations under the covered bonds, the SPV must provide for the payment of the amounts due under the covered bonds, in accordance with their original terms and with limited recourse to the amounts available to the SPV from the cover pool. The acceleration of the issuer's payment obligations under the covered bonds will not therefore result in a corresponding acceleration of the SPV's payment obligations under the guarantee (thereby preserving the maturity profile of the covered bonds).

Upon an insolvency of the issuer, the SPV will be solely responsible for the payment obligations of the issuer owed to the covered bond holders, in accordance with their original terms and with limited recourse to the amounts available to the SPV from the cover pool. In addition, the SPV will be exclusively entitled to exercise the rights of the covered bond holders vis à vis the issuer's bankruptcy in accordance with the applicable bankruptcy law. Any amounts recovered by the SPV from the bankruptcy of the issuer become part of the cover pool.

Finally, if a moratorium is imposed on the issuer's payments, the SPV will fulfil the issuer's payment obligations, with respect to amounts which are due and payable and with limited recourse to the cover pool. The SPV will then have recourse against the issuer for any such payments.

***Segregation and subordination***

Article 7-bis provides that the assets comprised in the cover pool and the amounts paid by the debtors with respect to the receivables and/or debt securities included in the cover pool are exclusively designated and segregated by law for the benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction.

In addition, Article 7-bis expressly provides that the claim for reimbursement of the loan granted to the SPV to fund the purchase of assets in the cover pool is subordinated to the rights of the covered bond holders and of the hedging counterparties involved in the transaction.

***Exemption from claw-back***

Article 7-bis provides that the guarantee and the subordinated loan granted to fund the payment by the SPV of the purchase price due for the cover pool are exempt from the bankruptcy claw-back provisions set out in Article 67 of the Italian Bankruptcy Law (Royal Decree No. 267 of 16 March 1942).

In addition to the above, any payments made by an assigned debtor to the SPV may not be subject to any claw-back action according to Article 65 of the Italian Bankruptcy Law.

***The issuing bank***

The Bank of Italy Instructions provide that covered bonds may only be issued by banks which individually satisfy, or which belong to banking groups which, on a consolidated basis:

- have own funds of at least Euro 250,000,000; and
- have a minimum total capital ratio of not less than 9 per cent.

The Bank of Italy Instructions specify that the requirements above also apply to the bank acting as cover pool provider (in the case of structures in which separate entities act respectively as issuing bank and as cover pool provider).

The Bank of Italy Instructions furthermore provide that the total amount of eligible assets that a bank may transfer to cover pools in the context of covered bond transactions is subject to limitations linked to the tier 1 ratio and common equity tier 1 ratio of the individual bank (or of the relevant banking group, if applicable) as follows:

<b>Ratios</b>	<b>Transfer Limitations</b>
"A" range – Tier 1 ratio $\geq$ 9% – Common Equity Tier 1 ratio $\geq$ 8%	No limitation
"B" range – Tier 1 ratio $\geq$ 8% – Common Equity Tier 1 ratio $\geq$ 7%	Up to 60% of eligible assets may be transferred
"C" range – Tier 1 ratio $\geq$ 7% – Common Equity Tier 1 ratio $\geq$ 6%	Up to 25% of eligible assets may be transferred

The Bank of Italy Instructions clarify that the ratios provided with respect to each range above must be satisfied jointly: if a bank does not satisfy both ratios with respect to a specific range, the range applicable to it will be the following, more restrictive, range. Accordingly, if a bank (or the relevant banking group) satisfies the "b" range tier 1 ratio but falls within the "c" range with respect to its common equity tier 1 ratio, the relevant bank will be subject to the transfer limitations applicable to the "c" range.

In addition to the above, certain further amendments have been introduced in respect of the monitoring activities to be performed by the asset monitor.

### ***The Cover Pool***

For a description of the assets which are considered eligible for inclusion in a cover pool under Article 7-bis, see "*Description of the Cover Pool – Eligibility Criteria*".

#### Ratio between cover pool value and covered bond outstanding amount

The MEF Regulation provides that the cover pool provider and the issuer must continually ensure that, throughout the transaction:

- the aggregate nominal value of the cover pool is at least equal to the nominal amount of the relevant outstanding covered bonds;
- the net present value of the cover pool (net of all the transaction costs borne by the SPV, including in relation to hedging arrangements) is at least equal to the net present value of the relevant outstanding covered bonds;
- the interest and other revenues deriving from the cover pool (net of all the transaction costs borne by the SPV) are sufficient to cover interest and costs due by the issuer with respect to the relevant outstanding covered bonds, taking into account any hedging agreements entered into in connection with the transaction.

In respect of the above, under the Bank of Italy Instructions, strict monitoring procedures are imposed on banks for the monitoring of the transaction and of the adequacy of the guarantee on the cover pool. Such activities must be carried out both by the relevant bank and by an asset monitor, to be appointed by the bank, which is an independent accounting firm. The asset monitor must prepare and deliver to the issuing bank's board of auditors, on an annual basis, a report detailing its monitoring activity and the relevant findings.

The Bank of Italy Instructions require banks to carry out the monitoring activities described above at least every 6 months with respect to each covered bond transaction. Furthermore, the internal auditors of banks must comprehensively review every 12-months the monitoring activity carried out with respect to each covered bond transaction, basing such review, among other things, on the evaluations supplied by the asset monitor.

In addition to the above, pursuant to the Bank of Italy Instructions provide that the management body of the issuing bank must ensure that the internal structures delegated to the risk management verify at least every six months and for each transaction completeness, accuracy and timeliness of information available to investors pursuant to art. 129, paragraph 7, of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of the European Union of 26 June 2013.

In order to ensure that the monitoring activities above may be appropriately implemented, the Bank of Italy Instructions require that the entities participating in covered bond transactions be bound by appropriate contractual undertakings to communicate to the issuing bank, the cover pool provider and the entity acting as servicer in relation to the cover pool assets all the necessary information with respect to the cover pool assets and their performance.

### ***Substitution of assets***

The MEF Regulation and the Bank of Italy Instructions provide that, following the initial transfer to the cover pool, the eligible assets comprised in the cover pool may only be substituted or supplemented in order to ensure that the requirements described under "*Ratio between cover pool value and covered bond outstanding amount*", or the higher over-collateralisation provided for under the relevant covered bond transaction documents, are satisfied at all times during the transaction.

The eligible assets comprised in the cover pool may only be substituted or supplemented by means of:

- the transfer of further assets (eligible to be included in the cover pool in accordance with the criteria described above);
- the establishment of deposits held with banks ("**Qualified Banks**") which have their registered office in a member state of the European Economic Area or in Switzerland or in a state for which a 0 per cent. risk weight is applicable in accordance with the prudential regulations' standardised approach; and
- the transfer of debt securities, having a residual life of less than one year, issued by the Qualified Banks.

The MEF Regulation and the Bank of Italy Instructions, however, provide that the assets described in the last two paragraphs above, cannot exceed 15 per cent. of the aggregate nominal value of the cover pool. This 15 per cent. limitation must be satisfied throughout the transaction and, accordingly, the substitution of cover pool assets may also be carried out in order to ensure that the composition of the assets comprised in the cover pool continues to comply with the relevant threshold.

The Bank of Italy Instructions clarify that the limitations to the overall amount of eligible assets that may be transferred to cover pools described under "*The Issuing Bank*" above do not apply to the subsequent transfer of supplemental assets for the purposes described under this paragraph.

### **Suspension of payments**

In exceptional circumstances, pursuant to article 74 of the Consolidated Banking Act, one or more special administrator (*commissari straordinari*) appointed by the Bank of Italy, in order to protect the interests of the creditors, in consultation with an oversight committee composed of between three and five members (*comitato di sorveglianza*) and subject to an authorisation by the Bank of Italy, may suspend payment of the bank's liabilities and the restitution to customers of financial instruments. Payments may be suspended for a period of up to one month, which may be extended for an additional two months. During the suspension period forced executions or actions to perfect security interests involving the bank's properties or customers' securities may not be initiated or prosecuted. During the same period mortgages may not be registered on the bank's immovable property nor may any other rights of preference on the bank's movable property be acquired, except in the case of enforceable court orders issued prior to the beginning of the suspension period. The suspension shall not constitute insolvency.

If a resolution pursuant to Article 74 of the Consolidated Banking Act is passed in respect of the Issuer, the SPV, in accordance with Decree 310, shall be responsible for the payments of the amounts due and payable under the Covered Bonds within the entire period in which the suspension continues at their relevant due date, provided that it shall be entitled to claim any such amounts from the Issuer. For further details see section "*The Guarantor and the Covered Bond Guarantee - Suspension of Payments*" and section "*Overview of the Transaction Documents - Covered Bond Guarantee*".

### **Taxation**

Article 7-bis, sub-paragraph 7, provides that any tax is due as if the granting of the subordinated loan and the transfer of the cover pool had not taken place and as if the assets constituting the cover pool were registered as on-balance sheet assets of the cover pool provider, *provided that*:

- the purchase price paid for the transfer of the cover pool is equal to the most recent book value of the assets constituting the cover pool; and
- the subordinated loan is granted by the same bank acting as cover pool provider.

The provision described above would imply, as a main consequence, that banks issuing covered bonds will be entitled to include the receivables transferred to the cover pool as on-balance receivables for the purpose of tax deductions applicable to reserves for the depreciation on receivables in accordance with Article 106 of Presidential Decree No. 917 of 22 December 1986.

### *Certain Aspects of Italian Law relevant to Mortgage Loans*

Italian Law Decree No. 7 of 31 January 2007, as converted into law by Italian Law No. 40 of 2 April 2007 (the "**Bersani Decree**") and amended by Italian Law No. 244 of 24 December 2007 (the "**2008 Budget Law**"), provides for certain new measures for the protection of consumers' rights and the promotion of the competition in, inter alia, the Italian mortgage loan market. The new provisions of law facilitate the exercise by the borrowers of their right to the substitution (*portabilità*) of a mortgage loan with another mortgage loan and/or subrogation of a new bank into the rights of their creditors in accordance with article 1202 (*surrogazione per volontà del debitore*) of the Italian civil code, by eliminating the limits and costs previously borne by the borrowers for the exercise of such right. The recent Law Decree No. 78 of 1 July 2009 (as converted into law by the Italian Law No. 102 of 3 August 2009) provides, *inter alia*, that if the subrogation has not been executed within 30 days from the date of the assignee bank's request of the interbank collaboration procedures, the original bank shall indemnify the mortgage debtor an amount equal to 1 per cent. of the mortgage value for each month or part of a month of delay. In the event the delay is due to circumstances ascribed to the assignee bank, the original bank shall be entitled to recover from the assignee bank an amount equal to the indemnity paid to the mortgage debtor.

In addition, the 2008 Budget Law provided for the right of borrowers, under mortgage loans related to the purchase of the first house ("**prima casa**") and unable to pay the relevant instalments, to request the suspension of payments of instalments due under the relevant mortgage loans for a maximum of two times and for a maximum aggregate period of 18 months. The 2008 Budget Law also provided for the establishment of a fund (so called "*Fondo di solidarietà*", the "**Fund**") created for the purpose of bearing certain costs deriving from the suspension of payments and refers to implementing regulation to be issued for the determination of: (i) the requirements that the borrowers must comply with in order to have the right to the aforementioned suspension and the subsequent aid of the Fund; and (ii) the formalities and operating procedures of the Fund. In order to extend the operation of the Fund, article 6 of Law Decree No. 102 of 31 August 2013, as converted into law by Italian Law No. 124 of 28 October 2013, has provided for the allocation of an additional amount of Euro 20.000.000 to the Fund for each of the years 2014 and 2015.

Pending the enactment of the implementing regulation referred to above and given the novelty of the above described provisions, the impact thereof on the amortisation and prepayment profile of the Portfolio cannot be predicted by the Issuer as at the date of this Prospectus.

Further, Law Decree No. 93 of 27 May 2008 came into force on 29 May 2008, providing new legislation on the renegotiation of mortgage loan repayment plans for principal residence homeowners. Under the provisions of the new legislation, on 19 June 2008 the Ministry of Economy and Finance (*Ministero dell'economia e delle finanze*) and the Italian banking association (*Associazione bancaria italiana*) entered into a convention (the "**Convention**") for the renegotiation of floating rate mortgage loan agreements entered into prior to 29 May 2008 for the purposes of acquiring, building or refurbishing the mortgagor's only or main residence. The Convention is open to the adhesion of banks and financial intermediaries enrolled in the general register held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, including special purpose companies incorporated under the Italian Securitisation and Covered Bond Law, such as the Guarantor. The banks and financial intermediaries who adhere to the Convention shall, within 29 August 2008, propose to their clients meeting the requirements set out therein the renegotiation of the relevant mortgage loans. Pursuant to the new legislation, the instalments payable by the relevant debtors are recalculated by reference to the average of the floating interest

rates applied under the relevant loan during 2006 (or, in case of loans executed after 31 December 2006, by reference to the parameters used to calculate the first amortisation instalment), rendered fixed instalments starting from 1 January 2009 and thereafter applied on the outstanding debt for the entire duration of the loan. The difference between the amount of the instalments payable in accordance with the original amortisation plan and the amount of the fixed instalments so calculated will then be debited to an ancillary loan account accruing interest at the rate of IRS for 10 years plus a margin of 0.50 per cent per annum and repayable after the repayment of the renegotiated loan with the same fixed instalments. As of today it is unclear what impact this legislation will have on the residential mortgages loan market in Italy and on the level of prepayments which the Guarantor may experience, irrespective whether or not the Sellers (or the Issuer) elect to adhere itself to the convention.

The Bersani Decree also provides that any provision imposing a prepayment penalty in case of early redemption of mortgage loans is void with respect to mortgage loan agreements entered into, with an individual as borrower, on or after 2 February 2007 (being the date on which the Bersani Decree entered into force) for the purpose of purchasing or refurbishing real estate properties destined to residential purposes or to carry out the borrower's own professional and economic activity.

With respect to loan agreements entered into prior to the enactment of the Bersani Decree (i.e., prior to 2 February 2007), article 7, paragraph 5 of the Bersani Decree *provided that* the Italian banking association ("**ABI**") and the main national consumer associations were entitled to reach, within three months from 2 February 2007, an agreement regarding the equitable renegotiation of prepayment penalties within certain maximum limits calculated on the residual amount of the loans (in each instance, the "**Substitutive Prepayment Penalty**"). Had ABI and the relevant consumer associations failed to reach an agreement, the Bank of Italy would have determined the Substitutive Prepayment Penalty by 2 June 2007.

The agreement reached on 2 May 2007 between ABI and national consumer associations (the "**Prepayment Penalty Agreement**") contains the following main provisions (as described in an ABI press release dated May 2007):

- (iii) with respect to variable rate loan agreements – the Substitutive Prepayment Penalty should not exceed 0.50 per cent, and should be further reduced to: (a) 0.20 per cent, in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date;
- (ii) with respect to fixed rate loan agreements entered into before 1 January 2001 – the Substitutive Prepayment Penalty should not exceed 0.50 per cent. and should be further reduced to: (a) 0.20 per cent. in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date.
- (iii) with respect to fixed rate loan agreements entered into after 31 December 2000 – the Substitutive Prepayment Penalty should be equal to: (a) 1.90 per cent. if the relevant early redemption is carried out in the first half of loan's agreed duration; (b) 1.50 per cent. if the relevant early redemption is carried out following the first half of loan's agreed duration, *provided however that* the Substitutive Prepayment Penalty should be further reduced to: (x) 0.20 per cent. in case of early redemption of the loan carried out within three-years from the final maturity date; and (y) zero, in case of early redemption of the loan carried out within two years from the final maturity date.

The Prepayment Penalty Agreement introduces a further protection for borrowers under a "safeguard" equitable clause (the "**Clausola di Salvaguardia**") in relation to those loan agreements which already provide for a prepayment penalty in an amount which is compliant with the thresholds described above. In respect of such loans, the Clausola di Salvaguardia provides that:

- (i) if the relevant loan is either: (x) a variable rate loan agreement; or (y) a fixed rate loan agreement entered into before 1 January 2001; the amount of the relevant prepayment penalty shall be reduced by 0.20 per cent.;

- (ii) if the relevant loan is a fixed rate loan agreement entered into after 31 December 2000, the amount of the relevant prepayment penalty shall be reduced by (x) 0.25 per cent. if the agreed amount of the prepayment penalty was equal or higher than 1.25 per cent.; or (y) 0.15 per cent. if the agreed amount of the prepayment penalty was lower than 1.25 per cent.

Finally the Prepayment Penalty Agreement sets out specific solutions with respect to hybrid rate loans which are meant to apply to the hybrid rates the provisions, as more appropriate, relating respectively to fixed rate and variable rate loans.

In relation to the provisions of the Prepayment Penalty Agreement, it is expected that further interpretative and supplemental indications may be issued, the specific impact of which cannot be accurately anticipated at this time.

The Bersani Decree moreover includes other miscellaneous provisions (now incorporated in article 40-*bis* of the Consolidated Banking Act) relating to mortgage loans which include, *inter alia*, simplified procedures meant to allow a more prompt cancellation of mortgages securing loans granted by banks or financial intermediaries in the event of a documented repayment in full by the debtors of the amounts due under the loans. While such provisions do not impact on the monetary rights of the lenders under the loans (lenders retain the right to oppose the cancellation of a mortgage), the impact on the servicing procedures in relation to the applicable loan agreements cannot be entirely assessed at this time.

Italian Law Decree No. 185 of 29 November 2009, as converted into law by the Italian Law No. 2 of 28 January 2009 "*Misure urgenti per il sostegno a famiglie, lavoro, occupazione e impresa per ridisegnare in funzione anti-crisi sul quadro strategico nazionale*" (the "**Anti-crisis Decree**") has provided for a number of measures aimed at the alleviation of the effects of the global financial crisis on the Italian economy.

Under article 2 of the Anti-crisis Decree, the amount of the instalments payable during 2009 by borrowers under mortgage loans granted prior to 31 October 2008 for the purchase, construction or renovation of their primary residence (*mutui prima casa*) (other than for villas, castles, luxury residences and residences with specific artistic or historical value (i.e. residences with cadastral code A1, A8 and A9)) is calculated by reference to the higher of 4 per cent. (without spread, expenses or any other form of margin) and the interest rate contractually agreed and applicable on the date of execution of the relevant mortgage loan agreement. The difference, if any, between the amount so calculated and the amount which would have been otherwise due according to the relevant mortgage loan agreement (the "**Difference**") will be paid by the lending institution and ultimately borne by the Italian State. Regulation number 117852 issued on 29 December 2008 by the Ministry of Economy and Finance has clarified that, in case of mortgage loans which have been the subject of a securitisation or covered bond transaction, such Difference shall be paid by the relevant seller or by the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" pursuant to the Italian Securitisation and Covered Bond Law.

Regulation No. 11434 issued on 13 February 2009 by the Ministry of Economy and Finance has clarified, *inter alia*, that (i) the Difference shall be paid on the date falling on the scheduled instalment date of the relevant mortgage loan; (ii) the scope of the Anti-Crisis Decree encompasses both loans bearing floating interest rates or loans bearing a fixed interest rate and variable maturity date; and (iii) that the state subsidy covering the Difference also applies to debtors who are late in making the relevant payments due, provided that the relevant loan agreements have not been terminated and/or no event of default with respect to the Debtor has occurred giving rise to a mandatory prepayment.

Following the enactment of any further implementing provision and/or regulation referred to above, the degree of over-collateralization with respect of the Cover Pool may be revised.

Furthermore, Italian Law Decree No. 39 of 28 April 2009, as converted into law by the Italian Law No. 77 of 24 June 2009 "*Interventi urgenti in favore delle popolazioni colpite dagli eventi sismici nella regione Abruzzo nel mese di aprile 2009 e ulteriori interventi urgenti di protezione civile*" (the "**Abruzzo Decree**") provides, *inter alia*, for the establishment of a fund entitled "*Fondo antisismico*" and suspension of payments of instalments due

under the relevant mortgage loans in favour of individuals, companies and institutions, as the case may be, resident, incorporated or located in the municipalities affected by the earthquake events as of 6 April 2009. In addition, the Abruzzo Decree provides that the Italian state will subrogate the relevant Debtor, and make payments on his behalf, (i) in case of destruction or collapse of the relevant real estate properties securing mortgage loan agreements granted by banks and financial intermediaries enrolled in the general and special registers held by the Bank of Italy pursuant to articles 106 and 107 of the Italian Legislative Decree No. 385 of 1993, and (ii) provided that the amount disbursed by the Italian state will not exceed the sums necessary for the rebuilding or repairing of such real estate properties.

Italian Law Decree No. 74 of 6 June 2012, as converted into law by Italian Law No. 122 of 1 August 2012 "*Interventi urgenti in favore delle popolazioni colpite dagli eventi sismici che hanno interessato il territorio delle province di Bologna, Modena, Ferrara, Mantova, Reggio Emilia e Rovigo, il 20 e il 29 maggio 2012*" (the "**Emilia Decree**"), provides, *inter alia*, for the establishment of a fund entitled "*Fondo per la ricostruzione delle aree terremotate*" and suspension of payments of instalments due under relevant mortgage loans in favour of individuals, companies and institutions, as the case may be, resident, incorporated or located in the municipalities affected by the earthquake events as of 29 May 2012.

The convention between ABI and the Ministry of Economic and Finance of 3 August 2009 (the "**PMI Moratorium**") provides, *inter alia*, for a suspension of payments of instalments in respect of the principal of mortgage loans granted to small and medium enterprises ("**PMI**") for a period of 12 months. The suspension applies on the condition that the instalments (i) are timely paid or in case of late payments, the relevant instalment has not been outstanding for more than 180 days from the date of request of the suspension. As further requirements, (i) the PMI must bear positive economic perspectives and be able to guarantee a business continuity or, in any case, be under "temporary" financial difficulties; (ii) that, on 30 September 2008, their positions were classified by the bank as performing; and (iii) that, at the time of the request of the suspension, they had no positions which could be classified as suffering and defaulting and no enforcement procedures were commenced. The Ministry of Economics and Finance's communication dated 13 January 2010 clarified that such suspension could be requested up to 30 June 2010. The agreement dated 15 June 2010 named "*Avviso commune per la sospensione dei debiti delle piccole e medie imprese verso il settore creditizio – Proroga dei termini*" between, among others, ABI and the Ministry of Economic and Finance further extended the terms for the request of the suspension up to 31 January 2011. ABI communication dated 14 January 2010 "*Integrazione all'Avviso Comune per la Sospensione dei Debiti delle PMI verso il settore creditizio*" and ABI communication of 12 February 2010 provide for certain further integrations and clarifications of the PMI Moratorium and, in particular, extended the applicability of the objective to mortgage loans assisted by public benefits, where expressly resolved upon by the lender.

In addition, the benefit of the PMI Moratorium has been integrated and prolonged by the agreement named "*Accordo per il credito alle piccole e medie imprese*" (the "**PMI Financing Convention**") dated 16 February 2011 between, among others, ABI and the Ministry of Economic and Finance establishing, *inter alia*, (i) only for the PMI which had not the benefit of the PMI Moratorium, a further postponement of the terms for the request of the suspension up to 31 July 2011; and (ii) also in respect of the PMI already enjoying the effects of the PMI Moratorium, an extension of the availability period referred to medium and long term loan agreements, for a maximum of 2 years, in respect of non-secured loans, and 3 years, in respect of secured loans. Such extension may be requested only upon expiry of the suspension period granted pursuant to the PMI Moratorium and, in any case, within 6 months thereof. Finally, the PMI requesting the extension of the availability period can voluntarily enter into hedging agreements with the lenders.

On 28 February 2012 a new convention was entered into by, among others, ABI and the Ministry of Economic Development called "*Nuove misure per il credito alle PMI*" (the "**New PMI Moratorium**") which provides for *inter alia*:

- (i) a suspension of payments of instalments of the principal of mortgage loans granted to PMI *provided however that* the borrowers have not benefited of the suspension provided by the PMI Moratorium and the instalments are not due more than 90 days; and



- (ii) extension of the loan agreements for a maximum of 270 days with respect to short-term loan agreements to deal with cash-flow needs in relation to the pre-payment of certain and eligible receivables and for a maximum of 120 days with respect to agricultural operating loans. Such extension may be requested with respect to the loans which have not enjoyed the effect of the PMI Financing Convention and the loans suspended at the end of the suspension period.

All the PMIs which have fewer than 250 persons and whose annual turnover does not exceed EUR 50 million or whose annual balance-sheet total do not exceed EUR 43 million may benefit from the effects provided by the New PMI Moratorium provided however that the borrowers, at the time of the submission of the application, are solvent, i.e. they do not have any non-performing, impaired, restructured, past or due credit exposures towards the banks of more than 90 days.

Lastly, on 1 July 2013 a new convention was entered into by, among others, ABI and the Ministry of Economic Development called "*Accordo per il credito 2013*" which provides for, *inter alia*, an extension of the availability period referred to loan agreements, for a maximum of 3 years, in respect of non-secured loans, and 4 years in respect of mortgage loans.

The convention between ABI and the consumers' associations (the "**Piano Famiglie**"), stipulated on 18 December 2009 and consumers' associations on, respectively, 26 January 2011, 25 July 2011, 31 January 2012 and 30 January 2013 provides for a 12 month period suspension of payment of instalments relating to mortgage loans, where requested by the relevant Debtor during the period from 1 February 2010 to 31 March 2013. The suspension is allowed only where the following events ("**Relevant Events**") have occurred: (i) termination of employment relationship; (ii) termination of employment relationships regulated under article 409 n. 3 of the Italian Civil Procedure Code; (iii) death or the occurrence of conditions pertaining to non-self sufficiency; and/or (iv) suspension from work or reduced working hours for a period of at least 30 days. The Relevant Events satisfying the subjective requirements must have occurred in respect of the relevant Debtor during the period from 1 January 2009 to 28 February 2013. The suspension can be requested on one occasion only, provided that the mortgage loans are granted for amounts not exceeding 150,000 Euro, granted for the purchase, construction or renovation of a primary residence (*mutui prima casa*): (i) mortgage loans assigned under securitisation or covered bond transactions pursuant to the Law 130, (ii) renegotiated mortgage loans and (iii) mortgage loans whereby the relevant lender was subrogated pursuant to the Bersani Decree. Finally, in order to obtain such suspension of payments, the Debtor shall have an income not exceeding 40,000 Euro per year. The document clarifies that in the context of a securitisation or covered bond transaction, the special purpose vehicle, or the Bank acting on its behalf, can adhere to the Piano Famiglie. The suspension can be limited to principal instalments only or can encompass both principal and interest instalments.

On 24 June 2010 ABI, by a resolution of its executive committee, provided for further measures representing an adjustment of the "*Accordo per la sospensione del pagamento delle rate dei mutui nell'ambito del Piano Famiglie*" ("**Family Measures**") and the "*Avviso Comune per la sospensione dei debiti delle PMI verso il settore creditizio*" ("**Enterprises Measures**"), as appropriate to the specific area of Abruzzo affected by the earthquake. Such measures are applicable from 30 June 2010, which is the deadline for the application of facilities previously established by ABI.

On 13 November 2010 the Prime Minister (*Il Presidente del Consiglio dei Ministri*) issued the order No. 3906, as amended on 7 May 2011 by the order No. 3938 issued by the Prime Minister (*Il Presidente del Consiglio dei Ministri*) (the "**Ordinanza**") granting in favour of certain debtors (resident in the Municipalities of the Veneto Region affected by the flooding that occurred in such places in the period from 31 October 2010 to 2 November 2010) the option to request the relevant banking and credit institutions to suspend, for a period of 8 months, the instalments of the relevant loans (whether for principal or both interest and principal).

The Family Measures provide the right of the families residing in the municipalities affected by the earthquake to suspend, for further 6 months, the payment of instalments of the mortgage loans related to the primary residence ("*prima casa*"). The suspension applies to mortgage loans not exceeding Euro 150,000 and in respect of which the relevant debtor has a taxable income of less than 40,000 Euros per year and is compliant with one of the conditions of the Piano Famiglie (loss of job, death or onset of term care, suspension from work).

The Enterprises Measures provide for an extension to all companies located in the municipalities affected by the earthquake, of the facilities previously provided by the PMI Moratorium. The companies requiring such suspension or extension should have a position classified by the bank as "performing" as of 6 April 2009. The beneficiaries can apply for the suspension until 31 January 2011. Each bank may voluntarily adhere to the Enterprises Measures. ABI will collect all the adhesions from the banks and will publish them on its website.

On 31 January 2012 ABI and the consumers' associations entered into a convention (*Nuovo Accordo*) that provides that the suspension of payment of instalments relating to mortgage loans may be applied for by 31 July 2012. Such convention amended the following conditions to be met in order to benefit from the suspension: (i) the conditions to benefit from the Piano Famiglie must be met by 30 June 2012; and (ii) the in payment delays of instalments cannot exceed 90 days (instead of 180 days).

On 31 July 2012 ABI and the consumers' associations entered into a *Protocollo d'intesa*, amending the "Nuovo Accordo" above mentioned as follows:

- 1) the final term to apply for the suspension of payment has been postponed to the earlier between (i) the date on which regulations implementing the Art. 2, paragraph 475 and followings of Law No. 244 of 24 December 2007 relating to the Fund (as defined in the paragraph above) will be issued, and (ii) 31 January 2013.
- 2) the final term to meet the conditions necessary to benefit from the suspension of payment has been postponed to the earlier between (i) the date on which regulations implementing the Art. 2, paragraph 475 and followings of Law No. 244 of 24 December 2007 relating to the Fund (as defined above) will be issued, and (ii) 31 December 2012.

Furthermore, on 30 January 2013 ABI and the consumers' associations entered into a new *Protocollo d'intesa* amending the aforementioned conventions, which provided that the suspension of payment of instalments relating to mortgage loans may be applied for no later than 31 March 2013 and, in order to benefit from the suspension, (i) the conditions must be met by 28 February 2013 and (ii) the payment delays of instalments cannot exceed 90 days.

Finally, the right to renegotiate, subject to certain conditions and up to 31 December 2012, the floating rate or the final maturity of the mortgage loans executed prior to (and excluding) 14 May 2011 for the purpose of purchasing, constructing or maintaining the debtors' principal residence has been introduced by Italian law decree No. 70 of 13 May 2011, as converted into Law No. 106 of 12 July 2011 (the "**Decreto Sviluppo**"). Furthermore, the *Decreto Sviluppo* provides that, until 31 December 2012, any Borrower providing a certificate of the I.S.E.E.- (*Indicatore della situazione economica equivalente*) no higher than Euro 35,000, who entered into before (and excluding) 14 May 2011 mortgage loans granted in order to fund the purchase or restructuring of a real estate property to be used as residential property, and in respect of which (i) the capital amount granted is not higher than Euro 200,000; (ii) the interest rate is floating for the entire duration of the mortgage loan; and (iii) there are no due and unpaid instalments, is entitled to require the renegotiation of certain terms and conditions of the mortgage loans. In accordance with article 8 of the *Decreto Sviluppo*, the relevant Borrower may obtain a change of the applicable floating interest rate of the relevant mortgage loan into a fixed interest rate and/or the change of the final maturity date of the relevant mortgage loan by extending such maturity date for a period no longer than 5 years (provided that the new amortisation period will be no longer than 25 years).

The above referred legislations may have an adverse effect on the Cover Pool and, in particular, on any cash flow projections concerning the Cover Pool as well as on the over-collateralisation required in order to maintain the then current ratings of the Covered Bonds. However, the Tests have been structured in such a way to attribute a zero weight to any Receivable in respect of which instalments are suspended as a consequence of the granting of a deferral of the payment of its interest and/or principal instalments in accordance with the application of moratoria provisions from time to time granted to Debtors by any laws, agreements between Italian banking associations and national consumer associations, the Bank of Italy or other regulatory bodies regulations ("**Payment Holiday**") therefore, to the extent that any Payment Holiday granted in respect of Receivables included in the Cover Pool may lead to a breach of Tests, the Issuer will be required to sell to the Guarantor subsequent portfolios of Eligible Asset and/or Top-Up Assets in accordance with the Cover Pool Management Agreement and the relevant Master Loans Purchase Agreement in order to remedy such breach. However upon

occurrence of an Issuer Event of Default a massive adhesion to such Payment Holidays may adversely effect the cashflows deriving from the Cover Pool and as a consequence the repayment of the Covered Bonds.

## TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Covered Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

Law Decree No. 66 of 24 April 2014, as converted with amendments by Law No. 89 of 23 June 2014 published in the Official Gazette No. 143 of 23 June 2014, ("**Law No. 89**") has introduced new tax provisions amending certain aspects of the tax regime of the Covered Bonds as summarised below. In particular the **Law No. 89** has increased from 20 per cent. to 26 per cent the rate of withholding and substitute taxes of interest accrued, and capital gains realised, as of 1 July 2014 on financial instruments (including the Covered Bonds) other than government bonds. Considering that **Law No. 89** is newly introduced, it is possible that - in the future - the Italian Legislator or the Italian tax authorities could issue laws, decrees, regulations, rulings, circular letters and other explanatory notes that may alter or affect the tax treatment described in paragraphs below.

Prospective purchasers of the Covered Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Covered Bonds.

### Republic of Italy

#### *Tax treatment of Covered Bonds issued by the Issuer*

Decree No. 239 sets out the applicable regime regarding the tax treatment of interest, premium and other income from certain securities issued, *inter alia*, by Italian resident banks (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**"). The provisions of Decree No. 239 only apply to Covered Bonds issued by the Issuer which qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree No. 917**").

#### *Italian resident Covered Bondholders*

Where an Italian resident Covered Bondholders is:

- (a) an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected (unless he has opted for the application of the *risparmio gestito regime* – see under "*Capital gains tax*" below);
- (b) a non-commercial partnership;
- (c) a non-commercial private or public institution; or
- (d) an investor exempt from Italian corporate income taxation,

interest, premium and other income relating to the Covered Bonds, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent. (20 per cent. on interest accrued up to 30 June 2014). In the event that the Covered Bondholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* applies as a provisional tax and may be deducted from the taxation on income due.

Where an Italian resident Covered Bondholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Covered Bonds are effectively connected, and the Covered Bonds are deposited with an authorised intermediary, Interest from the Covered Bonds will not be subject to *imposta sostitutiva*. They must, however, be included in the relevant Covered Bondholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Covered Bondholder, also to IRAP (the regional tax on productive activities)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 ("**Decree 351**"), as clarified by the Italian Revenue Agency (Agenzia delle Entrate) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of interest, premiums or other proceeds in respect of the Covered Bonds made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 and SICAFs ("*Società di investimento a capitale fisso*") are subject neither to imposta sostitutiva nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAV ("*Società di investimento a capital variabile*" "*Società di investimento a capital variabile*") established in Italy and either (i) the fund or SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the "**Fund**"), and the relevant Covered Bonds are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Covered Bonds will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a substitute tax or withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**").

For an interim period, in certain circumstances, the Collective Investment Fund Tax may remain applicable at a rate of 20 per cent. for income accrued as of 30 June 2014.

Where an Italian resident Covered Bondholders is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Covered Bonds are deposited with an authorised intermediary, Interest relating to the Covered Bonds and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax (increased to 11.5 per cent. for fiscal year 2014, pursuant to Law No. 89).

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary, and (b) intervene, in any way, in the collection of interest or in the transfer of the Covered Bonds. For the purpose of the application of the *imposta sostitutiva*, a transfer of Covered Bonds includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Covered Bonds or in a change of the Intermediary with which the Covered Bonds are deposited.

Where the Covered Bonds are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying interest to a Covered Bondholders or, absent that, by the Issuer.

#### ***Non-Italian resident Covered Bondholders***

Where the Covered Bondholder is a non-Italian resident, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is:

- (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy (the "**White List States**") as listed (i) in the Italian Ministerial Decree dated 4 September 1996, as amended from time to time, or (ii) as from the tax year in which the decree pursuant to article 168-bis of Decree No. 917 is effective, in the list of States allowing an adequate exchange of information with the Italian tax authorities as per the decree issued to implement Article 168-bis, paragraph 1 of Decree No. 917 (for the 5 years starting on the date of publication of the Decree in the Official Gazette, States and territories that are not included in the current black-lists set forth by Italian Ministerial Decrees of 4 May 1999, 21 November 2001 and 23 January 2002 nor in the current white list set forth by Italian Ministerial Decree of 4 September 1996 are deemed to be included in the new white-list); or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or

- (d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy.

In order to ensure gross payment, non-Italian resident Covered Bondholders without a permanent establishment in Italy to which the Covered Bonds are effectively connected must be the beneficial owners of the payments of Interest and must:

- (a) deposit, directly or indirectly, the Covered Bonds with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and
- (b) file with the relevant depository, prior to or concurrently with the deposit of the Covered Bonds, a statement of the relevant Covered Bondholder, which remains valid until withdrawn or revoked, in which the Covered Bondholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (20 per cent. on interest accrued up to 30 June 2014) to Interest paid to Covered Bondholders who do not qualify for the exemption.

Covered Bondholders who are subject to the substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant Covered Bondholder.

#### ***Payment made by an Italian resident guarantor***

There is no authority directly on point regarding the Italian tax regime of payments made by an Italian resident guarantor under the Guarantee. Accordingly, there can be no assurance that the Italian revenue authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian court would not sustain such an alternative treatment.

With respect to payments on the Covered Bonds made to certain Italian resident Covered Bondholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Covered Bonds may be treated, in certain circumstances, as a payment by the relevant Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

In accordance with another interpretation, any such payment made by the Italian resident Guarantor may be subject to an advance or final withholding tax at a rate of 26 per cent. pursuant to Presidential Decree No. 600 of 29 September 1973, as subsequently amended. In the case of payments to non-Italian resident bondholders, double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

#### ***Capital gains tax***

Any gain obtained from the sale or redemption of the Covered Bonds would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Covered Bondholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Covered Bonds are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Covered Bonds are connected.

Where an Italian resident Covered Bondholder is an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected, any capital gain realised by such Covered Bondholder from the sale or redemption of the Covered Bonds would be subject to an *imposta sostitutiva*, levied at the rate of 26 per cent. (20 per cent. on capital gains realised up to 30 June 2014). The Covered Bondholders may set off any losses with their gains.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below:

- (a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident individual Covered Bondholders holding the Covered Bonds. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Covered Bonds carried out during any given tax year. Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. However, according to Law No. 89, capital losses realized up to June 30, 2014 may be offset against capital gains realized after that date with the following limitations: (i) for an amount equal to 48.08%, for capital losses realized up to December 31, 2011; and (ii) for an amount equal to 76.92%, for capital losses realized from January 1, 2012 to June 30, 2014
- (a) As an alternative to the tax declaration regime, Italian resident individual Covered Bondholders holding the Covered Bonds not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Covered Bonds (the *risparmio amministrato regime*). Such separate taxation of capital gains is allowed subject to:
  - (i) the Covered Bonds being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
  - (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Covered Bondholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Covered Bonds (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Covered Bondholders or using funds provided by the Covered Bondholders for this purpose. Under the *risparmio amministrato regime*, any possible capital loss resulting from a sale or redemption or certain other transfer of the Covered Bonds may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. However, according to Law No. 89, capital losses realized up to June 30, 2014 may be offset against capital gains realized after that date with the following limitations: (i) for an amount equal to 48.08%, for capital losses realized up to December 31, 2011; and (ii) for an amount equal to 76.92%, for capital losses realized from January 1, 2012 to June 30, 2014. Under the *risparmio amministrato* regime, the Covered Bondholders are not required to declare the capital gains in the annual tax return.

In the "*risparmio gestito*" regime, any capital gains realised by Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Covered Bonds) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Pursuant to Law No. 89, depreciations of the managed assets may be carried forward to be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: (i) 48.08 per cent. of the relevant depreciations in value registered before 1 January 2012; (ii) 76.92 per cent. of the depreciations in value registered from 1 January 2012 to 30 June 2014. The Covered Bondholders are not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Covered Bondholder who is a Fund will neither be subject to imposta sostitutiva on capital gains, nor to any other income tax in the hands of the relevant Covered Bondholders; the Collective Investment Fund Tax will be levied on proceeds distributed by the Fund or received by certain categories of unitholders upon redemption or disposal of the units.

Italian real estate funds created under Article 37 of Italian Legislative Decree No. 58 of 24 February 1998 and Article 14 bis of Italian Law No. 86 of 25 January 1994, and SICAFs are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund or SICAF.

Any capital gains realised by a Covered Bondholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax (increased to 11.5 per cent. for fiscal year 2014, pursuant to Law No. 89).

Capital gains realised by non-Italian resident Covered Bondholders without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale or redemption of Covered Bonds traded on regulated markets are not subject to the *imposta sostitutiva*. The exemption applies provided that the non-Italian resident Covered Bondholders file in due course with the authorised financial intermediary an appropriate affidavit (*autocertificazione*) stating that the Covered Bondholder is not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Covered Bondholders, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale or redemption of Covered Bonds issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary is:

- (a) resident in a country which allows for a satisfactory exchange of information with Italy (i.e. a country included in the list of States, as per the decree referred to in Article 168-bis, paragraph 1 of Decree No. 917, allowing for an adequate exchange of information with the Italian tax Authorities);
- (b) an international entity or body set up in accordance with international agreements which have entered into force in Italy;
- (c) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or
- (d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy (i.e. a country allowing for a satisfactory exchange of information with the Italian tax authorities according to the legislative provisions mentioned above).

If none of the conditions above is met, capital gains realised by non-Italian resident Covered Bondholders, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale or redemption of Covered Bonds issued by an Italian resident issuer and not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent.. However, Covered Bondholders may benefit from an applicable tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Covered Bonds are to be taxed only in the resident tax country of the recipient.

### ***Inheritance and gift taxes***

Transfers of any valuable asset (including shares, Covered Bonds or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or gift exceeding, for each beneficiary, Euro 1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding, for each beneficiary, Euro 100,000; and
- (c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.



If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, Euro 1,500,000.

### ***Transfer tax***

Contracts relating to the transfer of securities are subject to a Euro 200.00 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in the case of voluntary registration.

### ***Stamp Duty***

Pursuant to Article 13 of the tariff attached to Presidential Decree No. 642 of 26 October 1972 (“**Decree No. 642**”), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Covered Bondholder in respect of any Covered Bonds which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.20 per cent.; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Covered Bonds held. The stamp duty cannot exceed € 14,000.00 if the Covered Bondholder is not an individual.

The statement is deemed to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release nor the drafting of the statement. In case of reporting periods less than 12 months, the stamp duty is payable on a pro-rata basis.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Finance on 24 May 2012, the stamp duty applies to any investor who is a client - regardless of the fiscal residence of the investor - (as defined in the regulations issued by the Bank of Italy on 9 February 2011) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### ***Wealth Tax on securities deposited abroad***

According to the provisions set forth by Law No. 214 of 22 December 2011, as amended and supplemented, Italian resident individuals holding the Covered Bonds outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent. In this case the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree No. 642 does not apply.

This tax is calculated on the market value of the Covered Bonds at the end of the relevant year or – if no market value is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Financial assets held abroad are excluded from the scope of the wealth tax if they are administered by Italian financial intermediaries pursuant to an administration agreement. In this case, the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree No. 642 does apply.

### ***Tax Monitoring***

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax the amount of investments (including the Covered Bonds) directly or indirectly held abroad.

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Covered Bonds deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through the intervention of qualified Italian financial intermediaries, upon condition that the items of income derived from the Covered Bonds have been subject to tax by the same intermediaries; or (iii) if the foreign investments are

only composed by deposits and/or bank accounts and their aggregate value does not exceed a €10,000 threshold throughout the year.

### ***EU Savings Directive***

Under EU Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings Directive) within its jurisdiction to, or collected by such a paying agent for an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg are instead required to operate a withholding system with the rate of withholding currently at 35 per cent unless during this transitional period they elect to abolish the withholding system in favour of automatic information exchange under the Directive. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of this automatic information exchange

In any case, the transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments

A number of non-EU countries, including Switzerland and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive extends the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

### ***Implementation in Italy of the Savings Directive***

Italy has implemented the Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, for interest paid from 1 July 2005 to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax Authorities of the State of residence of the beneficial owner.

Either payments of interest on the covered bonds or the realisation of the accrued interest through the sale of the covered bonds would constitute "payments of interest" under article 6 of the directive and, as far as Italy is concerned, article 2 of Decree 84. Accordingly, such payments of interest arising out of the covered bonds would fall within the scope of the directive.

## SUBSCRIPTION AND SALE

Covered Bonds may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Covered Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Programme Agreement. Under the Programme Agreement, the Issuer and the Dealer(s) have agreed that any Covered Bonds of any Series which may from time to time be agreed between the Issuer and any Dealer(s) to be issued by the Issuer and subscribed for by such Dealer(s) shall be issued and subscribed for on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of the Programme Agreement. Any such agreement will, *inter alia*, make provision for the terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Covered Bonds.

### Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, (i) the expression an “offer of Covered Bonds to the public” in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, (ii) the expression “**Prospectus Directive**” means Directive 2003/71/EC (and the amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State, and (iii) the expression “**2010 PD Amending Directive**” means the Directive 2010/73/EU.

### *United States of America*

The Covered Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, it will not offer, sell or deliver Covered Bonds, (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in case of an issue of the Covered Bonds on a syndicated basis, the relevant lead manager, of all Covered Bonds of the Tranche of which such Covered Bonds are a part within the United States of America or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed and each further Dealer appointed under the Programme will be required to agree, that it will send to each Dealer to which

it sells Covered Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States of America or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Covered Bonds an offer or sale of such Covered Bonds within the United States of America by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### ***Japan***

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “FIEA”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***The United Kingdom***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Covered Bonds Guarantor, as the case may be; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

### ***France***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Covered Bonds to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Covered Bonds and that such offers, sales and distributions have been and will be made in France only to qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1, L.533-16 and L.533-20 of the French Code *monétaire et financier*.

### ***The Republic of Ireland***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell any Covered Bonds except in conformity with the provisions of the Prospectus Directive and, where applicable, implementing measures in Ireland and the provisions of the Companies Acts 1963 to 2012 of Ireland and every other enactment that is to be read together with any of those Acts;
- (b) in respect of Covered Bonds issued by UBI Banca which are not listed on a stock exchange and which do not mature within two years its action in any jurisdiction will comply with the then applicable laws and regulations of that jurisdiction, it will not knowingly offer to sell such Covered Bonds to an Irish resident, or to persons whose usual place of abode is Ireland, and that it will not knowingly distribute or cause to be distributed in Ireland any offering material in connection with such Covered Bonds. In addition, such Covered Bonds must be cleared through Euroclear, Clearstream, Luxembourg, or Depository Trust

Company (or any other clearing system recognised for this purpose by the Revenue Commissioners) and have a minimum denomination of €500,000 or its equivalent at the date of issuance;

- (c) in respect of Covered Bonds issued by UBI Banca which are not listed on a stock exchange and which mature within two years, such Covered Bonds must have a minimum denomination of €500,000 or US\$500,000 or, in the case of Covered Bond which are denominated in a currency other than euro or US dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of first publication of this Programme). In addition, such Covered Bonds must be cleared through Euroclear, Clearstream, Luxembourg or Depository Trust Company (or any other clearing system recognised for this purpose by the Revenue Commissioners);
- (d) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Covered Bonds to persons who are persons to whom the document may otherwise lawfully be issued or passed on;
- (e) it has complied and will comply with all applicable provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (the Nos. 1 to 3) of Ireland, as amended, with respect to anything done by it in relation to the Covered Bonds or operating in, or otherwise involving, Ireland is acting under and within the terms of an authorisation to do so for the purposes of Directive 2004/39/EU of the European Parliament and of the Council of the European Union of 21 April 2004 and it has complied with any applicable codes of conduct or practice made pursuant to implementing measures in respect of the foregoing Directive in any relevant jurisdiction; and
- (f) It has not offered or sold or will not offer or sell any Covered Bonds other than in compliance with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

#### **Germany**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall only offer Covered Bonds in the Federal Republic of Germany in compliance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other laws applicable in the Federal Republic of Germany.

#### **Republic of Italy**

The offering of Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, no Covered Bonds may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to any Covered Bonds be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of the Legislative Decree No. 58 of 24th February, 1998, as amended (the “**Financial Law**”) and Article 34-*ter*, first paragraph, letter b, of CONSOB Regulation No. 11971 of 14 May 1999(as amended from time to time) (“**Regulation No. 11971**”); or
- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Law and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of the Covered Bonds or distribution of copies of this Prospectus or any other document relating to the Covered Bonds in the Republic of Italy under (a) or (b) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Law, CONSOB Regulation No. 16190 and Legislative Decree No. 385 of 1st September, 1993, as amended (the “**Banking Law**”);
- (b) in compliance with Article 129 of the Banking Law, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

## **General**

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Covered Bonds or possesses, distributes or publishes this Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Covered Bonds or possess, distribute or publish this Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Programme Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Prospectus.

## GENERAL INFORMATION

### **Listing and Admission to Trading**

This Prospectus has been approved as a base prospectus issued in compliance with the Prospectus Directive by the Central Bank, as competent authority in Ireland under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under the Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Covered Bonds issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the Official List and trading on its regulated market.

However, Covered Bonds may be issued pursuant to the Programme which will be unlisted or be admitted to listing, trading and/or quotation by such other competent authority, stock exchange or quotation system as the Issuer and the relevant Dealer(s) may agree. Such Covered Bonds are not part of this Prospectus and neither the Central Bank nor the Irish Stock Exchange has approved or reviewed information contained in this Prospectus in connection with such Covered Bonds.

The Central Bank may, at the request of the Issuer, send to the competent authority of another Member State of the European Economic Area: (i) a copy of this Prospectus; (ii) a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive; and (iii) if so required by the competent authority of such Member State, a translation into the official language(s) of such Member State of a summary of this Prospectus.

### **Authorisations**

The update of the Programme has been duly authorised by a resolution of the management board of the Issuer dated 28 January 2014 and a resolution of the board of directors of the Guarantor dated 10 July 2014, the giving of the Covered Bond Guarantee has been duly authorised by the resolutions of the board of directors of the Guarantor dated 24 February 2012 and the establishment of the Programme has been duly authorised, respectively, by the resolutions of the management board of the Issuer dated 7 February 2012 and of the board of directors of the Guarantor dated 24 February 2012.

### **Legal and Arbitration Proceedings**

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12-months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer and/or its Subsidiaries or the Guarantor.

### **Trend Information**

Since 31 December 2013, there has been no material adverse change in the prospects of UBI Banca and the UBI Banca Group.

Since 31 December 2013, there has been no material adverse change in the prospects of the Guarantor.

### **No Significant Change**

There has been no significant change in the financial or trading position of UBI Banca and the UBI Banca Group since 31 March 2014.

Since 31 December 2013, there has been no significant change in the financial or trading position of the Guarantor.

### **Minimum Denomination**

Where Covered Bonds issued under the Programme are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, such Covered Bonds will not have a denomination of less than Euro 100,000 (or, where the Covered Bonds are issued in a currency other than Euro, the equivalent amount in such other currency).

## **Documents on Display**

So long as Covered Bonds are capable of being issued under the Programme, physical or electronic copies of the following documents will, when published, be available (in English translation, where necessary) free of charge during usual business hours on any weekday (except for Saturdays, Sundays and public holidays) for inspection at the registered office of the Issuer:

- (a) the By-laws of the Issuer and the constitutive documents of the Guarantor;
- (b) the consolidated audited financial statements of the Issuer as at and for the years ended 31 December 2012 and 31 December 2013;
- (c) the unaudited consolidated statements of the Issuer as at and for the three months ended 31 March 2014;
- (d) the non-consolidated audited financial statements of the Guarantor as at and for the year ended 31 December 2012 and 31 December 2013;
- (e) the most recently published audited annual financial statements of the Issuer and the Guarantor and the most recently published unaudited interim financial statements (if any) of the Issuer;
- (f) a copy of this Prospectus;
- (g) any future offering circulars, prospectuses, information memoranda and supplements to this Prospectus including Final Terms and any other documents incorporated herein or therein by reference; and
- (h) each of the Transaction Documents.

## **Auditors**

Deloitte & Touche S.p.A. are the auditors of UBI Banca for the period 2012 to 2020, pursuant to article 13, first paragraph and 17, first paragraph, of Legislative Decree No. 39 of 2010. Deloitte & Touche S.p.A., with registered office in Milan, Via Tortona No. 25, are registered in the Register of Certified Auditors held by the Ministry for Economy and Finance pursuant to Legislative Decree no. 39 of 27 January 2010 and the Ministerial Decree No. 145 of 20 June 2012 and in the Register of Accountancy Auditors (Registro dei Revisori Contabili). Deloitte & Touche S.p.A. is also member of Assirevi, the Italian association of auditing firms.

Deloitte & Touche S.p.A. has audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for the year ended 31 December 2013.

Deloitte & Touche S.p.A. are the auditors of the Guarantor for the period 31 December 2011 - 31 December 2013 and are registered in Register of Certified Auditors held by the Ministry for Economy and Finance pursuant to Legislative Decree no. 39 of 27 January 2010 and the Ministerial Decree No. 145 of 20 June 2012 and in the Register of Accountancy Auditors ("Registro dei Revisori Contabili"), in compliance with the provisions of Decree No. 88 of 27 January 1992. Deloitte & Touche S.p.A. is also a member of Assirevi.

Deloitte & Touche S.p.A. has audited and rendered unqualified audit report on the financial statements of the Guarantor for the year ended 31 December 2011, 2012 and 2013.

## **Post-issuance Information**

Unless otherwise required by any applicable laws or regulations, the Issuer does not intend to provide any post-issuance information.

## **Material Contracts**

Save as disclosed in this Prospectus, neither the Issuer nor the Guarantor nor any of their respective subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may be reasonably expected to be material to their ability to meet their obligations to Covered Bondholders.



### **Clearing of the Covered Bonds**

The Covered Bonds issued in dematerialised form have been accepted for clearance through Monte Titoli, Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Covered Bonds of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify (i) any other clearing system for the Covered Bonds issued in dematerialised form as shall have accepted the relevant Covered Bonds for clearance together with any further appropriate information or (ii) with respect to Covered Bonds issued in any of the other form which may be indicated in the relevant Final Terms, the indication of the agent or registrar through which payments to the Bondholders will be performed.

## GLOSSARY

"**Accounts**" means, collectively, the Italian Accounts, the Luxembourg Accounts and any other account opened from time to time in connection with the Programme but excluding any account related to swap collection in respect of the Swap Agreements.

"**Adjusted Outstanding Principal Balance**" has the meaning ascribed to such term in the section named "*Credit Structure*" above.

"**Amortisation Test**" means the test which will be carried out pursuant clause 3 (*Amortisation Test*) of the Cover Pool Management Agreement in order to ensure, *inter alia*, that, on each Calculation Date following the delivery of an Issuer Default Notice (but prior to the service of a Guarantor Default Notice), the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the principal amount of the issued Covered Bonds as calculated on the relevant Calculation Date..

"**Amortisation Test Aggregate Loan Amount**" has the meaning ascribed to such term in the section named "*Credit Structure*" above.

"**Amortisation Test Outstanding Principal Balance**" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"**Article 74 Event**" has the meaning ascribed to such term in the Section named "*Overview of the Programme — The Guarantor and the Covered Bond Guarantee*".

"**Article 74 Event Cure Notice**" has the meaning ascribed to such term in the Section named "*Overview of the Programme — The Guarantor and the Covered Bond Guarantee*".

"**Asset Backed Securities**" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310 the asset backed securities for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach — *provided that* at least 95 per cent. of the relevant securitised assets are:

- (i) Residential Mortgage Loans;
- (ii) Commercial Mortgage Loans;
- (iii) Public Entity Receivables or Public Entity Securities.

"**Asset Monitor Agreement**" means the asset monitor agreement entered into on 2 April 2012 between, by, *inter alios*, the Asset Monitor and the Issuer, as amended and supplemented from time to time.

"**Asset Percentage**" has the meaning ascribed to such term in the section named "*Credit Structure*" above.

"**Asset Swap Agreements**" means any asset swap agreement that may be entered into between the Guarantor and each Seller as Asset Swap Provider.

"**Asset Swap Provider**" means any Seller as counterparty under the relevant Asset Swap Agreement that may be entered into.

"**Back-Up Master Servicer**" means the entity which may be appointed by the Guarantor, with the approval by Representative of the Covered Bondholders, pursuant to Clause 8-*bis* (*Back-Up Master Servicer*) of the Master Servicing Agreement.

"**Bank of Italy Regulations**" means the supervisory instructions of the Bank of Italy relating to covered bonds (*Obbligazioni Bancarie Garantite*) under Part III, Chapter 3, of Circular No. 285 dated 17 December 2013 containing the "*Disposizioni di vigilanza per le banche*".

"**Business Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET 2) (or any successor thereto) is open.

"**Calculation Date**" means the last calendar day of each month.

"**Calculation Period**" means each monthly period starting on a Calculation Date (included) and ending on the following Calculation Date (excluded).

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement entered into on 2 April 2012 between, *inter alios*, the Guarantor, the Representative of the Covered Bondholders, the Principal Paying Agent, the Calculation Agent, the Luxembourg Account Bank and the Italian Account Bank, as amended and supplemented from time to time.

"**Clearstream**" means Clearstream Banking, société anonyme, Luxembourg.

"**Collateral Security**" means any security (including any loan mortgage insurance in respect of the Mortgage Loan and excluding Mortgages) granted to any Seller by any Debtor in order to guarantee or secure the payment and/or repayment of any amounts due under the relevant Mortgages Loan Agreements.

"**Collection Period**" means each monthly period, commencing on (and including) the first calendar day of each month and ending on (and excluding) the first calendar day of the next month.

"**Collections**" means all amounts received or recovered by the Master Servicer and/or the Sub-Servicers in respect of the Receivables comprised in the Cover Pool.

"**Commercial Assets**" means the Real Estate Assets with respect to Commercial Mortgage Loans.

"**Commercial Mortgage Loan**" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310 a commercial mortgage loan which has an LTV that does not exceed 60 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

"**Commercial Mortgage Loan Agreement**" means any commercial mortgage loan agreement out of which Receivables arise.

"**Commingling Amount**" means (a) if no Issuer Downgrading Event has occurred or is outstanding an amount equal to 0 (zero) or (b) if an Issuer Downgrading Event has occurred and is outstanding, an amount calculated by the Issuer on a monthly basis equal to the maximum of the total amount of Collections and Recoveries expected to be credited to the Italian Collection Account on the following 3 (three) calendar months and considering a 15 per cent. cumulative prepayment ratio.

"**Conditions**" means the terms and conditions of the Covered Bonds and "**Condition**" means a clause of them.

"**CONSOB**" means *Commissione Nazionale per le Società e la Borsa*.

"**Consolidated Banking Act**" means Legislative Decree No. 385 of 1 September 1993 as amended and supplemented from time to time.

"**Corporate Services Agreement**" means the corporate services agreement entered into on or about 29 February 2012, between the Guarantor and the Guarantor Corporate Servicer, pursuant to which the Guarantor Corporate Servicer will provide certain administration services to the Guarantor, as amended and supplemented from time to time.

"**Covered Bonds**" means any and all the covered bonds (*obbligazioni bancarie garantite*) issued or to be issued by the Issuer pursuant to the terms and subject to the conditions of the Programme Agreement.

"**Covered Bond Guarantee**" means the guarantee issued by the Guarantor for the purpose of guaranteeing the payments due by the Issuer to the Covered Bondholders and the Other Issuer's Creditors, in accordance with the provisions of the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations.

"**Covered Bond Instalment Amount**" means the principal amount of a Series of Covered Bonds to be redeemed on a Covered Bond Instalment Date as specified in the relevant Final Terms.

"**Covered Bond Instalment Date**" means a date on which a principal instalment is due on a Series of Covered Bonds as specified in the relevant Final Terms.

"**Covered Bond Instalment Extension Determination Date**" means, with respect to any Covered Bond Instalment Date, the date falling seven Business Days after such Covered Bond Instalment Date.

"**Covered Bondholders**" means the holders of each Series of Covered Bonds.

"**Cover Pool**" means the cover pool constituted by, collectively, any Eligible Assets and Top-Up Assets held by the Guarantor in accordance with the provisions of the Securitisation and Covered Bond Law, the Decree No. 310 and the Bank of Italy Regulations.

"**Cover Pool Management Agreement**" means the cover pool management agreement entered into on 2 April 2012 between, *inter alios*, the Issuer, the Guarantor, the Sellers, the Calculation Agent, the Asset Monitor and the Representative of the Covered Bondholders, as amended and supplemented from time to time.

"**Credit and Collection Policy**" means the procedures for the management, collection and recovery of Receivables attached as schedule 1 (*Procedura di Riscossione*) to the Master Servicing Agreement.

"**Debtor**" means any borrower and any other person, other than a Mortgagor, who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Mortgage Loan, as a consequence, *inter alia*, of having granted any Collateral Security or having assumed the borrower's obligation pursuant to a Mortgage Loan Agreement under an *accollo*, or otherwise.

"**Decree No. 239**" means Italian Legislative Decree No. 239 of 1 April 1996, as amended from time to time.

"**Decree No. 310**" means the ministerial decree No. 310 of 14 December 2006 issued by the Ministry of the Economy and Finance.

"**Deed of Charge**" means the English law deed of charge that may be entered into between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) in order to charge the rights arising under the Swap Agreements.

"**Deed of Pledge**" means the Italian law deed of pledge entered into, on or about the date hereof, between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and of the Other Creditors).

"**Deeds of Pledge**" means, collectively, the Deed of Pledge and the Luxembourg Deed of Pledge.

"**Defaulted Loans**" means any Mortgage Loan in relation to which there are 1 (one) or more Defaulted Receivables.

"**Defaulted Receivable**" means any Receivable arising from Mortgage Loan Agreements included in the Cover Pool which has been classified as "*crediti deteriorati*" pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and the Credit and Collection Policy.

"**Defaulting Party**" has the meaning ascribed to that term in the relevant Swap Agreement.

"**Delinquent Loan**" means any Mortgage Loan in relation to which there are 1 (one) or more Delinquent Receivables.

"**Delinquent Receivable**" any Receivable arising from Mortgage Loan Agreements included in the Cover Pool in respect of which there are 1 (one) or more Instalments due and not paid by the relevant Debtor and which has not been classified as Defaulted Receivable.

"**Earliest Maturing Covered Bonds**" means, at any time, the Series of Covered Bonds that has or have the earliest Maturity Date (if the relevant Series of Covered Bonds is not subject to an Extended Maturity Date) or Extended Maturity Date (if the relevant Series of Covered Bonds is subject to an Extended Maturity Date) as specified in the relevant Final Terms.

"**Early Termination Amount**" has the meaning ascribed to such term in the Terms and Conditions.

"**Eligible Assets**" means the following assets contemplated under article 2, sub-paragraph 1, of Decree No. 310:

- (a) the Residential Mortgage Loans;
- (b) the Commercial Mortgage Loans;
- (c) the Public Entity Receivables;

- (d) the Public Entity Securities; and
- (e) the Asset Backed Securities.

**"Eligible Institution"** means any depository institution organised under the laws of any country which is a member of the European Union or of the United States, (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "F3" by Fitch and the long-term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "BBB-" by Fitch or (ii) which is guaranteed (in compliance with the relevant criteria of Fitch on the guarantee) by an entity whose short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least "F3" by Fitch and the long-term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "BBB-" by Fitch.

**"Eligible Investment"** means any Eligible Assets or Top-up Assets which meet the following requirements (i) any Euro denominated security rated at least "F3" and "BBB-" by Fitch, where they have a maturity of up to 30 calendar days or, if greater than 30 calendar days, which may be liquidated without loss within 30 days of a downgrade below "F1+" and "AA-" by Fitch, and/or (ii) reserve accounts, deposit accounts, and other similar accounts that provide direct liquidity and/or credit enhancement held at a financial institution rated at least "F3" and "BBB-" by Fitch, provided that any such investments mature on or before the next following Guarantor Payment Date or are disposable at no loss.

**"Eligible Investment Maturity Date"** means two Business Days before each Guarantor Payment Date.

**"EURIBOR"** means the Euro-Zone Inter-Bank offered rate for Euro deposits, as determined from time to time pursuant to the Transaction Documents.

**"Euro"**, **"€"** and **"EUR"** refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the treaty establishing the European Community.

**"Euroclear"** means Euroclear Bank S.A./N.V.

**"European Economic Area"** means the region comprised of member states of the European Union which adopt the Euro in accordance with the Treaty.

**"Excess Receivables"** means, in relation to the Cover Pool and on each Calculation Date, those Receivables the aggregate Outstanding Principal of which is equal to: (i) any amount by reason of which the Portfolios comprised in the Cover Pool are in excess (as nominal value, interest coverage and net present value) of any Eligible Assets necessary to satisfy all Tests on the relevant Calculation Date; *minus* (ii) the aggregate Outstanding Principal of those Receivables indicated by the Calculation Agent as Affected Receivables pursuant to the provisions of clause 9.1 (*Payment of Indemnity*) of the Warranty and Indemnity Agreement.

**"Expenses"** means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Covered Bondholders, the Other Issuer's Creditors and the Other Creditors) arising in connection with the Programme, and required to be paid (as determined in accordance with the Corporate Services Agreement) in order to preserve the existence of the Guarantor or to comply with applicable laws and legislation.

**"Expenses Account"** means the Euro denominated account established in the name of the Guarantor with the Italian Account Bank, IBAN IT82M031111129900000089446, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

**"Expiry Date"** means the date falling 1 (one) year and 1 (one) day after the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their terms and conditions.

**"Extended Instalment Date"** means the date on which a principal instalment in relation to a Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Covered Bond Instalment Date as specified in the relevant Final Terms.

**"Extended Maturity Date"** means the date on which final redemption payments in relation to a specific Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Maturity Date in accordance with the relevant Final Terms.

**"Extension Determination Date"** means, with respect to any Series of Covered Bonds, the date falling seven Business Days after (and including) the Maturity Date of such Series of Covered Bonds.

**"Facility"** means the facility to be granted by each Subordinated Lender pursuant to the terms of clause 2 (*Il Finanziamento*) of the relevant Subordinated Loan Agreement.

**"Final Redemption Amount"** means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

**"Final Terms"** means, in relation to any issue of any Series of Covered Bonds, the relevant terms contained in the applicable Transaction Documents and, in case of any Series of Covered Bonds to be admitted to listing, the final terms submitted to the appropriate listing authority on or before the Issue Date of the applicable Series of Covered Bonds.

**"Fitch"** means Fitch Ratings Limited.

**"Guarantee Priority of Payments"** means the order of priority pursuant to which the Guarantor Available Funds shall be applied, on each Guarantor Payment Date following the delivery of an Issuer Default Notice, but prior to the delivery of a Guarantor Default Notice, in accordance with the terms of the Intercreditor Agreement.

**"Guaranteed Amounts"** means the amounts due from time to time from the Issuer to (i) the Covered Bondholders with respect to each Series of Covered Bonds (excluding any additional amounts payable to the Covered Bondholders under Condition 11(a) (*Gross-up by the Issuer*) and (ii) the Other Issuer Creditors pursuant to the relevant Transaction Documents.

**"Guarantor Available Funds"** means, collectively, the Interest Available Funds and the Principal Available Funds.

**"Guarantor Default Notice"** means the notice to be delivered by the Representative of the Covered Bondholders to the Guarantor upon the occurrence of a Guarantor Event of Default.

**"Guarantor Event of Default"** has the meaning ascribed to such expression in the Conditions.

**"Guarantor Payment Date"** means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 28<sup>th</sup> day of each month or, if such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the Covered Bondholders in accordance with the Post-Enforcement Priority of Payments, the relevant Final Terms and the Intercreditor Agreement.

**"Guarantor Payment Period"** has the meaning ascribed to that term in the Section "*Cashflows*" above.

**"Initial Portfolio"** means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from each Seller pursuant to the relevant Master Loans Purchase Agreement.

**"Insolvency Event"** means in respect of any company, entity, or corporation that:

- (i) such company, entity or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and (other than in respect of the Issuer) "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, division, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Covered Bondholders (who may in this

respect rely on the advice of a legal adviser selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

- (iii) such company, entity or corporation takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in case of the Guarantor, the creditors under the Transaction Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments (other than, in respect of the Issuer, the issuance of a resolution pursuant to article 74 of the Consolidated Banking Act); or
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company, entity or corporation or any of the events under article 2448 of the Italian Civil Code occurs with respect to such company, entity or corporation (except in any such case a winding-up or other proceeding for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Covered Bondholders); or
- (v) such company, entity or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

**"Instalment"** means with respect to each Mortgage Loan Agreement, each instalment due from the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

**"Intercreditor Agreement"** means the intercreditor agreement entered into on 2 April 2012 between the Guarantor and the Other Creditors, as amended and supplemented from time to time.

**"Interest Available Funds"** has the meaning ascribed to such term in the Section named "*Cashflows*" above.

**"Interest Coverage Test"** has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

**"Interest Instalment"** means the interest component of each Instalment.

**"Interest Payment Date"** has the meaning ascribed to such terms in the Conditions.

**"Issue Date"** has the meaning ascribed to such term, with respect to each Series of Covered Bonds, in the relevant Final Terms.

**"Issuer Default Notice"** means the notice to be delivered by the Representative of the Covered Bondholders to the Issuer and the Guarantor upon the occurrence of an Issuer Event of Default.

**"Issuer Downgrading Event"** means the Issuer being downgraded below "BBB-" and "F3" by the Rating Agency.

**"Issuer Event of Default"** has the meaning ascribed to such expression in the Conditions.

**"Italian Accounts"** means the Expenses Account, the Quota Capital Account, the Guarantor Payment Account and the Italian Collection Accounts.

**"Italian Collection Accounts"** means, collectively, the Italian BdB Collection Account, the Italian BRE Collection Account and any other Italian collection account which shall be opened by the Guarantor upon any entity part of the UBI Group becoming part of the Programme as Seller, Sub-Servicer, Service Provider and Subordinated Lender, for the purpose of crediting therein collections pertaining to the Portfolios transferred to the Guarantor by such entity in its capacity as Seller.

**"Latest Valuation"** means, at any time with respect to any Real Estate Asset, the value given to the relevant Real Estate Asset by the most recent valuation (to be performed in accordance with the requirements provided for under the Prudential Regulations) addressed to the Sellers or obtained from an independently maintained valuation model, acceptable to reasonable and prudent institutional mortgage lenders in Italy.

**"Liability Swap Agreements"** means the swap agreements that may be entered into on or about each Issue Date between the Guarantor and a liability swap provider.

**"Liability Swap Provider"** means any entity acting as a liability swap provider to the Guarantor pursuant to a Liability Swap Agreement.

**"Listing Agent"** means the Bank of New York Mellon SA/NV, Dublin Branch.

**"LTV"** means, with respect to a Mortgage Loan, the Loan-to-Value ratio, determined as the ratio between the value of a Real Estate Asset and the value of the relevant Mortgage Loan.

**"Luxembourg Account Bank Deed of Guarantee"** means the deed entered into on 12 December 2013 between Unione di Banche Italiane S.c.p.A. as Luxembourg account bank guarantor and UBI Finance CB 2 S.r.l. as Luxembourg account bank guarantee beneficiary.

**"Luxembourg Accounts"** means the Luxembourg Collection Accounts and the Reserve Fund Account.

**"Luxembourg Deed of Pledge"** means the Luxembourg law deed of pledge over bank account entered into, on or about the date hereof, between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) in order to pledge the Luxembourg Accounts.

**"Mandate Agreement"** means the mandate agreement entered into on 2 April 2012 between the Representative of the Covered Bondholders and the Guarantor, as amended and supplemented from time to time.

**"Margin"** has the meaning ascribed to such term under the Final Terms.

**"Master Definitions Agreement"** means the master definitions agreement entered into on 2 April 2012 between the Issuer, the Guarantor and the Other Creditors, as amended and supplemented from time to time.

**"Master Loans Purchase Agreement"** means each master loans purchase agreement entered into on 29 February 2012 between the Guarantor and a Seller, as amended and supplemented from time to time.

**"Master Servicing Agreement"** means the master servicing agreement entered into on 29 February 2012 between the Guarantor, the Issuer, the Master Servicer, the Service Providers and the Sub-Servicers, as amended and supplemented from time to time.

**"Maturity Date"** means each date on which final redemption payments for a Series of Covered Bonds become due in accordance with the Final Terms but subject to it being extended to the Extended Maturity Date.

**"Monte Titoli"** means Monte Titoli S.p.A., a *società per azioni* having its registered office at Piazza degli Affari 6, 20123 Milan, Italy.

**"Mortgage Loan Agreement"** means any Residential Mortgage Loan Agreement or Commercial Mortgage Loan Agreement, as the case may be, out of which the Receivables arise.

**"Mortgage Loan"** means a Residential Mortgage Loan or a Commercial Mortgage Loan, as the case may be.

**"Mortgages"** means the mortgage security interests (*ipoteche*) created on the Real Estate Assets or the Commercial Assets, as the case may be, pursuant to Italian law in order to secure claims in respect of the Receivables.

**"Mortgagor"** means any person, either a borrower or a third party, who has granted a Mortgage in favour of a Seller to secure the payment or repayment of any amounts payable in respect of a Mortgage Loan, and/or his/her successor in interest.

**"Negative Carry Factor"** means 0 (zero) or such other percentage provided by the Issuer on behalf of the Guarantor and notified to the Representative of the Covered Bondholders and to the Calculation Agent.

**"Net Deposit Amount of Future Transfers"** means for each Debtor an amount calculated on a quarterly basis on each Calculation Date, and/or on each other date on which the Nominal Value Test is to be carried out pursuant to the provisions of the Cover Pool Management Agreement, by the Calculation Agent which will be made public and notified to the Rating Agency.

**"Net Deposit Amount of Previous Transfers"** means for each Debtor an amount calculated on a quarterly basis on each Calculation Date, and/or on each other date on which the Nominal Value Test is to be carried out



pursuant to the provisions of the Cover Pool Management Agreement, by the Calculation Agent which will be made public and notified to the Rating Agency.

"**Net Present Value Test**" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"**Net Present Value**" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"**New Portfolio**" means any portfolio of Receivables (other than the Initial Portfolio), comprising Eligible Assets and Top-Up Assets, which may be purchased by the Guarantor from any Seller pursuant to the terms and subject to the conditions of the relevant Master Loans Purchase Agreement.

"**Nominal Value**" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"**Nominal Value Test**" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"**Official List**" means the Official List of the Irish Stock Exchange.

"**Organisation of the Covered Bondholders**" means the association of the Covered Bondholders, organised pursuant to the Rules of the Organisation of the Covered Bondholders.

"**Other Creditors**" means the Issuer, the Sellers, the Subordinated Lenders, the Master Servicer, the Sub-Servicers, the Service Providers, the Representative of the Covered Bondholders, the Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Italian Account Bank, the Luxembourg Account Bank, the Asset Monitor, any Asset Swap Providers, the Portfolio Manager (if any) and any other creditors which may, from time to time, be identified as such in the context of the Programme.

"**Other Issuer's Creditors**" means the Principal Paying Agent, any Liability Swap Provider, the Asset Monitor and any other Issuer's creditors which may, from time to time, be identified as such in the context of the Programme.

"**Outstanding Principal**" means, on any given date and in relation to any Receivable, the sum of all (i) Principal Instalments due but unpaid at such date; and (ii) the Principal Instalments not yet due at such date.

"**Outstanding Principal Amount**" has the meaning ascribed to such term in the Conditions.

"**Outstanding Principal Balance**" means any principal balance outstanding in respect of a Mortgage Loan.

"**Payments Report**" means the report to be prepared and delivered by the Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement on the second Business Day prior to each Guarantor Payment Date with respect to the immediately preceding Collection Period.

"**Portfolio**" means, in respect of each Seller, collectively, the Initial Portfolios and any New Portfolio which has been purchased and will be purchased by the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"**Portfolio Manager**" means the entity appointed as such in accordance with clause 5.6 (*Portfolio Manager*) of the Cover Pool Management Agreement.

"**Post-Enforcement Priority of Payments**" means the order of priority pursuant to which the Guarantor Available Funds shall be applied on each Guarantor Payment Date, following the delivery of a Guarantor Default Notice, in accordance with the Intercreditor Agreement.

"**Potential Set-Off Amount**" means (a) if no Issuer Downgrading Event has occurred or is outstanding an amount equal to 0 (zero) or (b) if an Issuer Downgrading Event has occurred and is outstanding, an amount equal to the sum of the Potential Set-Off Amount of Previous Transfers and the Potential Set-Off Amount of Future Transfers.

"**Potential Set-Off Amount of Future Transfers**" means an amount equal to the aggregate Outstanding Principal Balance of the assets transferred to the Guarantor since 30 November 2013 and included in the Cover Pool that could potentially be set-off by the relevant Debtors against any credit owed by any such Debtor towards the relevant Seller. Such amount, which in any case will never be lower than the Net Deposit Amount of Future Transfers, will be calculated by the Calculation Agent (based on the aggregate information provided by

the Master Servicer) on a quarterly basis on each Calculation Date and/or on each other date on which the Nominal Value Test is to be carried out pursuant to the provisions of the Cover Pool Management Agreement.

**"Potential Set-Off Amount of Previous Transfers"** means an amount equal to the aggregate Outstanding Principal Balance of the assets transferred to the Guarantor until 30 November 2013 and included in the Cover Pool that could potentially be set-off by the relevant Debtors against any credit owed by any such Debtor towards the relevant Seller. Such amount, which in any case will never be lower than the Net Deposit Amount of Previous Transfers, will be calculated by the Calculation Agent (based on the aggregate information provided by the Master Servicer) on a quarterly basis on each Calculation Date and/or on each other date on which the Nominal Value Test is to be carried out pursuant to the provisions of the Cover Pool Management Agreement.

**"Pre-Issuer Event of Default Interest Priority of Payments"** means the order of priority pursuant to which the Interest Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of an Issuer Default Notice in accordance with the Intercreditor Agreement.

**"Pre-Issuer Event of Default Principal Priority of Payments"** means the order of priority pursuant to which the Principal Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of an Issuer Default Notice in accordance with the Intercreditor Agreement.

**"Premium"** means the premium payable by the Guarantor to each Seller in accordance with the relevant Subordinated Loan Agreement, as determined thereunder.

**"Principal Available Funds"** has the meaning ascribed to such term in the Section named "*Cashflows*".

**"Principal Instalment"** means the principal component of each Instalment.

**"Priority of Payments"** means each of the Pre-Issuer Event of Default Interest Priority of Payments, the Pre-Issuer Event of Default Principal Priority of Payments, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments.

**"Privacy Law"** means the Italian Legislative Decree No. 196 of 30 June 2003, as subsequently amended, modified or supplemented, together with any relevant implementing regulations as integrated from time to time by the *Autorità Garante per la Protezione dei Dati Personali*.

**"Programme"** means the programme for the issuance of each Series of Covered Bonds (*obbligazioni bancarie garantite*) by the Issuer in accordance with article 7-bis of the Securitisation and Covered Bond Law.

**"Programme Agreement"** means the programme agreement entered into on 2 April 2012 between, *inter alios*, the Guarantor, the Sellers, the Issuer, the representative of the Covered Bondholders and the Dealers, as amended and supplemented from time to time.

**"Prospectus"** means the prospectus prepared in connection with the issue of the Covered Bonds and the establishment and any update of the Programme, as supplemented from time to time.

**"Prospectus Directive"** means Directive 2003/71/EC of 4 November 2003, as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Directive**")) to the extent that such amendments have been implemented in a relevant Members State of the European Economic Area).

**"Prudential Regulations"** means the prudential regulations for banks issued by the Bank of Italy on 17 December 2013 with Circular No. 285 (*Nuove disposizioni di vigilanza prudenziale per le banche*), as amended from time to time.

**"Public Entities"** means:

- (i) public entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach;
- (ii) public entities, located outside the European Economic Area or Switzerland, for which 0 (zero) per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach- or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20

per cent. is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach.

"**Public Entity Receivables**" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310, any receivables owned by, or receivables which have been benefit of a guarantee eligible for credit risk mitigation granted by, Public Entities.

"**Public Entity Securities**" means pursuant to article 2, sub-paragraph 1, of Decree No. 310, any securities issued by, or which have benefit of a guarantee eligible for credit risk mitigation granted by, Public Entities.

"**Purchase Price**" means, in relation to the Initial Portfolio and each New Portfolio transferred by a Seller, the consideration paid by the Guarantor to such Seller for the transfer thereof, calculated in accordance with the relevant Master Loans Purchase Agreement.

"**Quotaholders' Agreement**" means the agreement entered into on 2 April 2012, between UBI, Stichting Viola, the Guarantor and the Representative of the Covered Bondholders, as amended and supplemented from time to time.

"**Quotaholders**" means Unione di Banche Italiane S.c.p.A. and Stichting Viola.

"**Quota Capital**" means the quota capital of the Guarantor, equal to Euro 10,000.00.

"**Rating Agency**" means Fitch.

"**Real Estate Assets**" means the real estate properties which have been mortgaged in order to secure the Receivables and each of them the "**Real Estate Asset**".

"**Receivables**" means each and every right arising under the Mortgage Loans pursuant to the Mortgage Loan Agreements, including but not limited to:

- (i) all rights in relation to all Outstanding Principal of the Mortgage Loans as at the relevant Transfer Date;
- (ii) all rights in relation to interest (including default interest) amounts which will accrue on the Mortgage Loans as from the relevant Transfer Date;
- (iii) all rights in relation to the reimbursement of expenses and in relation to any losses, costs, indemnities and damages and any other amount due to each Seller in relation to the Mortgage Loans, the Mortgage Loan Agreements, including penalties and any other amount due to each Seller in the case of prepayments of the Mortgage Loans, and to the warranties and insurance related thereto, including the rights in relation to the reimbursement of legal, judicial and other possible expenses incurred in connection with the collection and recovery of all amounts due in relation to the Mortgage Loans up to and as from the relevant Transfer Date;
- (iv) all rights in relation to any amount paid pursuant to any Insurance Policy or guarantee in respect of the Mortgage Loans of which each Seller is the beneficiary or is entitled pursuant to any liens (*vincoli*);
- (v) all of the above together with the Mortgages and any other security interests (*garanzie reali o garanzie personali*) assignable as a result of the assignment of the Receivables (except for the *fidejussioni omnibus* which have not been granted exclusively in relation to or in connection with the Mortgage Loans), including any other guarantee granted in favour of the Sellers in connection with the Mortgage Loans or the Mortgage Loan Agreements and the Receivables.

"**Receiver**" means any receiver, manager or administrative receiver appointed in accordance with clause 9 (*Appointment of Receiver*) of the Deed of Charge.

"**Recoveries**" means any amounts received or recovered by the Master Servicer, or by each Sub-Servicer in accordance with the terms of the Master Servicing Agreement, in relation to any Defaulted Receivable and any Delinquent Receivable.

"**Relevant Portfolio**" means, in respect of each Asset Swap Agreement, the Portfolio transferred to the Guarantor by the Asset Swap Provider which is party thereto.

**"Relevant Portfolio Test"** means the test that the Calculation Agent will perform on each Calculation Date in the same manner as the Nominal Value Test, with respect to the Portfolio transferred by each relevant Seller.

**"Reserve Fund Amount"** means, on each Guarantor Payment Date, an amount equal to:

- (a) (A) interest accruing in respect of all outstanding Series of Covered Bonds during the immediately following Calculation Period (such that, if Liability Swap Agreements are in place for a Series of Covered Bonds, such interest amounts accruing will be the higher of the amount due to the Liability Swap Provider or the amount due to the Covered Bondholders of such Series, and if Liability Swap Agreements are not in place for a Series of Covered Bonds, such interest amounts accruing will be the amount due the Covered Bondholders of such Series) as calculated by the Calculation Agent on or prior to each Calculation Date, *plus* (B) prior to the service of an Issuer Default Notice, the aggregate amount to be paid by the Guarantor on the second Guarantor Payment Date following the relevant Calculation Date in respect of the items (*First*) to (*Third*) of the Pre- Issuer Event of Default Interest Priority of Payments, as calculated by the Calculation Agent; *plus*
- (b) any additional amount that the Issuer has voluntarily resolved to accumulate as reserve in order to create an additional stock to procure that the Statutory Tests are met with respect to the Cover Pool.

**"Residential Mortgage Loan"** means, pursuant to article 2, sub-paragraph 1, of Decree No. 310, any residential mortgage loan which has an LTV that does not exceed 80 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

**"Residential Mortgage Loan Agreement"** means any residential mortgage loan agreement out of which Receivables arise.

**"Securitisation and Covered Bond Law"** means Italian Law No. 130 of 30 April 1999 as amended from time to time.

**"Seller"** means any seller in its capacity as such pursuant to the relevant Master Loans Purchase Agreement.

**"Senior Liabilities"** means

- (i) on any Guarantor Payment Date prior to the delivery of an Issuer Default Notice, an amount equal to the sum of the payments due by the Guarantor pursuant to the items from (*First*) to (*Third*) of the Pre-Issuer Event of Default Interest Priority of Payments, as provided for in the relevant Payments Report;
- (ii) on any Guarantor Payment Date following the delivery of an Issuer Default Notice, an amount equal to the sum of the payments due by the Guarantor pursuant to the items from (*First*) to (*Third*) of the Guarantee Priority of Payments, as provided for in the relevant Payments Report.

**"Series"** or **"Series of Covered Bonds"** means each series of Covered Bonds issued in the context of the Programme.

**"Service Provider"** means each Seller, in its capacity as service provider pursuant to the Master Servicing Agreement and, collectively, the **"Service Providers"**.

**"Sole Affected Party"** means an Affected Party as defined in the relevant Swap Agreement which at the relevant time is the only Affected Party under such Swap Agreement.

**"Specified Currency"** means the currency as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the Covered Bondholders (as set out in the applicable Final Terms).

**"Statutory Tests"** means such tests provided for under article 3 of Decree No. 310 and namely: (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test, as further described in the Section named *"Credit Structure"* above.

**"Subordinated Lender"** means each Seller, in its capacity as subordinated lender pursuant to the relevant Subordinated Loan Agreement.

**"Subordinated Loan Agreement"** means each subordinated loan agreement entered into on 29 February 2012 between a Subordinated Lender and the Guarantor, as amended and supplemented from time to time.

**"Sub-Servicer"** means each Seller, other than UBI Banca, in its capacity as sub-servicer pursuant to the Master Servicing Agreement.

**"Swap Agreements"** means, collectively, each Asset Swap Agreement, Liability Swap Agreement and any other swap agreement that may be entered into in connection with the Programme.

**"Swap Collateral Excluded Amounts"** means at any time, the amounts of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Guarantor or, as the case may be, the Issuer including Swap Collateral which is to be returned to the relevant Swap Provider from time to time in accordance with the terms of the Swap Agreements and ultimately upon termination of the relevant Swap Agreement.

**"Swap Providers"** means, collectively, the Asset Swap Providers, the Liability Swap Providers and the providers of any other swap agreements entered into in connection with the Programme.

**"Term Loan"** means a loan made or to be made available to the Guarantor under the Facility or the principal amount outstanding for the time being of that loan, in accordance with each Subordinated Loan Agreement.

**"Tests"** means, collectively, the Statutory Tests and the Amortisation Test.

**"Test Grace Period"** means the period starting from the Calculation Date on which the breach of a test is notified by the Calculation Agent and ending on the third following Calculation Date.

**"Top-Up Assets"** means, in accordance with article 2, sub-paragraph 3.2 and 3.3 of Decree No. 310, each of the following assets:

- (vi) deposits held with banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0 per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks – standardised approach; and
- (vii) securities issued by the banks indicated in item (i) above, which have a residual maturity not exceeding 1 (one) year.

**"Tranche"** means the tranche of Covered Bonds issued under the Programme to which each Final Terms relates, each such tranche forming part of a Series.

**"Transaction Documents"** means each Master Loans Purchase Agreement, the Master Servicing Agreement, each Warranty and Indemnity Agreement, the Cash Allocation, Management and Payments Agreement, the Programme Agreement, each Subscription Agreement, the Cover Pool Management Agreement, the Intercreditor Agreement, each Subordinated Loan Agreement, the Asset Monitor Agreement, the Covered Bond Guarantee, the Corporate Services Agreement, the Swap Agreements, the Mandate Agreement, the Quotaholders' Agreement, the Conditions, the Deeds of Pledge, the Deed of Charge, the Master Definitions Agreement, the Luxembourg Account Bank Deed of Guarantee, each Final Terms and any other agreement which will be entered into from time to time in connection with the Programme.

**"Transfer Date"** means: (a) with respect to the Initial Portfolio, the date designated by each Seller in the relevant Master Loan Purchase Agreement; and (ii) with respect to New Portfolios, the date designated by the relevant Seller in the relevant Transfer Notice.

**"Transfer Notice"** means, in respect to each New Portfolio, such transfer notice which will be sent by each Seller and addressed to the Guarantor in the form set out in schedule 5 (*Modello di proposta di cessione di Nuovi Portafogli*) to the relevant Master Loans Purchase Agreement.

**"Treaty"** means the treaty establishing the European Community.

**"Warranty and Indemnity Agreement"** means each warranty and indemnity agreement entered into on 29 February 2012, by a Seller and the Guarantor, as amended and supplemented from time to time.

**ISSUER**

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