# UniCredit S.p.A.

*(incorporated with limited liability as a "Società per Azioni" under the laws of the Republic of Italy)*

## € 20,000,000,000

## Obbligazioni Bancarie Garantite Programme

## Guaranteed by UniCredit BpC Mortgage S.r.l.

*(incorporated with limited liability as a "Società a responsabilità limitata" under the laws of the Republic of Italy)*

Under the € 20,000,000,000 Obbligazioni Bancarie Garantite Programme (the "**Programme**") described in this prospectus (the "**Prospectus**"), UniCredit S.p.A. (in its capacity as issuer of the OBG, as defined below, the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue *obbligazioni bancarie garantite* (the "**OBG**" which term includes, for the avoidance of doubt, Registered OBG, as defined below) guaranteed by UniCredit BpC Mortgage S.r.l. (the "**OBG Guarantor**") pursuant to article 7 *bis* of Italian law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the "**Law 130**") and regulated by the Decree of the Ministry of Economy and Finance of 14 December 2006, No. 310, as amended from time to time (the "**MEF Decree**") and the supervisory guidelines of the Bank of Italy of 17 May 2007, as amended from time to time (the "**BoI OBG Regulations**").

The payment of all amounts due in respect of the OBG will be unconditionally and irrevocably guaranteed by the OBG Guarantor. Recourse against the OBG Guarantor is limited to the the Available Funds (both as defined below).

The maximum aggregate nominal amount of OBG from time to time outstanding under the Programme will not at any time exceed € 20,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as provided for under the Dealer Agreement.

The OBG issued under the Programme (other than Registered OBG) will have a minimum denomination of € 100,000 and integral multiples of €1,000 in excess thereof (or, if the relevant Series of OBG is denominated in a currency other than euro, the equivalent amount in such currency) or such other higher denomination as may be specified in the relevant Final Terms (or its equivalent in another currency as at the date of issue of the relevant Series of OBG).

OBG may be issued in dematerialised form or in registered form also as German law governed registered covered bonds (Namensschuld verschreibung) (the "**Registered OBG**"). The terms and conditions of the relevant Registered OBG (the "**Registered OBG Conditions**") will specify the minimum denomination for the relevant Registered OBG, which will not be listed.

The OBG may be issued on a continuing basis to the Dealer(s) appointed under the Programme in respect of the OBG from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), the appointment of which may be for a specific issue or on an ongoing basis. References in this Prospectus to the "**relevant Dealer**" shall, in the case of an issue of OBG being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such OBG.

This Prospectus constitutes a base prospectus for the purposes of article 5.4 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**") and the relevant implementing measures in the Grand Duchy of Luxembourg. This Prospectus will be available on the Luxembourg Stock Exchange website at www.bourse.lu.

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purposes of the Prospectus Directive and relevant implementing measures in Luxembourg, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of giving information with regard to the issue of OBG under the Programme during the period of twelve (12) months after the date hereof.

Application has also been made to the Luxembourg Stock Exchange for the OBG (other than the Registered OBG) issued under the Programme to be admitted during the period of 12 months from the date of this Prospectusto the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. References in this Prospectus to OBG being "listed" (and all related references) shall mean that such OBG (other than the Registered OBG) have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. However, unlisted OBG may be issued pursuant to the Programme. The relevant Final Terms (as defined below) in respect of the issue of any OBG (other than the Registered OBG) will specify whether or not such OBG will be listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market (or any other stock exchange). Application may also be made for notification to be given to competent authorities in other Member States of the European Economic Area in order to permit OBG (other than the Registered OBG) issued under the Programme to be offered to the public and admitted to trading on regulated markets in such other Member States in accordance with the procedures under the Prospectus Directive.

Each Series or Tranche (as defined herein) of OBG may be issued without the consent of the holders of any outstanding OBG, subject to certain conditions. OBG of different Series or Tranche may have different terms and conditions, including, without limitation, different maturity dates. Notice of the aggregate nominal amount of OBG, interest (if any) payable in respect of OBG, the issue price of OBG and any other terms and conditions not contained herein which are applicable to each Series or Tranche will be set out in final terms (the "**Final Terms**") which, with respect to OBG to be listed on the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange on or before the date of issue of the OBG of such Series or Tranche.

The OBG will be issued in dematerialised form (*emesse in forma dematerializzata*) will be subject to the terms ofthe Terms and Conditions of the OBG and the applicable Final Terms and will be held in such form on behalf of the beneficial owners, until redemption and cancellation thereof, by Monte Titoli S.p.A. with registered office at via Mantegna, 6, 20154 Milan, Italy ("**Monte Titoli**") for the account of the relevant Monte Titoli Account Holders. The expression "**Monte Titoli Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System). The expression "**Relevant Clearing Systems**" means any of Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**"). The OBG of each Series or Tranche, issued in dematerialised form, will be deposited by the Issuer with Monte Titoli on the relevant Issue Date (as defined herein), will be in bearer form, will be at all times be in book entry form and title to the relevant OBGof each Series or Tranche will be evidenced by book entry in accordance with the provisions of article 83-*bis* of Italian legislative decree No. 58 of 24 February 1998, as amended and supplemented (the "**Financial Services Act**"), and with regulation issued by the Bank of Italy and the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") on 22 February 2008, as subsequently amended. No physical document of title will be issued in respect of the OBG of each Series or Tranche.

Each Series or Tranche of OBG may be assigned, on issue, a rating by one or more of Fitch Ratings Limited ("**Fitch**"), Moody's Investors Service Inc. ("**Moody's**") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**" and, together with Fitch and Moody's, the "**Rating Agencies**", which expression shall include any successor). OBG to be issued under the Programme, if rated, are expected to be rated Aaa by Moody's, AAA by S& and AAA by Fitch. Where a Tranche or Series of OBG is to be rated, such rating will not necessarily be the same as the rating assigned to the OBG already issued. Whether or not a rating in relation to any Tranche or Series of OBG will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies (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, Moody's or S&P, each of which is established in the European Union and each of which has applied to be registered under the CRA Regulation. Conditions precedent to the issuance of any Series or Tranche include that S&P confirms (where applicable) that the issuance of such Series or Tranche will not result in a reduction or withdrawal of the then current ratings by S&P of any of the then outstanding Series or Tranches.

**A credit rating is not a recommendation to buy, sell or hold OBG and may be subject to revision, suspension or withdrawal by any or all of the Rating Agencies and each rating shall be evaluated independently of any other.**

The OBG of each Series or Tranche will mature on the date mentioned in the applicable Final Terms (each a "**Maturity Date**"). Before the relevant Maturity Date, the OBG of each Series or Tranche will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in the Conditions (as defined below)).

Subject to certain exceptions as provided for in Condition 11 (*Taxation*), payments in respect of the OBG to be made by the Issuer will be made without deduction for or on account of withholding taxes imposed by any tax jurisdiction. In the event that any such withholding or deduction is made the Issuer will be required to pay additional amounts to cover the amounts so deducted. In such circumstances and provided that such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the OBG will be redeemable (in whole, but not in part) at the option of the Issuer. See Condition 9(c). The OBG Guarantor will not be liable to pay any additional amount due to taxation reasons in case an Issuer Event of Default (as defined below) has occurred. See "*Taxation*", below

**Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus.**

***Sole Arranger***

**UniCredit Bank AG, London Branch**

***Dealer***

**UniCredit Bank AG**

The date of this Prospectus is 31 January 2011.

This Prospectus comprises a base prospectus for the purposes of article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") and for the purpose of giving information with regard to the Issuer, the OBG Guarantor and the OBG which, according to the particular nature of the OBG, 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 OBG Guarantor and of the rights attaching to the OBG.

The Issuer accepts responsibility for the information contained in this Prospectus other than the information (regarding the OBG Guarantor) for which the OBG Guarantor accepts responsibility (collectively with the Issuer, the "**Responsible Persons**"). To the best of the knowledge of the Responsible Persons, 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.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Prospectus (and, therefore, acting in association with the Issuer) in connection with an offer of OBG are the persons named in the applicable Final Terms as the relevant Dealer(s).

Copies of the Final Terms will be available from the registered office of the Issuer and the specified office set out below of the Paying Agent (as defined below) and on the website of the Luxembourg Stock Exchange (www.bourse.lu).

This Prospectus is to be read in conjunction with any document incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus.

Full information on the Issuer, the OBG Guarantor and any Series or Tranche of OBG is only available on the basis of the combination of the Prospectus, any supplements, the relevant Final Terms and the documents incorporated by reference.

Unless otherwise defined in the relevant section of this Prospectus in which they are used, capitalised terms used in this Prospectus shall have the meaning ascribed to them in the section headed "*Terms and Conditions of the OBG*" below. For ease of reference, the section headed "*Index of Defined Terms*" below indicates the page of this Prospectus on which each capitalised term is defined.

None of the Dealers or the Sole 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. Each potential purchaser of OBG should determine for itself the relevance of the information contained in this Prospectus and its purchase of OBG should be based upon such investigation as it deems necessary. None of the Dealers or the Sole Arranger undertakes to review the financial condition or affairs of the Issuer or the OBG Guarantor during the life of the arrangements contemplated by this Prospectus or by any supplement nor to advise any investor or potential investor in OBG of any information coming to the attention of any of the Dealers or the Sole Arranger.

This Prospectus contains industry and customer-related data as well as calculations taken from industry reports, market research reports, publicly available information and commercial publications. It is hereby confirmed that (a) to the extent that information reproduced herein derives from a third party, such information has been accurately reproduced and (b) insofar as the Responsible Persons are aware and are able to ascertain from information derived from a third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

The following sources of information, among others, have been used:

(i) Bank of Italy: data used for the Issuer's internal estimate of the market shares for loans and direct deposits held in Italy; data on the Italian banking market, in particular the number of active bank branches and financial promoters;

(ii) Italian association of asset managers (*Assogestioni - Associazione del Risparmio Gestito*): data used for the Issuer's internal estimates of market shares in mutual funds in Italy;

(iii) Fitch, Moody's and S&P: data and information used for the explanation of the factors addressed by the ratings assigned by each of the relevant Rating Agency;

(iv) Italian Banking Association (*ABI - Associazione Bancaria Italiana*): data used for the Issuer's internal estimates of market shares in direct deposits in Italy.

Commercial publications generally state that the information they contain originates from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed, and that the calculations contained therein are based on a series of assumptions. External data have not been independently verified by the Responsible Persons.

**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 OBG and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the OBG Guarantor or any of the Dealer(s) or the Sole Arranger (as defined in "General Description of the Programme"). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the OBG Guarantor 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 Issuer or the OBG Guarantor since the date hereof or the date upon which this Prospectus has been most recently amended or 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.**

Neither the delivery of this Prospectus nor the offering, sale or delivery of any OBG shall in any circumstances imply that the information contained herein concerning the Issuer and the OBG Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealer(s) and the Representative of the OBG Holders expressly do not undertake to review the financial condition or affairs of the Issuer or the OBG Guarantor during the life of the Programme or to advise any investor in the OBG of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any OBG.

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 Sole Arranger, the OBG Guarantor or the Dealer(s) that any recipient of this Prospectus or any other financial statements should purchase the OBG. Each potential purchaser of OBG should determine for itself the relevance of the information contained in this Prospectus and its purchase of OBG should be based upon such investigation as it deems necessary. None of the Dealer(s) or the Sole Arranger undertakes to review the financial condition or affairs of the Issuer or the OBG Guarantor during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the OBG of any information coming to the attention of any of the Dealer(s) or the Sole Arranger.

The distribution of this Prospectus and the offering or sale of the OBG in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the OBG Guarantor, the Dealer(s) and the Sole Arranger to inform themselves about and to observe any such restriction.

The OBG have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and include OBG in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, OBG may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder). For a description of certain restrictions on offers and sales of OBG and on distribution of this Prospectus, see "*Subscription and sale*" below.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the OBG Guarantor or the Dealer(s) to subscribe for, or purchase, any OBG.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any OBG in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of OBG may be restricted by law in certain jurisdictions. The Issuer, the OBG Guarantor, the Dealers, the Sole Arranger and the Representative of the OBG Holders do not represent that this Prospectus may be lawfully distributed, or that any OBG may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer, the OBG Guarantor, the Dealers, the Sole Arranger or the Representative of the OBG Holders which is intended to permit a public offering of any OBG outside Luxembourg or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no OBG may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any OBG may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of OBG. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of OBG in the United States, Japan and the European Economic Area (including the United Kingdom and the Republic of Italy). See also "*Subscription and Sale*", below.

Each initial and each subsequent purchaser of an OBG will be deemed, by its acceptance of such Note, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as described in this Prospectus and in any Final Terms and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases. See "*Subscription and sale*", below.

**In connection with the issue of any Series or Tranche under the Programme, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot the relevant Series or Tranche or effect transactions with a view to supporting the market price of the relevant Series or Tranche at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the OBG of the relevant Series or Tranche 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 Series or Tranche and 60 days after the date of the allotment of the relevant Series or Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

All references in this Prospectus to: (i) "**Euro**", "**€**" and "**euro**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended; (ii) "**U.S.$** " or "**U.S. Dollar**" are to the currency of the Unites States of America; (iii) "**£**" or "**UK Sterling**" are to the currency of the United Kingdom; (iv) "**Italy**" are to the Republic of Italy; (v) laws and regulations are, unless otherwise specified, to the laws and regulations of Italy; and (vi) "**billions**" are to thousands of millions.

Certain monetary amounts and currency translations included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which preceded them.

The language of this 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.

The Sole Arranger is acting for the Issuer and no one else in connection with the Programme and will not be responsible to any person other than the Issuer for providing the protection afforded to clients of the Sole Arranger or for providing advice in relation to the issue of the OBG.

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## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents

(1) Issuer unaudited consolidated accounts in respect of the third quarter period ended 30 September 2010;

(2) Issuer unaudited consolidated interim financial statements (including review report) in respect of the six months ended 30 June 2010;

(3) Issuer audited consolidated annual financial statements (including the auditors' report thereon and notes thereto) in respect of the year ended on 31 December 2008;

(4) Issuer audited consolidated annual financial statements (including the auditors' report thereon and notes thereto) in respect of the year ended on 31 December 2009;

(5) OBG Guarantor annual financial statements in respect of the year ended on 31 December 2008;

(6) OBG Guarantor annual financial statements (including the auditors' report thereon and notes thereto) in respect of the year ended on 31 December 2009;

(7) Issuer's current by-laws (*statuto*),

which have been previously published or are published simultaneously with this Prospectus and which have been approved by the CSSF or filed with it. Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document 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.

Copies of all documents incorporated herein by reference may be obtained without charge at the head office of the Issuer and the Luxembourg Listing Agent and may be obtained via the internet at the websites of the Issuer (*www.unicreditgroup.eu*) and the Luxembourg Stock Exchange (*www.bourse.lu*). Written or oral requests for such documents should be directed to the specified office of the Luxembourg Listing Agent.

The table below sets out the relevant page references for (i) the Issuer's unaudited consolidated interim financial statements (including review report) in respect of the six months ended 30 June 2010 and the Issuer's unaudited consolidated accounts in respect of the third quarter period ended on 30 September 2010; (ii) the Issuer's audited consolidated statements for the financial years ended 31 December 2008, as set out in the Issuer's annual report; (iii) the Issuer's audited consolidated statements for the financial years ended 31 December 2009, as set out in the Issuer's annual report; (iv) the OBG Guarantor's audited statements for the financial years ended 31 December 2008, as set out in the OBG Guarantor's annual report; (v) the OBG Guarantor's audited statements for the financial years ended 31 December 2009, as set out in the OBG Guarantor's annual report; and (vi) the Issuer's current by-laws (*statuto*). Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only, and does not form part of this Prospectus.

**Unaudited consolidated interim financial statements (including review report) in respect of the six months ended 30 June 2010**

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**Audited annual financial statements of the OBG Guarantor for the financial year ended 31 December 2008**

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Any information not listed above but included in the above documents does not form part of this Prospectus and should be read for information purposes only.

The consolidated financial statements of the Issuer as at and for the years ended, respectively, on 31 December 2008 and 31 December 2009 have been audited by KPMG S.p.A., in its capacity as independents auditor of the Issuer, as indicated in their reports thereon.

The financial statements referred to above have been prepared in accordance with the International Accounting Standards / International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as endorsed and adopted by the European Union under Regulation (EC) 1606/2002.

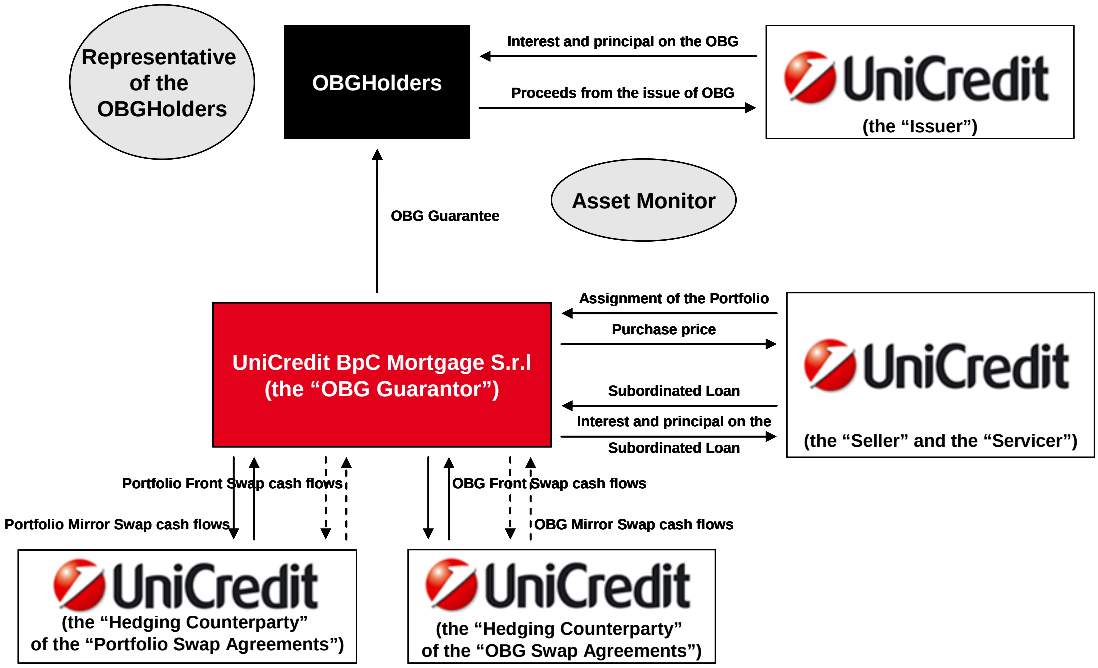
The OBG Guarantor annual financial statements in respect of the year ended on 31 December 2007, prepared in accordance with the International Accounting Standards / International Financial Reporting Standards (IAS/IFRS), have been audited by Dott. Lino De Luca (Public Certified Accountant), in his capacity as independent auditor of the OBG Guarantor, as indicated in his reports thereon. The OBG Guarantor annual financial statements in respect of the years ended, respectively, on 31 December 2008 and 31 December 2009, were prepared in accordance with the International Accounting Standards / International Financial Reporting Standards (IAS/IFRS) and have been audited audited by KPMG S.p.A., in its capacity as independent auditors of the OBG Guarantor, as indicated in their reports thereon.

## PROSPECTUS SUPPLEMENT

If at any time the Issuer shall be required to prepare a prospectus supplement pursuant to Article 13 of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus or a further Prospectus which, in respect of any subsequent issue of OBG to be listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market, shall constitute a prospectus supplement as required by Article 13 of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities.

Each of the Issuer and the OBG Guarantor has given an undertaking to the Dealer(s) that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any OBG and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the OBG Guarantor, and the rights attaching to the OBG, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the OBG and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

# STRUCTURE DIAGRAM



## RISK FACTORS

*Each of the Issuer and the OBG Guarantor believes that the following factors may affect their ability to fulfil their obligations under the OBG issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the OBG Guarantor are in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which the Issuer and the OBG Guarantor believe may be material for the purpose of assessing the market risks associated with OBG issued under the Programme are also described below.*

*Each of the Issuer and the OBG Guarantor believes that the factors described below represent the principal risks inherent in investing in the OBG issued under the Programme, but the inability of the Issuer or the OBG Guarantor to pay interest, principal or other amounts on or in connection with any OBG may occur for other reasons and neither the Issuer nor the OBG Guarantor represents that the statements below regarding the risks of holding any OBG are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any document incorporated by reference) and reach their own views prior to making any investment decision.*

### 1. Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with the OBG issued under the Programme

*Risks concerning liquidity which could affect the Group's ability to meet its financial obligations as they fall due*

The Group's businesses are subject to risks concerning liquidity which are inherent in its banking operations, and could affect the Group's ability to meet its financial obligations as they fall due or to fulfil commitments to lend. In order to ensure that the Group 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 Group 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 has yet to overcome the difficulties which first manifested themselves in August 2007 and were intensified by the bankruptcy filing 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 progressively intensified in the first half of 2010, becoming more acute in early May 2010. The sovereign debt ratings of Portugal, Ireland and Spain suffered downgrades between July and December 2010. The large sovereign debts and/or fiscal deficits in European countries have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries, in particular following the International Monetary Fund and European Union support package for Greece and, more recently, the support package for Ireland. These concerns may have an impact on 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. Such effects may also extend to banks outside the European Union, in particular to those economies on the periphery of the European Union, including certain Central and Eastern European countries in which the Group operates. 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 Group's access to, and cost of, funding. Should the Group be unable to continue to source a sustainable funding profile, the Group's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected.

*Systemic risk could adversely affect the Group's business*

In recent years, the global credit environment was 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 Group interacts on a daily basis and therefore could adversely affect the Group.

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

The results of the Group are affected by general economic, financial and other business conditions. During recessionary periods, there may be less demand for loan products and a greater number of the 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 Europe and in the other markets in which the Group operates influence its performance.

As discussed under "*Risks concerning liquidity which could affect the Group's ability to meet its financial obligations as they fall due*" above, these risks are exacerbated by concerns over the levels of the public debt of, and the weakness of the economies in, certain Euro-zone countries. There can be no assurance that the initiatives aimed at stabilising the markets will be sufficient to avert "contagion", e.g. the risk that the Greek and Irish sovereign debt crisis will spread to other indebted countries. If there were to be a downgrade in the sovereign debt of the countries in which the Group operates, such downgrade, or the perception that such a downgrade may occur, would be likely to have a material effect in depressing economic activity and restricting the availability, and increasing the cost, of funding for individuals and companies, which might have a material adverse effect on the Group's operating results, financial condition and prospects.

*Risks connected to an economic slowdown and volatility of the financial markets – credit risk*

The banking and financial services market in which the Group operates is affected by unpredictable factors, including overall economic developments, fiscal and monetary policies, liquidity and expectations within capital markets and consumers' behaviour in terms of investment and saving. In particular, the demand for financial products in traditional lending operations could lessen during periods of economic downturn. Overall economic development can furthermore negatively impact the solvency of mortgage debtors and other borrowers of UniCredit and the Group such as to affect their overall financial condition. Such developments could negatively affect the recovery of loans and amounts due by counterparties of the Group companies, which, together with an increase in the level of insolvent clients compared to outstanding loans and obligations, will have an impact on the levels of credit risk.

The Group is exposed to potential losses linked to such credit risk, in connection with the granting of financing, commitments, credit letters, derivative instruments, currency transactions and other kinds of transactions. This credit risk derives from the potential inability or refusal by customers to honour their contractual obligations under these transactions and the Group's consequent exposure to the risk that receivables from third parties owing money, securities or other assets to it will not be collected when due and must be written off (in whole or in part) due to the deterioration of such third parties' respective financial standing (counterparty risk). This risk is present in both the traditional on-balance sheet uncollateralised and collateralised lending business and off-balance sheet business, for example when extending credit by means of a bank guarantee. Credit risks have historically been aggravated during periods of economic downturn or stagnation, which are typically characterised by higher rates of insolvencies and defaults. As part of their respective businesses, entities of the Group operate in countries with a generally higher country risk profile than in their respective home markets (emerging markets). Entities of the Group hold assets located in such countries. The Group's future earnings could also be adversely affected by depressed asset valuations resulting from a deterioration in market conditions in any of the markets in which the Group companies operate. The above factors could also have a significant impact in terms of capital market volatility. As a result, volumes, revenues and net profits in banking and financial services business could vary significantly over time.

The Group monitors credit quality and manages the specific risk of each counterparty and the overall risk of the respective loan portfolios, and the Group will continue to do so, but there can be no assurance that such monitoring and risk management will suffice to keep the Group'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 Group's business, financial condition and results of operations.

In addition, protracted or steep declines in the stock or bond markets in Italy and elsewhere may have an adverse impact on the Group's investment banking, securities trading and brokerage activities, the Group's asset management and private banking services, as well as the Group's investments in and sales of products linked to financial assets performance.

*Risk connected to the U.S. subprime market crisis*

The Group's total direct and indirect exposure to U.S. subprime loans as at 30 June 2010 was approximately € 39.5 million on a consolidated level (including U.S. Residential Mortgage Backed Securities (*RMBSs*) and Collateralised Debt Obligations (*CDOs*)). Certain companies in the Group also sponsor conduits that issued securities to finance the acquisition of mortgage backed loans, which have been included in the Group's consolidated accounts since the 2007 financial year. As at 30 June 2010, the total balance sheet exposure in relation to these conduits amounted to approximately € 2,195.6 million. The Group does not sponsor any structured investment vehicles

("**SIVs**") but invests in notes issued by SIVs, therefore, SIVs are not consolidated in the Group's accounts.

Additionally, the following vehicles are consolidated in the Group's accounts: Altus Alpha Plc, Claris Ltd Series 64/2006, Elektra Purchase No. 1 Ltd, Grand Central Funding Corp., Redstone Mortgages Plc, SFCG Scudetto (substantially consolidated) and a further 11 vehicles operating with underlying U.S. municipal and local government bonds. The total balance sheet exposure in relation to these vehicles as at 30 June 2010 was €2,911.8 million.

Although management believes that the Group's overall exposure to the U.S. subprime market is not material, UniCredit may suffer losses as a result of the financial turmoil triggered by the subprime markets crisis. In particular, the lack of liquidity in the credit markets that has characterised the subprime crisis has effectively increased UniCredit's funding costs and prevented UniCredit from syndicating some loans that UniCredit would have syndicated in the former environment. UniCredit's management also expects that the results of the Group investment banking operations will suffer from the downturn in market activity experienced since 2007, which may continue.

*Deteriorating asset valuations resulting from poor market conditions may adversely affect the Group's future earnings*

The global economic slowdown and economic crisis in certain countries of the Euro-zone have exerted, and may continue to exert, downward pressure on asset prices, which has an impact on the credit quality of the Group's customers and counterparties. This may cause the Group to incur losses or to experience reductions in business activity, increases in non-performing loans, decreased asset values, additional write-downs and impairment charges, resulting in significant changes in the fair values of the Group's exposures.

A substantial portion of the Group's loans to corporate and individual borrowers are secured by collateral such as real estate, securities, ships, term deposits and receivables. In particular, as mortgage loans are one of the Group's principal assets, it is highly exposed to developments in real estate markets.

Continued decline in the general economy of the countries in which the Group operates, or a general deterioration of economic conditions in any industries in which its borrowers operate or in other markets in which the collateral is located, may result in decreases in the value of collateral securing the loans to levels below the outstanding principal balance on such loans. A decline in the value of collateral securing these loans or the inability to obtain additional collateral may require the Group to reclassify the relevant loans, establish additional provisions for loan losses and increase reserve requirements. In addition, a failure to recover the expected value of collateral in the case of foreclosure may expose the Group to losses which could have a material adverse effect on its business, financial condition and results of operations. Moreover, an increase in financial market volatility or adverse changes in the liquidity of its assets could impair the Group's ability to value certain of its assets and exposures or result in significant changes in the fair values of these assets and exposures, which may be materially different from the current or estimated fair value. Any of these factors could require the Group to recognise write-downs or realise impairment charges, any of which may adversely affect its financial condition and results of operations.

*Risks associated with the Group's exposure to Central and Eastern European countries*

An important element of the Group's strategy is to expand and develop its business in Central and Eastern Europe. The countries of Central and Eastern Europe have undergone rapid political, economic and social change since the end of the 1980s, and this process was accelerated by the accession to the European Union in May 2004 of many of the Central and Eastern European countries in which companies of the Group operate. A delay in, or the disruption of, the accession process with regard to the Central and Eastern European countries that have not yet joined the European Union (Croatia and Turkey) may have material adverse consequences for the economies of these countries and the Group's business in these countries.

UniCredit also expects that competitive pressures in Central and Eastern Europe will increase, as banking groups already active in the banking markets will seek to expand their presence, and new entrants may also move into these markets.

The countries of Central and Eastern Europe were adversely affected by the worldwide economic downturn, and the region may face further challenges in coming years due in part to European Union legal, fiscal and monetary policies, which may limit a country's ability to respond to local economic circumstances.

A decrease in availability of liquidity exposed the region's dependence on foreign funding, leading to a widening of credit spreads and a credit crunch in certain parts of the region. Further factors, including the lower credit ratings of Central and Eastern European countries and many Central and Eastern European banks, as well as pressure on the region's currencies, contributed to a review of the growth prospects of the region. In particular, Ukraine has experienced a significant currency devaluation and reduction in gross domestic product, causing a deterioration of its banking system. While the Group continues to focus on credit risk management, close monitoring of the liquidity position in CEE countries, generation of deposits to boost liquidity capital injections (including in the Group's Ukrainian subsidiary) and further cost reductions, reaffirming its long-term commitment to the region, there are significant risks associated with doing business in those countries. There are significant differences in the nature of the risks from one country to another, but they generally include comparatively volatile economic, political, foreign exchange and stock market conditions, as well as, in many cases, less developed political, financial and legal infrastructures. Any further deterioration of economic and market conditions in Central and Eastern Europe may also increase the counterparty credit risk associated with this region. There can be no assurance that the Group's financial condition or results of operations will not be materially adversely affected as a result of one or more of these risks.

*Risks associated with activities of the Group in Kazakhstan*

The current financial crisis has had a significant impact on the Kazakh economy and, more specifically, on the real estate sector which was affected by rapid decreases in prices. The Kazakh banking system, which is structurally dependant on the real estate sector, suffered a general deterioration, and in 2009 two of the largest banks were nationalised and the four largest banks, with predominantly local shareholdings, accessed state aid.

In order to address the deterioration of its Kazakh credit portfolio, in 2009 UniCredit carried out a recapitalisation of its subsidiary ATF. Due to the continuation of the economic crisis and the revision of strategic plans, the impairment test on goodwill revealed the need to record a write-down of €162 million.

Given the duration of the crisis affecting the Kazakh economy, it is not possible to exclude that a further deterioration of financial conditions of customers might lead the Group to evaluate further initiatives aimed at supporting its subsidiary ATF, with a possible negative impact on the financial condition or results of operations of the Group.

*Non-traditional banking activities expose the Group to additional credit risks*

Many of the business activities of the Group that go beyond the traditional banking business of lending and deposit-taking will expose the Group to additional credit risk. Non-traditional credit risk can, for example, arise from:

(a) entering into derivatives contracts under which counterparties have obligations to make payments to entities of the Group;

(b) executing securities, futures, currency or commodity trades that fail to settle timely due to non delivery by the counterparty or to systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries (including the Group);

(c) owning securities of third parties; and

(d) extending credit through other arrangements.

Parties to these transactions, such as trading counterparties or counterparties issuing securities held by entities of the Group, may default on their obligations to entities of the Group due to insolvency, political and economic events, lack of liquidity, operational failure or other reasons. Defaults with respect to a significant number of transactions or one or more transactions that involve significant volumes would have a material adverse effect on the Group's business, financial condition and results of operations.

*The Group's risk management policies may fail to provide adequate protection*

The Group classifies the risk elements in its Italian loan portfolio in accordance with the appropriate requirements of the Bank of Italy and of Italian law, which may not be as strict as the corresponding requirements in certain other countries. The Group has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risk and intends to continue to do so in the future. Nonetheless, the 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 Group fails to identify or anticipate. Any failure in the Group's risk management system and strategies may cause the Group to suffer unexpected losses from unidentified or incorrectly evaluated market developments, trends or other circumstances. These risks and the adverse effects from them may be further aggravated by the complex integration of the risk management systems of the Group with those of acquired entities, as further described under "*Risks associated with the integration of recent acquisitions*" below. Furthermore, if existing or potential customers believe that the Group's risk management policies and procedures are inadequate, the Group's reputation as well as its revenues and profits may be negatively affected.

The 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 computer or telecommunications systems) and the risk of losses arising from workplace safety claims, client claims, products distribution claims, fines and penalties due to regulation breaches, damage to the company's physical assets and business disruption. The Group may face increased operational risk as a result of the merger and other changes to UniCredit's organisational structure and business model envisaged as part of the ONE4C ("*One for Clients"*) project launched on 1 November 2010 as further described under section headed "*Description of the Issuer – The One4C Programme*" below. The Group's systems and processes are designed to ensure that the operational risks associated with the Group's activities are appropriately monitored. A malfunction or defect in these systems, however, could adversely affect the Group's financial performance and business activities.

*Fluctuations in interest and exchange rates may affect the Group's results*

Fluctuations in interest rates in Europe and in the other markets in which the Group operates may influence the Group's performance. The results of the Group's banking operations are affected, inter alia, by the Group's management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. 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 Group's financial condition and results of operations.

Lending and deposits activities are strictly dependent on the interest rate risk hedging policies of the Group; in particular the correlation between changes in the interest rates in the reference markets and those in the interest margin. Although UniCredit carries out strategic hedges with the aim of minimising the risk of interest rate fluctuations via entering into derivative contracts, such hedging strategies could be inadequate. As a result, a mismatch between the interest income realised by the Group and the interest expenses due to them, following the movement in interest rates, could significantly affect the financial position and operating results of the Group.

Furthermore, a significant portion of the business of the Group is carried out in currencies other than the Euro, predominantly in the legal tender of CEE countries and in US dollars. This exposes the Group to risks connected with fluctuations in exchange rates and with the monetary market.

*Changes in the Italian and European regulatory framework could adversely affect the Group's business*

The Group is subject to extensive regulation and supervision by the Bank of Italy, the Italian Securities and Exchange Commission ("**CONSOB**"), the European Central Bank and the European System of Central Banks. The banking laws to which the Group 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 Group 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 Group including proposed regulatory initiatives that could significantly alter the Group's capital requirements, such as the following:

- EU Directive 2009/111/EC ("**CRD II**"), due to be implemented by 31 December 2010, will change the criteria for assessing hybrid capital eligible to be included in Tier I Capital and may require the Group to replace, over a staged grandfathering period, existing capital instruments that do not fall within these revised eligibility criteria. The CRD II has been transposed into Italian law in December 2010.

- EU 2010/76/EU Capital Requirements Directive III ("**CRD III**") (the final text of which has been published in December 2010, with implementation of the relevant rules to occur by 31 December 2011) introduced a number of changes in response to the recent and current market conditions, which will:

  (i) strengthen the capital requirements for trading books to ensure that a bank's assessment of the risks connected with its trading book better reflects the potential losses from adverse market movements in stressed conditions;

  (ii) limit investments in securitisations held in the trading book and re-securitisations by imposing higher capital requirements for re-securitisations to make sure that banks take proper account of the risks of investing in such complex financial products;

  (iii) require banks to disclose more information on their exposure to securitisation risks, such as exposures in the trading book and sponsorship of off-balance sheet vehicles.

- In February 2010, the European Commission issued a public consultation document on further possible changes to the Capital Requirements Directive IV ("**CRD IV**"), which is closely aligned with the Basel Committee proposals described below. The CRD IV legislative proposal is expected to be published in early 2011.

- The Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision (the "**BCBS**"), met on 26 July 2010 to review the BCBS's capital and liquidity reform package. The Group of Governors and Heads of Supervision reached broad agreement on the overall design of the capital and liquidity reform package. In particular, this includes the definition of capital, the treatment of counterparty credit risk, the leverage ratio and the global liquidity standard.

- In September 2010, the BCBS reached an agreement (referred to as Basel III) regarding the global minimum capital standards to be implemented by member countries from January 2013, subject to certain trading arrangements. The agreement will strengthen the global capital framework by, among other things:

  (i) raising the quality of the core Tier I capital base in a harmonised manner (including through changes to the items which give rise to adjustments to that capital base);

  (ii) strengthening the risk coverage of the capital framework;

(iii) promoting the build up of capital buffers; and

(iv) introducing a global minimum liquidity standard for the banking sector.

- In addition, in December 2010, the BCBS issued the Basel III rules text, which presents the details of global regulatory standards on bank capital adequacy and liquidity agreed by the Governors and Heads of Supervision, and endorsed by the G20 Leaders at their November Seoul summit.

Significant uncertainty remains around the implementation of some of these initiatives. To the extent certain of these measures are implemented as currently proposed or announced, in particular the changes proposed or announced by the Basel Committee, they would be expected to have a significant impact on the capital and asset and liability management of the Group.

Such changes in the regulatory framework and in how such regulations are applied may have a material effect on the Group's business and operations. As the new framework of banking laws and regulations affecting the Group 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 Group.

*Risks associated with IT systems*

The Group's banking activities are dependent on highly sophisticated information technology (IT) systems, which are vulnerable to a number of problems including viruses, hacking and other causes of system failure. These risks and the adverse effects resulting from them may be further aggravated by the complex harmonisation and integration of the Group's IT commercial platforms in Germany and Austria.

*A failure of the Group to fully implement its strategy may have a material adverse effect on the Group's business, financial condition and results of operations*

The objective of the Group is to create a new force in European banking with leading positions in its core markets in Italy, Germany, Austria, Poland and Central and Eastern Europe as well as a balanced business portfolio and enhanced growth prospects and it has defined a number of strategic goals in order to achieve this objective. There can be no assurance that the Group will be successful in achieving these strategic goals or that achievement thereof will be sufficient to accomplish the objectives of the Group. A number of factors, some of which are outside the control of the Group (such as market declines and unfavourable macroeconomic conditions in the Group's core markets), the failure to establish clear governance rules within the Group and to align the strategies of the Group's entities with the strategy of the Group as a whole, as well as the failure to integrate the businesses of the Group, could result in an inability to implement some or all of the Group's strategic goals or to fully realise expected synergies, all of which could have a material adverse effect on the Group's business, financial condition and results of operations.

*Risks associated with the integration of recent acquisitions*

In the past years, UniCredit has concluded or negotiated a number of acquisition agreements, including significant acquisitions in Italy, Germany and Central and Eastern European countries. The integration of these acquisitions has involved and will involve integration challenges, particularly where management information and accounting systems differ materially from those used elsewhere in the Group. Although management believes it has the resources needed to successfully integrate these operations, it is possible that further integration difficulties could arise or that unanticipated problems could be discovered in one or more of the acquired entities.

The current structure of the Group has been significantly influenced by the acquisition by UniCredit of HVB in 2005 and of the business combination with the banking group formerly headed by Capitalia S.p.A. (the "**former Capitalia Group**") in 2007. A key part of UniCredit's strategy is to use the synergies from the terms of the aggregation with HVB and the former Capitalia Group to strengthen its competitive position in the markets in which the Group operates. While the integration of the former Capitalia Group has been completed, the integration of HVB is in a phase of advanced implementation.

*Intense competition, especially in the Italian market, where the Group has a substantial part of its businesses, could have a material adverse effect on the Group's results of operations and financial condition*

Competition is intense in all of the Group's primary business areas in Italy, Germany, Austria, Poland and Central and Eastern Europe and in the other countries in which the Group conducts its business. The Group derives a substantial part of its total banking income from its banking activities in Italy, a mature market where competitive pressures have been increasing quickly. If the Group is unable to continue to respond to the competitive environment in Italy with attractive product and service offerings that are profitable for the Group, it may lose market share in important areas of its business or incur losses on some or all of its activities. In addition, downturns in the Italian economy could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for which to compete.

*Ratings*

UniCredit is rated by Fitch Ratings Limited ("**Fitch**"), by Moody's Investors Service Limited ("**Moody's**") and by Standard & Poor's Ratings Services, a Division of the McGraw Hill Companies Inc. ("**Standard & Poor's**").

In determining the rating assigned to UniCredit, these rating agencies consider and will continue to review various indicators of the Group's performance, UniCredit's profitability and its ability to maintain its consolidated capital ratios within certain target levels. If UniCredit fails to achieve or maintain any or a combination of more than one of the indicators, including if UniCredit is unable to maintain its consolidated capital ratios within certain target levels, this may result in a downgrade of UniCredit's rating by Fitch, Moody's or Standard & Poor's.

Any rating downgrades of UniCredit or other entities of the Group would increase the re-financing costs of the Group and may limit its access to the financial markets and other sources of liquidity, all of which could have a material adverse effect on its business, financial condition and results of operations.

The ratings assigned to the OBG address the expectation of timely payment of interest and principal on the OBG on or before any payment date falling one year after the Maturity Date.

According to Fitch and Standard & Poor’s, the ratings assigned to the OBG may address:

(i) the likelihood of full and timely payment to OBG Holders of all payments of interest on each Interest Payment Date; and

(ii) the likelihood of ultimate payment of principal in relation to OBG on (a) the Maturity Date thereof or (b) if the OBG are subject to an Extended Maturity Date in respect of the OBG in accordance with the applicable Final Terms, the Extended Maturity Date thereof.

The ratings that may be assigned by Fitch incorporate both an indication of the probability of default and of the recovery given a default of the relevant OBG.

For Moody's, the ratings assigned to the OBG address the expected loss that OBG Holders may suffer.

The expected ratings of the OBG are set out in the relevant Final Terms for each Series of OBG. Whether or not a rating in relation to any OBG 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.

Any Rating Agency may lower its rating or withdraw its rating if, in the sole judgment of the Rating Agency, the credit quality of the OBG has declined or is in question. If any rating assigned to the OBG is lowered or withdrawn, the market value of the OBG may reduce.

Furthermore, in accordance with the current rating criteria of each of the Rating Agencies, the rating of the OBG may be linked, under certain circumstances, to the then current rating of the Issuer.

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 by the assigning rating agency.

*Risks in connection with legal proceedings*

The Group is subject to certain claims and is a party to legal and other proceedings (including tax proceedings) in the normal course of its business. These risks have been duly analysed by UniCredit and the Group companies involved, including as to whether it is appropriate or necessary to effect provisions (to the extent possible) in an amount believed suitable according to the circumstances or to make a mention thereof in a supplementary note to the balance sheet, in accordance with the appropriate accounting principles. In particular, as at 30 June 2010, the Group had made provisions for approximately € 1.4 billion to cover the risk and charges associated with such lawsuits (excluding employment, tax and credit recovery lawsuits) by the Group.

In many cases there is substantial uncertainty regarding the outcome of proceedings and the amount of any possible losses. These cases include criminal proceedings, administrative proceedings by regulatory authorities and claims in which the petitioner has not specifically quantified the penalties requested (for example, in putative class actions commenced in the U.S.). In situations where it is impossible to predict the outcome of a dispute and estimate any losses in a reliable manner, no provisions are made. However, where it is possible to provide a reliable estimate of the amount of possible losses and the loss is considered likely, provisions are made in the financial statements based on the circumstances and consistent with international accounting standards. A negative outcome for such proceedings could have a negative effect on the financial situation of the Group and of Group companies which are subject to such proceedings.

## 2. Factors that may affect the OBG Guarantor's ability to fulfil its obligations under or in connection with the OBG issued under the Programme

*OBG Guarantor only obliged to pay guaranteed amounts when the same are due for Payment*

The OBG Guarantor has no obligation to pay any Guaranteed Amounts payable under the OBG Guarantee until service by the Representative of the OBG Holders on the Issuer and the OBG Guarantor of a Notice to Pay.

A Notice to Pay can only be served by the Representative of the OBG Holders if an Issuer Event of Default has occurred. A Guarantor Acceleration Notice can only be served if a Guarantor Event of Default has occurred.

Following service of a Notice to Pay under the terms of the OBG Guarantee (provided that (a) an Issuer Event of Default has occurred and (b) no Guarantor Acceleration Notice has been served), the OBG Guarantor will be obliged to pay any Guaranteed Amounts as and when the same are due for payment. Such payments will be subject to, and will be made in accordance with, the Post-Issuer Event of Default Priority. In these circumstances, other than the Guaranteed Amounts the OBG Guarantor will not be obliged to pay any amount, for example in respect of broken funding indemnities, penalties, premiums, default interest or interest on interest which may accrue on or in respect of the OBG.

*Extendable obligations under the OBG Guarantee*

If the Extended Maturity Date is applicable to a Series (or Tranche) and if the OBG Guarantor is obliged under the OBG Guarantee to pay any Guaranteed Amounts and has insufficient funds available under the relevant priority of payments to pay such amount on the Maturity Date, then the obligation of the OBG Guarantor to pay such Guaranteed Amounts shall automatically be deferred to the relevant Extended Maturity Date. However, to the extent the OBG Guarantor has sufficient moneys available to pay in part the Guaranteed Amounts in respect of the relevant Series or Tranche of OBG, the OBG Guarantor shall make such partial payment in accordance with the relevant Priority of Payments, as described in Condition 9 (Redemption and Purchase) on the relevant Maturity Date and any subsequent Payment Date falling prior to the relevant Extended Maturity Date. Payment of the unpaid amount shall be deferred automatically until the applicable Extended Maturity Date. Interest will continue to accrue and be payable on the unpaid Guaranteed Amount on the basis set out in the applicable Final Terms or, if not set out therein, Condition 9 (Redemption and Purchase), mutatis mutandis. In these circumstances, except where the OBG Guarantor has failed to apply money in accordance with the relevant Priority of Payments in accordance with Condition 9 (Redemption and Purchase), failure by the OBG Guarantor to pay the relevant Guaranteed Amount on the Maturity Date or any subsequent OBG Payment Date falling prior to the Extended Maturity Date (or the relevant later date in case of an applicable grace period) shall not constitute a Guarantor Event of Default. However, failure by the OBG Guarantor to pay any

Guaranteed Amount or the balance thereof, as the case may be, by the relevant Extended Maturity Date and/or pay any other amount due under the OBG Guarantee will (subject to any applicable grace period) constitute a Guarantor Event of Default.

*No gross-up for taxes*

Notwithstanding anything to the contrary in this Prospectus, 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 OBG Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the OBG Holders, as the case may be, and shall not be obliged to pay any additional amounts to the OBG Holders.

*Limited resources available to the OBG Guarantor*

The obligation of the OBG Guarantor to fulfil its obligation under the OBG Guarantee will be limited recourse to the Available Funds

The OBG Guarantor's ability to meet its obligations under the OBG Guarantee will depend on the realisable value of the Portfolio and of the Eligible Investments (if any), the amount of principal and revenue proceeds generated by the Portfolio and Eligible Investments (if any) and the timing thereof and amounts received from the Hedging Counterparties (if any) and the Account Bank or in accordance with the Transaction Documents. The OBG Guarantor will not have any other source of funds available to meet its obligations under the OBG Guarantee.

The proceeds of the Portfolio, the Eligible Investments (if any), any amount received from the Hedging Counterparties (if any), the Account Bank or in accordance with the Transaction Documents may not be sufficient to meet the claims of all the Secured Creditors, including the OBG Holders. If the Secured 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.

OBG Holders should note that the Amortisation Test - which applies further to the occurrence of an Issuer Event of Default - has been structured to ensure that the outstanding nominal amount of the Eligible Portfolio, together with any Eligible Investments (if any), any amount received from the Hedging Counterparties (if any), the Account Bank or in accordance with the Transaction Documents, shall be higher than or equal to the nominal amount of the outstanding OBG, which should reduce the risk of there ever being a shortfall. In addition the MEF Decree and the BoI OBG Regulations provide for certain mandatory tests aimed at ensuring, *inter alia*, that (a) the net present value of the Portfolio (net of certain costs) shall be higher than or equal to the net present value of the OBG; and (b) the amount of interests and other revenues generated by the Portfolio (net of certain costs) shall be higher than the interests and costs due by the Issuer under the OBG (see "Credit Structure" below for more details on the Mandatory Tests, the Over-Collateralisation Test and the Amortisation Test).

However there is no assurance that there will not be any shortfall.

*Reliance of the OBG Guarantor on third parties*

The OBG Guarantor has entered into agreements with a number of third parties, which have agreed to perform services for the OBG Guarantor. In particular, but without limitation, the Servicer has been appointed to service the Portfolio and the Asset Monitor has been appointed to monitor compliance with the Over-Collateralisation Test, the Amortisation Test and the Mandatory Tests. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Portfolio or any part thereof may be affected, or, pending such realisation (if the Portfolio or any part thereof cannot be sold), the ability of the OBG Guarantor to make payments under the OBG Guarantee may be affected. For instance, if the Servicer has failed to adequately administer the Portfolio, this may lead to higher incidences of non-payment.

The ability of the OBG Guarantor to make payments in respect of the OBG, where applicable, will depend upon the due performance by the parties to the Transaction Documents of their respective various obligations under the Transaction Documents to which they are each a party. In particular, without limitation, the punctual payment of amounts due on the OBG will depend on the ability of the Servicer to service the Portfolio, the Hedging Counterparties complying with their obligation under the relevant Swap Agreement and the continued availability of hedging under the relevant Swaps Agreement. The performance of such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party. In each case, the performance by the OBG Guarantor of its obligations under the Transaction Documents is also dependent on the solvency of, *inter alios*, the Servicer and the Hedging Counterparties.

If a Servicer Termination Event (as defined in the Servicing Agreement) occurs the OBG Guarantor, upon indication by the Issuer and subject to the approval in writing of the Representative of the OBG Holders, shall appoint another entity which shall be an eligible entity as successor servicer (the "**Successor Servicer**") which shall perform the servicing activities required to be performed by the Servicer, in accordance with the terms of the Intercreditor Agreement and of the Servicing Agreement.

Upon the occurrence of a Servicer Termination Event, the obligors under the Portfolio will be instructed to pay all the amounts due in respect of the Portfolio directly on a bank account opened with an Eligible Institution in the name of the OBG Guarantor. The Representative of the OBG Holders is not obliged in any circumstances to act as a servicer or to monitor the performance by any servicer of its obligations.

*Reliance on Hedging Counterparties*

To provide a hedge against any interest rate risk on the Portfolio, the OBG Guarantor entered into the Portfolio Front Swap Agreements with the relevant Hedging Counterparty. In addition, to provide a hedge against interest rate risks and currency risk (if any) in respect of each Series or Tranche of the OBG issued under the Programme, the Issuer entered into the OBG Front Swap Agreements with the relevant Hedging Counterparty. In addition to the above, on the same date of execution of the Portfolio Front Swap Agreements, the OBG Guarantor will enter, from time to time, in a relevant mirror swap agreements (the "**Portfolio Mirror Swap Agreements**") and, on the same date of execution of each OBG Front Swap Agreements the OBG Guarantor will enter, from time to time, in a relevant mirror swap agreement (the "**OBG Mirror Swap Agreements**"). The

Portfolio Mirror Swap Agreements and the OBG Mirror Swap Agreements will be terminated at zero cost for the OBG Guarantor upon occurrence of an Issuer Event of Default.

If the OBG 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 Hedging Counterparty is (unless otherwise stated in the relevant Swap Agreement) only obliged to make payments to the OBG Guarantor as long as the OBG Guarantor complies with its payment obligations under the relevant Swap Agreement. If the Hedging Counterparty 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 OBG Guarantor on the payment date under the Swap Agreements, the OBG Guarantor will 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 a confirmation from the Rating Agencies (where applicable) that the then current ratings of the OBG would not be adversely affected, the OBG Guarantor may hedge only part of the possible risk and, in such circumstances, may have insufficient funds to make payments under the OBG Guarantee.

If a Swap Agreement terminates, then the OBG Guarantor may be obliged to make a termination payment to the relevant Hedging Counterparty according to the relevant Priority of Payments. There can be no assurance that the OBG Guarantor will have sufficient funds available to make a termination payment under the relevant Swap Agreement, nor can there be any assurance that the OBG Guarantor will be able to enter into a replacement swap agreement, or if one is entered into, that the credit rating of the replacement hedging counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the OBG by the Rating Agencies. In addition, the Swap Agreements may provide that notwithstanding the relevant Hedging Counterparty ceasing to be assigned the requisite ratings and the failure by the Hedging Counterparty to take any of the remedial actions set out in the relevant Swap Agreement, the OBG Guarantor may terminate the swap until a replacement hedging counterparty has been found. However, there can be no assurance that the OBG Guarantor will be able to enter into a replacement swap agreement with a replacement hedging counterparty with the required ratings.

If the OBG Guarantor is obliged to pay a termination payment under any Swap Agreement, any payment due under the relevant Swap Agreement, including any termination payment arising out of a termination event, other than termination payments where the relevant Hedging Counterparties is the defaulting party or the sole affected party, but including, in any event, the amount of any termination payment due and payable to the relevant Hedging Counterparty in relation to the termination of the swap transactions to the extent of any premium received (net of any costs reasonably incurred by the OBG Guarantor to find a replacement swap counterparty), if any, by the OBG Guarantor from a replacement swap counterparty in consideration for entering into swap transactions with the OBG Guarantor on the same terms as the relevant Swap Agreement will rank ahead of amounts due on the OBG (the "**Hedging Senior Payments**").

With respect to the Additional Provisions Mark to Market payment in the Portfolio Front Swap, also any termination payment under this clause will be part of the Hedging Senior Payments for an amount up to the difference (if positive) on each Guarantor Payment Date between the purchase price paid by any purchaser/s of the Selected Asset and the Principal Amount Outstanding of the Asset and Integrative Asset sold to such purchaser/s.

*Limited description of the Portfolio*

OBG Holders will not receive detailed statistics or information in relation to the Assets in the Portfolio, because it is expected that the constitution of the Portfolio will frequently change due to, for instance:

(i) UniCredit (as Seller and Issuer) or the Additional Seller (if any) selling further Assets (or Assets, which are of a type that have not previously been comprised in the Portfolio to the OBG Guarantor);

(ii) UniCredit (as Seller and Issuer) or the Additional Seller (if any) repurchasing certain Assets in accordance with the Master Transfer Agreement; and

(iii) UniCredit (as Seller and Servicer) or the Additional Seller (if any) being granted by the OBG Guarantor with a wide power to renegotiate the terms and conditions of the Assets or further Assets.

However, each Mortgage Receivables or further Mortgage Receivables will be required to meet the Criteria and to conform with the representations and warranties set out in the Warranty and Indemnity Agreement — see "*Description of the Transaction Documents — Warranty and Indemnity Agreement*" below. In addition, the Mandatory Tests and the Over-Collateralisation Test are intended to ensure that the Outstanding Principal Balance of the Eligible Portfolio is higher than or equal to the Outstanding Principal Balance of the OBG for so long as OBG remain outstanding and the Calculation Agent will provide on each relevant Calculation Date or OC Calculation Agent a basis reports that will set out certain information in relation to the Mandatory Tests and the Over-Collateralisation Test.

In addition to the above, according to the Master Transfer Agreement, the Warranty and Indemnity Agreement and the Servicing Agreement, (i) UniCredit (as Seller and Issuer) (or the Additional Seller (if any) as the case may be) and the OBG Guarantor may, without the prior consent of the Representative of the OBG Holders or the OBG Holders approval, amend the General Criteria and the Specific Criteria (ii) UniCredit (as Seller and Issuer) (or the Additional Sellers (if any) as the case may be) and the OBG Guarantor may, without the prior consent of the Representative of the OBG Holders or the OBG Holders, amend certain representations and warranties granted in relation to newly assigned Mortgage Receivables if such amendment are necessary as a consequence of a change in the lending policies of the Seller (or the Additional Seller (if any) as the case may be), (iii) the Seller and the OBG Guarantor may, without the prior consent of the Representative of the OBG Holders or the OBG Holders approval, amend the Specific Criteria and the representation and warranties in relation to the sale of further assets originated by entities belonging to the UniCredit Banking Group other than the Seller (and included within the Capitalia Group banks) and (iv) the Seller and the OBG Guarantor may, without the prior consent of the Representative of the OBG Holders or the OBG Holders approval, amend the Master Transfer Agreement and the other relevant Transaction Documents in case of a change in law or new interpretations, amendments or further guidelines issued by the Bank of Italy or any competent regulator, provided that any such above amendment will be subject to notification to the Rating Agencies and the Representative of the OBG Holders and, if provided for under the relevant agreement, confirmation by the same Rating Agencies that the relevant amendment does not impact the rating assigned to the OBG.

In accordance with the Portfolio Administration Agreement, any Additional Seller may sell to the OBG Guarantor, and the latter shall purchase, Assets and Integration Assets without the prior consent of the Representative of the OBG Holders or the OBG Holders and, *inter alia*, subject to (i) the written approval by UniCredit as Issuer and Seller in relation to such sale, (ii) with respect to the purchase of Assets and Integration Assets, confirmation by the Rating Agencies that the assignment by the Additional Sellers would not adversely affect the then current ratings of the existing OBG, (iii) the execution of a master transfer agreement by the Additional Seller, substantially in the form of the Master Transfer Agreement (as amended to take into account the characteristics of the Assets or the Integration Assets sold by it) or in such other form as may be agreed amongst the Additional Seller and the OBG Guarantor and (iv) the granting of a subordinated loan by the Additional Seller for the purpose of financing the purchase of Assets or Integration Assets from it in accordance with the provision of a subordinated loan agreement to be executed substantially in the form of the Subordinated Loan Agreement.

*Sale of Selected Assets following the occurrence of an Issuer Event of Default*

If a Notice to Pay is served on the OBG Guarantor, then the OBG Guarantor shall (if necessary in order to effect timely payments under the OBG, as determined by the Calculation Agent in consultation with the Portfolio Manager) sell Selected Assets (selected on a Random Basis) in order to make payments to the OBG Guarantor's creditors including making payments under the OBG Guarantee, see "*Description of the Transaction Documents — Portfolio Administration Agreement*" below.

There is no guarantee that a buyer will be found to acquire Selected Assets at the times required and there can be no guarantee or assurance as to the price which may be able to be obtained for such Selected Assets, which may affect payments under the OBG Guarantee. However, the Selected Assets may not be sold by the OBG Guarantor for less than an amount equal to the Required Redemption Amount for the relevant Series or Tranche of OBG until six months prior to the Maturity Date in respect of such OBG or (if the same is specified as applicable in the relevant Final Terms) the Extended Maturity Date in respect of such OBG. In the six months prior to, as applicable, the Maturity Date or Extended Maturity Date, the OBG Guarantor is obliged to sell the Selected Assets for the best price reasonably available notwithstanding that such price may be less than the Required Redemption Amount.

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

If a Guarantor Event of Default occurs and a Guarantor Acceleration Notice is served on the OBG Guarantor, then the OBG Guarantor is obliged to sell the Selected Assets as quickly as reasonably practicable taking into account the market conditions at that time (see "*Description of the Transaction Documents — Portfolio Administration Agreement*" below).

There is no guarantee that the proceeds of realisation of the Portfolio will be in an amount sufficient to repay all amounts due to creditors (including the OBG Holders) under the OBG and the

Transaction Documents. If a Guarantor Acceleration Notice is served on the OBG Guarantor then the OBG may be repaid sooner or later than expected or not at all.

*Factors that may affect the realisable value of the Portfolio or the ability of the OBG Guarantor to make payments under the OBG Guarantee*

Following the occurrence of an Issuer Event of Default, the service of a Notice to Pay on the Issuer and on the OBG Guarantor, the realisable value of Selected Assets comprised in the Portfolio may be reduced (which may affect the ability of the OBG Guarantor to make payments under the OBG Guarantee) by:

(i) default by borrowers of amounts due on their claims;

(ii) changes to the lending criteria of UniCredit (or the Additional Seller (if any) as the case may be);

(iii) set-off risks in relation to some types of Mortgage Receivables in the Portfolio;

(iv) limited recourse to the OBG Guarantor;

(v) possible regulatory changes by the Bank of Italy, Consob and other regulatory authorities;

(vi) regulations in Italy that could lead to some terms of the Mortgage Receivables being unenforceable;

(vii) timing for the relevant sale of Assets; and

(viii) status of the real estate market in the areas where the Issuer operates.

Each of these factors is considered in more detail below. However, it should be noted that the Mandatory Tests, the Over-Collateralisation Test and the Amortisation Test are intended to ensure that there will be an adequate amount of Mortgage Receivables in the Portfolio and moneys standing to the credit of the Accounts (including any amount invested in Eligible Investments (if any) and without duplication to the above) to enable the OBG Guarantor to repay the OBG following an Issuer Event of Default, service of a Notice to Pay on the Issuer and on the OBG Guarantor and accordingly it is expected (although there is no assurance) that Selected Assets could be realised for sufficient values to enable the OBG Guarantor to meet its obligations under the OBG Guarantee.

*Priority of Payments*

The validity of contractual priority of payments such as those contemplated in this transaction has been challenged recently in the English and U.S. courts. The hearings have arisen due to the insolvency of a secured creditor (in that case a swap counterparty) and have considered whether such payment priorities breach the "anti-deprivation" principle under English and U.S insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that where a secured creditor subordinates itself to bondholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. The Court of Appeal in Perpetual Trustee Co Ltd v BNY Corporate Trustee Services Ltd ([2009] EWCA Civ 1160) (the "**Perpetual Case**") dismissed this argument and upheld the validity of similar priority of payments, stating that the anti-deprivation principle was not breached by such provisions. However, Judge Peck of the U.S. Bankruptcy Court for the Southern District of New York has, in the case of Lehman Brothers Special Financing Inc. V BNY Corporate Trustee Services Limited Case No. 09-01242 (Bankr. S.D.N.Y.)(JMP) (the "**Lehman Brothers Case**") granted Lehman Brothers Special Finance Inc.'s motion for summary judgement to the effect that such provisions do infringe the anti-deprivation principle in a U.S. insolvency. Judge Peck acknowledged that this has resulted in the U.S. courts coming to a decision "directly at odds with the judgement of the English Courts". The implications of this conflicting judgment are not yet known and the insolvent party in the Perpetual Case has been granted leave to appeal the decision to the Supreme Court, whilst BNY Corporate Trustee Services Limited has filed its motion for leave to appeal the Lehman Brothers Case decision with the U.S. Bankruptcy Court. The question of the validity of the payment priorities will therefore be considered again and, given the current state of U.S. and English law, this is likely to be an area of continued judicial focus particularly in respect of multi-jurisdictional insolvencies.

*Value of the Portfolio*

The OBG Guarantee granted by the OBG Guarantor in respect of the OBG will be backed by the Portfolio and the recourse against the Guarantor will be limited to such assets. Since the economic value of the Portfolio may increase or decrease, the value of the OBG Guarantor's assets may decrease (for example if there is a general decline in property values). The Issuer makes no representation, warranty or guarantee that the value of a Real Estate will remain at the same level as it was on the date of the origination of the related Mortgage Receivable or at any other time. If the residential property market in Italy experiences an overall decline in property values, the value of the Mortgage Receivable could be significantly reduced and, ultimately, may result in losses to the holders of the OBG if such security is required to be enforced.

*No representations or warranties to be given by the OBG Guarantor if Selected Assets and their related security interests are to be sold*

After the service of a Notice to Pay on the Issuer and the OBG Guarantor, but prior to service of a Guarantor Acceleration Notice, the OBG Guarantor shall, if necessary in order to effect timely payments under the OBG, sell the Selected Assets and their related security interests included in the Portfolio, subject to a right of pre-emption of the Seller and of any Additional Seller (if any) pursuant to the terms of the Master Transfer Agreement and of the Portfolio Administration Agreement. In respect of any sale of Selected Assets and their related security interests to third parties, however, the OBG Guarantor will not provide any warranties or indemnities in respect of such Selected Assets and related security interests and there is no assurance that the Seller and any Additional Seller (if any) would give or repeat any warranties or representations in respect of the Selected Assets and related security interests or if it has not consented to the transfer of such warranties or representations. Any representations or warranties previously given by the Seller in respect of the Mortgage Receivables in the Portfolio may not have value for a third party purchaser if the Seller or the relevant Additional Seller (if any) is then insolvent. Accordingly, there is a risk that the realisable value of the Selected Assets and related security interests could be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the OBG Guarantor to meet its obligations under the OBG Guarantee.

*Default by borrowers in paying amounts due on their Assets*

Borrowers may default on their obligations due under the Assets for a variety of reasons. The Mortgage Receivables are affected by credit, liquidity and interest rate risks. Various factors influence 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 conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Certain factors may lead to an increase in default by the borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the Mortgage Receivables. Loss of earnings, illness,divorce and other similar factors may lead to an increase in default by and bankruptcies of borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the Mortgage Receivables. In addition, the ability of a borrower to sell a property given as security for a Mortgage Receivable at a price sufficient to repay the amounts outstanding under that Mortgage Receivable 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. The recovery of amounts due in relation to a Mortgage Receivable classified as a Defaulted Receivables will be subject to the effectiveness of enforcement proceedings in respect of the Portfolio which in Italy can take a considerable time depending on the type of action required and where such action is taken and on several other factors, including the following: proceedings in certain courts involved in the enforcement of the Mortgage Receivables and Mortgages may take longer than the national average; obtaining title deeds from land registries which are in process of computerising their records can take up to two or three years; further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the relevant Debtor raises a defence to or counterclaim in the proceedings; and it takes an average of six to eight years from the time lawyers commence enforcement proceedings until the time an auction date is set for the forced sale of any Real Estate.

Law number 302 of 3 August 1998 permits notaries, accountants and lawyers to conduct certain stages of the enforcement procedures in place of the courts in order to reduce the length of enforcement proceedings by between two and three years.

*Changes to the lending criteria of the Seller*

Each of the Mortgage Receivables originated by the Seller will have been originated in accordance with its lending criteria at the time of origination. Each of the Mortgage Receivables sold to the OBG Guarantor by the Seller, but originated by a person other than the 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 Seller's or the relevant Originator's, as the case may be, lending criteria will generally consider term of loan, indemnity guarantee policies, status of applicants and credit history. In the event of the sale or transfer of any Mortgage Receivables to the OBG Guarantor, the Seller will warrant that (a) such Mortgage Receivables 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 Receivables as were originated by an Originator, were originated in accordance with the relevant Originator's lending criteria applicable at the time of origination. The Seller retains the right to revise its lending criteria from time to time subject to the terms of the Master Transfer 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 Receivables, that may lead to increased defaults by borrowers and may affect the realisable value of the Portfolio and the ability of the OBG Guarantor to make payments under the OBG Guarantee.

*Legal risks relating to the Assets*

The ability of the OBG Guarantor to recover payments of interest and principal from the Assets is subject to a number of legal risks. These include the risks set out below.

*Set-off risks*

The assignment of receivables under Law 130 is governed by article 58, paragraph 2, 3 and 4, of the Banking Law. 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 (*Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of assignment in the competent companies' register. Consequently, the rights of the OBG Guarantor may be subject to the direct rights of the borrowers 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 competent companies' register. Some of the Assets in the Portfolio may have increased risks of set-off, because the Seller or, as applicable, the relevant Originator is required to make payments under them to the borrowers. In addition, the exercise of set-off rights by borrowers may adversely affect any sale proceeds of the Portfolio and, ultimately, the ability of the OBG Guarantor to make payments under the OBG Guarantee.

*Usury Law*

Italian Law number 108 of 7 March 1996 (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 (the last such Decree having been issued on 23 September 2010). 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. In certain judgements issued during 2000, the Italian Supreme Court (*Corte di Cassazione*) ruled that the Usury Law applied both to loans advanced prior to and after the entry into force of the Usury Law. Although the Italian Government subsequently intervened by enacting a decree aimed at softening the effect of the Usury Law, the amount payable by borrowers pursuant to the Mortgage Receivables may be subject to reduction, renegotiation or repayment.

*Compounding of interest (anatocismo)*

Pursuant to article 1283 of the Italian civil code, accrued interest in respect of a monetary claim or receivable may be capitalised after a period of not less than six months only (i) under an agreement subsequent to such accrual or (ii) 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 (*usi*) to the contrary. Banks and financial companies in the Republic of Italy have traditionally capitalised accrued interest on a three-monthly basis on the grounds that such practice could be characterised as a customary practice (*uso normativo*). However, a number of recent judgments from Italian courts (including judgments from the Italian Supreme Court (*Corte di Cassazione*) No. 2374/99, No. 2593/2003, No. 21095/2004, No. 4094/2005 and No. 10127/2005) have held that such practices are not *uso normativo*. Consequently, if customers of the Originator were to challenge this practice and such interpretation of the Italian civil code were to be upheld before other courts in the Republic of Italy, there could be a negative effect on the returns generated from the Mortgage Loans. UCI has, however, represented in the Warranty and Indemnity Agreement that the Mortgage Loans comply with article 1283 of the Italian civil code

In this respect, it should be noted that article 25, paragraph 3, of legislative decree No. 342 of 4 August 1999 ("**Law No. 342**"), enacted by the Italian Government under a delegation granted pursuant to law No. 142 of 19 February 1992, has considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to the date on which it came into force (19 October 1999) to be valid. After such date, the capitalisation of accrued interest is no longer possible upon the terms established by a resolution of the CICR issued on 22 February 2000. Law No. 342 has been challenged and decision No. 425 of 17 October 2000 of the Italian Constitutional Court has declared as unconstitutional under the provisions of Law No. 342 regarding the validity of the capitalisation of accrued interest made by banks prior to the date on which Law No. 342 came into force.

*Mortgage borrower protection*

*Prepayment fees*

On 31 January 2007 the Italian Government adopted law decree No. 7 which was later converted into law by Law No. 40 of 2 April 2007 (the "**Bersani Decree**").

The Bersani Decree aims at, *inter alia*, increasing competitiveness in a number of sectors, including the banking sector with particular regard to residential mortgage loans.

The costs associated with prepayment of mortgage loans in Italy (including the prepayment fees requested by Italian banks and the notarial fees and tax costs associated with the refinancing) have caused prepayment rates in the Italian market to be lower compared to other jurisdictions. The Bersani Decree aims at reducing these costs with a view to allow borrowers to refinance their mortgage loans more easily.

With specific regard to mortgage loans (and, in particular, mortgage loans granted to individuals for the purchase or the restructuring of residential properties) executed after 2 February 2007, under article 7 of the Bersani Decree prepayment fees are no longer permitted. Any provision to the contrary is null and void.

The Bersani Decree contains also provisions applicable to mortgage loans for the purchase of residential properties executed before 2 February 2007 (such as the Mortgage Receivables in the Portfolio). In this respect, the Bersani Decree lays down basic rules which may lead to a renegotiation of the relevant mortgage loans and, more importantly, a reduction of the applicable prepayment fees. Pursuant to article 7 of the Bersani Decree, on 2 May 2007 the Italian banking association (*ABI – Associazione Bancaria Italiana*) and the national consumers' associations as identified in accordance with article 137 of the legislative decree No. 206 of 6 September 2006 (i.e. the Italian consumers' protection code) agreed the general guidelines for a renegotiation of the existing mortgage loans (the "**Prepayment Agreement**"). The terms of the Prepayment Agreement reproduced below have been extracted by a press release issued by the Italian banking association (*ABI – Associazione Bancaria Italiana*) on 2 May 2007 and has been accurately reproduced and, as far as the Issuer is aware and able to ascertain from information published by the Italian banking association (*ABI – Associazione Bancaria Italiana*), no facts have been omitted which would render this information inaccurate or misleading.

In particular, the Prepayment Agreement provides for the following maximum thresholds for prepayment fees:

(a) in respect of floating rate mortgage loans:

  (i) 0.50 per cent.;

  (ii) 0.20 per cent. if the prepayment occurs in the third year before the maturity of the mortgage loan; and

  (iii) nil if the prepayment occurs in the last two years before the maturity of the mortgage loan;

(b) in respect of fixed rate mortgage loans granted before 1 January 2001:

  (i) 0.50 per cent.;

  (ii) 0.20 per cent. if the prepayment occurs in the third year before the maturity of the mortgage loan; and

  (iii) nil if the prepayment occurs in the last two years before the maturity of the mortgage loan;

(c) in respect of fixed rate mortgage loans granted after 31 December 2000:

  (i) 1.90 per cent. if the prepayment occurs during the first half of the tenor of the mortgage loan;

  (ii) 1.50 per cent. if the prepayment occurs during the second half of the tenor of the mortgage loan;

  (iii) 0.20 per cent if the prepayment occurs in the third year before the maturity of the mortgage loan; and

  (iv) nil if the prepayment occurs in the last two years before the maturity of the mortgage loan.

In respect of mixed rate mortgage loans (i.e. those mortgage loans whose interest rate may vary from a fixed rate to a floating one and *viceversa*), the Prepayment Agreement provides for the applicability of one of the reductions described under (a), (b) and (c) above depending, *inter alia*, on the date of granting of the mortgage loans, the remaining term of, and type of interest rate applied to, the relevant mortgage loan as at the date when the prepayment occurs.

The Prepayment Agreement further provides that if the contractually agreed prepayment fee is equal to or lower than the thresholds described above, the applicable prepayment fee will be subject to the following additional reductions:

(a) in respect of floating rate mortgage loans and fixed rate mortgage loans granted before 1 January 2001, 0.20 per cent.; and

(b) in respect of fixed rate mortgage loans granted after 31 December 2000, if (i) the contractually agreed prepayment fee is equal to or higher than 1.25 per cent., 0.25 per cent.; and (ii) the contractually agreed prepayment fee is lower than 1.25 per cent., 0.15 per cent.

In any case, banks (as well as their assignees, including the OBG Guarantor) may not refuse the renegotiation of an existing mortgage loan (including the Mortgage Receivables in the Portfolio) if the relevant debtor proposes to reduce the prepayment fee within the limits set out in the Prepayment Agreement.

In relation to the provisions of the Prepayment 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 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.

Prospective OBG Holders' attention is drawn to the fact that the entry into force of the Bersani Decree is expected to have an impact on the market of residential mortgage loans with particular regard to the enforceability of the borrowers' obligations to pay prepayment fees to the lender (and their assignees, including the OBG Guarantor) and the rate of prepayments. As a result of the entry into force of the Bersani Decree, the OBG Guarantor may not be able to recover the prepayment fees in the amount originally agreed with the borrowers. Furthermore, the rate of prepayment in respect of the Mortgage Receivables can be sensibly different than the one traditionally experienced by the Seller for residential mortgage loans.

*Subrogation under the Bersani Decree*

Under article 8 of the Bersani Decree, a borrower under a mortgage loan may unilaterally subrogate (i.e. replace) the original lending bank (or its assignees, including the OBG Guarantor) with a new lender in accordance with article 1202 of the Italian civil code even if the original mortgage loan agreement provides that the relevant debtor may not repay the loan before a pre-determined term. In case of subrogation, the mortgage and collateral securities that guarantee the mortgage loan will pass to the new lender without any substantial formality.

In addition, Italian law number 244 of 24 December 2007 (the "**2008 Budget Law**") provides for certain 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 prepayment of the 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 Italian 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 assignee bank's request of interbank cooperation procedures, the original bank shall indemnify the relevant borrower for an amount equal to 1 per cent. of the mortgage value for each month or portion of 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 the indemnity paid to the borrower from the assignee bank.

*Borrower's right to suspend payments under a Mortgage Loan*

Pursuant to article 2, paragraph 475 and ff. of the 2008 Budget Law any borrower under a mortgage loan agreement executed for the purposes of acquiring a "first home" real estate property (*unità immobiliare da adibire ad abitazione principale*) giving evidence of its incapability to pay any instalments falling due under a mortgage loan is entitled to suspend payment of any such instalments for no more than two times during the life of the relevant mortgage loan and for a maximum duration of 18 months (the "**Borrower Payment Suspension Right**"). Upon exercise of the Borrower Payment Suspension Right the duration of the relevant mortgage loan will be extended of a period equal to the duration of the relevant suspension period.

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.

On 21 June 2010 the Ministry of Treasury and Finance (*Ministro dell'economia e delle finanze*) has adopted ministerial decree No. 132 ("**Decree 132/2010**") detailing the requisites and formalities which any Borrower must comply with in order to exercise the Borrower Payment Suspension Right.

In particular, under Decree 132/2010 a borrower is entitled to exercise the Borrower Payment Suspension Right if and to the extent that on the date of submission of the relevant request (i) he/she is the owner of the real estate asset relating to the mortgage loan agreement; (ii) the relevant mortgage loan has been granted for an original amount not exceeding €250,000, and the relevant amortisation plan has commenced by at least one year; (iii) the index of the equivalent economic situation (*indicatore della situazione economica equivalente - ISEE*) should not exceed €30,000; (iv) the relevant real estate asset must not fall in the A/1, A/8 and A/9 cadastral categories, it must not be a luxury real estate as defined under ministerial decree of 2 August 1969 and it must be a "first home" of the borrower at the submission of the application; (v) at least one of the following facts occurs after the drawing-up of the mortgage loan agreement: (a) loss of the non self-employed work for an indefinite period or end of the parasubordinate job or similar job, without a new job for at least three months; (b) death or non-self sufficiency of one of the household members earning at least 30 per cent. of the total taxable income of the relevant household; (c) payment of medical or home care expenses for an annual amount of at least €5,000; (d) payment of extraordinary maintenance, refurbishment or similar expenses for annual amount of at least €5,000; (e) an increase of the relevant floating rate mortgage loan instalment of at least 25 per cent. in the case of semi-annual instalments and at least 20 per cent. in the case of monthly instalments.

Furthermore, as specified by the Italian Banking Association (*Associazione Bancaria Italiana - "ABI"*), any borrower meeting the criteria set out above could submit its request for exercising the Borrower Payment Suspension Right in the period comprised from 1 February 2010 and 31 July 2011.

Prospective investors' attention is drawn to the fact that the potential effects of the suspension schemes and 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.

*Renegotiations of floating rate Mortgage Loans*

Law Decree No. 93 of 27 May 2008 ("**Law Decree 93**"), converted into law No. 126 of 24 July 2008 ("**Law 126**") which came into force on 29 May 2008, regulates the renegotiation of floating rate mortgage loans granted for the purposes of purchasing, building or refurbishing real estate assets used as main houses.

According to Law 126, the *Ministero dell'Economia e delle Finanze* (*Minister of Economy and Finance*) and the ABI (Italian Banking Association) entered into a convention providing for the procedures for the renegotiation of such floating rate mortgage loans (the "**Convention**").

The Convention applies to floating rate mortgage loan agreements entered into or taken over (*accollati*), also further to the parcelling (*frazionamento*) of the relevant mortgages, before 29 May 2008. Pursuant to the Convention, the instalments payable by a borrower under any of such mortgage loan agreements will be recalculated applying (a) a fixed interest rate (equal to the average of the floating rate interest rates applied under the relevant mortgage loan agreement during 2006) on the initial principal amount and for the original final maturity date of the relevant mortgage loan, or (b) if the mortgage loan has been entered into, renegotiated or taken over (*accollato*) after 31 December 2006, the parameters used for the calculation of the first instalment due after the date on which the mortgage loan has been entered into, renegotiated or taken over (*accollato*). The difference between the amount to be paid by the borrower as a result of such recalculation and the amount that the borrower would have paid on the basis of the original instalment plan will be (a) if negative, debited to a bank account on which interest will accrue in favour of the lender at the lower of (i) the rate equal to 10 (ten) IRS (interest rate swap) plus a spread of 0.50, and (ii) the rate applicable pursuant to the relevant mortgage loan, each of them calculated, in a fixed amount, on the renegotiation date, or (b) if positive, credited to such bank account. After the original final maturity date of the mortgage loan, the outstanding debt on the bank account will be repaid by the borrower through constant instalments equal to the ones resulting from the renegotiation, and the amortisation plan will be determined on the basis of the lower of (a) the rate applicable on the bank account, and (ii) the rate applicable pursuant to the relevant mortgage loan, as calculated, in a fixed amount, on the original final maturity date of the mortgage loan.

The Seller has adhered to the Convention sending to its clients a renegotiation proposal in accordance with the Convention. Borrowers eligible for the renegotiation who have received the renegotiation proposal can accept the proposal by way of a written notification to be sent not later than 28 November 2008 (the "**Final Adhesion Term**").

The renegotiation becomes effective on the third month following the date when such proposal has been accepted by the relevant client, with reference to the instalments which fall due after 1 January 2009.

*Interest cap in relation to floating rate Mortgage Loans*

Article 2 of law decree No. 185 of 29 November 2008, converted into law No. 2 of 28 January 2009 ("**Article 2**") provides for an interest cap in relation to floating rate mortgage loans granted for the purposes of purchasing, building or refurbishing real estate assets used as main houses before 31 October 2008. Article 2 applies also to those floating rate mortgage loans renegotiated in accordance with the Convention.

In particular, the interest component of any instalment falling due during the year 2009 will be recalculated by applying the higher of (i) four per cent. (excluding any spread, ancillary expenses or any other additional costs) and (ii) the interest rate provided by the relevant loan agreement as of the relevant execution date (the "**Interest Cap**").

The positive difference between the amount which would have been payable under the original terms of the relevant floating rate mortgage loan and the amount to be paid by the relevant borrower by applying the Interest Cap (the "**Δ Amount**") will be initially paid by the relevant lender and ultimately borne by the Republic of Italy. Article 2 requires the Italian tax authority (*Agenzia delle Entrate*) to implement specific regulations setting out, amongst other, the terms for payment of the Δ Amount to the banks by the Republic of Italy.

Regulation No. 117852 issued on 29 December 2008 by the Italian Ministry of Economy and Finance has clarified that, in case of mortgage loans which have subject to a securitisation or covered bonds transaction, such Δ Amount shall be paid by the relevant seller or by the entity appointed as "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" (which, in the context of the Programme, is the Servicer) pursuant to Law 130. Regulation No. 11434 issued on 13 February 2009 by the Italian Ministry of Economy and Finance has further clarified that the Δ Amount shall be paid on the date falling on the scheduled instalment date of the relevant mortgage loan.

The pieces of legislation referred to in each subparagraph under section "*Mortgage borrower protection*" above may have an adverse effect on the Portfolio and, in particular, on any cash flow projections concerning the Portfolio as well as on the over-collateralisation required in order to maintain the then current ratings of the OBG. 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 "*Selected Aspects of Italian Law*", below.

## 3. Factors which are material for the purpose of assessing the market risks associated with OBG issued under the Programme

***The OBG may not be a suitable investment for all investors***

Each potential investor in the OBG must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the OBG, the merits and risks of investing in the OBG and the information contained or referred to in this Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the OBG and the impact the OBG will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the OBG, including OBG 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;

(iv) understand thoroughly the terms of the OBG and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some OBG 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, appropriate addition of risk to their overall portfolios. A potential investor should not invest in OBG which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the OBG will perform under changing conditions, the resulting effects on the value of the OBG and the impact this investment will have on the potential investor's overall investment portfolio.

***Risks related to the structure of a particular issue of OBG***

OBG issued under the Programme will either be fungible with an existing Series or Tranche or have different terms to an existing Series or Tranche (in which case they will constitute a new Series or Tranche as the case may be). All OBG issued from time to time will rank *pari passu* with each other in all respects and will share equally in the security granted by the OBG Guarantor under the OBG Guarantee. If an Issuer Event of Default and a Guarantor Event of Default occur and result in acceleration, all OBG of all Series or Tranche will accelerate at the same time.

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

*OBG subject to optional redemption by the Issuer*

An optional redemption feature of OBG is likely to limit their market value. During any period when the Issuer may elect to redeem OBG, the market value of those OBG 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 OBG when its cost of borrowing is lower than the interest rate on the OBG. 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 OBG being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*Index Linked OBG and Dual Currency OBG*

The Issuer may issue OBG with interest or principal payments determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each a "**Relevant Factor**"). In addition, the Issuer may issue OBG with principal or interest payable in one or more currencies which may be different from the currency in which the OBG are denominated. Prospective investors should be aware that:

(i) the market price of such OBG may be very volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected;

(iv) the Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(v) if a Relevant Factor is applied to OBG in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

(vi) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

*Zero Coupon OBG*

The Issuer may issue OBG which do not pay current interest but are issued at a discount from their nominal value or premium from their principal amount. Such OBG are characterised by the circumstance that the relevant OBG holders, instead of benefitting from periodical interest payments, shall be granted an interest income consisting in the difference between the redemption price and the issue price, which difference shall reflect the market interest rate. A holder of a zero coupon OBG is exposed to the risk that the price of such bond falls as a result of changes in the market interest rate. Prices of zero coupon OBG are more volatile than prices of fixed rate OBG and are likely to respond to a greater degree to market interest rate changes than interest bearing OBG with a similar maturity. Generally, the longer the remaining terms of such OBG, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

*Credit-Linked OBG and Equity-Linked OBG*

The Issuer may issue Credit-Linked OBG in which the relevant obligation to pay interest and/or principal is linked to the credit of one or more reference entities. There is no guarantee that the holders will receive the full principal amount of such OBG or any interest thereon and ultimately the obligations of the Issuer to pay principal under such OBG may even be reduced to zero. The Issuer may also issue Equity-Linked OBG in which the payment of principal and/or interest will be calculated by reference to the value of certain underlying shares. For their features, both Credit-Linked OBG and Equity-Linked OBG should be purchased by sophisticated investors that are able to adequately assess the risks connected with an investment in Credit-Linked OBG or Equity-Linked OBG.

*Variable Rate OBG with a multiplier or other leverage factor*

OBG with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps, floors or collars (or any combination of those features or other similar related features), their market values may be even more volatile than those for securities that do not include those features.

*Fixed/Floating Rate OBG*

Fixed/Floating Rate OBG may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the OBG 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, the spread on the Fixed/Floating Rate OBG may be less favourable than then prevailing spreads on comparable Floating Rate OBG tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other OBG. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its OBG.

*OBG 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 remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***Risks related to OBG generally***

Set out below is a brief description of certain risks relating to the OBG generally.

*Certain decisions of OBG Holders taken at Programme level*

Any Programme Resolution to direct the Representative of the OBG Holders to serve a Notice to Pay or a Guarantor Acceleration Notice, and any direction to the Representative of the OBG Holders to take any enforcement action must be passed at a single meeting of the holders of all OBG of all Series then outstanding as set out in the Rules of the Organisation of OBG Holders attached to the Conditions as Schedule 1 and cannot be decided upon at a meeting of OBG Holders of a single Series or Tranche. A Programme Resolution will be binding on all OBG Holders including OBG Holders who did not attend and vote at the relevant meeting and OBG Holders who voted in a manner contrary to the majority.

The Representative of the OBG Holders may agree to modifications to the Transaction Documents without the OBG Holders' or other Secured Creditors' (as defined below) prior consent.

The Representative of the OBG Holders may, without the consent or sanction of any of the OBG Holders or any of the other Secured Creditors, concur with the Issuer and/or the OBG Guarantor and any relevant parties in making any modification as follows:

(i) to the Conditions and/or the other Transaction Documents which in the opinion of the Representative of the OBG Holders may be expedient to make provided that the Representative of the OBG Holders is of the opinion that such modification will be proper to make and will not be materially prejudicial to the interests of any of the OBG Holders of any Series or Tranche; and

(ii) to the Conditions or the other Transaction Documents which is of a formal, minor or technical nature or, which in the opinion of the Representative of the OBG Holders is to correct a manifest error or an error established as such to the satisfaction of the Representative of the OBG Holders or for the purpose of clarification or to comply with mandatory provisions of law and regulation or in general interpretation of laws and regulations.

The transaction documents provide that under certain circumstances (e.g. changes in the portfolio composition, changes in laws or in general interpretation of laws, amendments to the eligibility criteria, etc.) certain provisions of the Transaction Documents may be amended without the prior approval of the Representative of the OBG Holders and of the OBG Holders. For further details please refer to "Limited description of the Portfolio" in this Section and the "Description of the Transaction Documents".

*Controls over the transaction*

The BoI OBG Regulations require that certain controls be performed by the Issuer (also in its capacity as Seller) (see "Selected aspects of Italian law - Controls over the transaction" below), aimed, *inter alia*, at mitigating the risk that any obligation of the Issuer or the OBG Guarantor under the OBG is not complied with. Whilst the Issuer (also in its capacity as Seller) 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 payment obligations are actually performed and that any failure to properly implement the relevant policies and controls could have an adverse effect on the Issuers' or the OBG Guarantor's ability to perform their obligations under the OBG.

*Limits to the Integration*

Under the BoI OBG Regulations, the Integration (as defined below), whether through Assets or through Integration Assets shall be carried out in accordance with the modalities, and subject to the limits, set out in the BoI OBG Regulations (see Selected aspects of Italian law - Tests set out in the MEF Decree).

More specifically, under the BoI OBG Regulations, the Integration is allowed exclusively for the purpose of (a) complying with the Mandatory Tests (as defined below); (b) complying with any contractual overcollateralisation requirements agreed by the parties to the relevant agreements or (c) complying with the 15% maximum amount of Integration Assets within the Portfolio.

Investors should note that the Integration is not allowed in circumstances other than as set out in the BoI OBG Regulations and specified above.

*Tax consequences of holding the OBG*

Potential investors should consider the tax consequences of investing in the OBG and consult their tax adviser about their own tax situation.

*Prospectus to be read together with applicable Final Terms*

The terms and conditions of the OBG and the terms and conditions of the Registered OBG apply to the different types of OBG which may be issued under the Programme. The full terms and conditions applicable to each Series or Tranche of OBG (other than the Registered OBG) can be reviewed by reading the Conditions as set out in full in this Prospectus, which constitute the basis of all OBG to be offered under the Programme (other than the registered OBG), together with the applicable Final Terms which applies and/or disapplies, supplements and/or amends the master Terms and Conditions of the Programme in the manner required to reflect the particular terms and conditions applicable to the relevant Series of OBG (or Tranche thereof). The full terms and conditions applicable to each Series of Registered OBG can be reviewed by reading the relevant Registered OBG, the relevant Registered OBG Conditions and any schedule or ancillary agreement attached or relating thereto.

*Liability to make payments when due on the OBG*

The Issuer is liable to make payments when due on the OBG. The obligations of the Issuer under the OBG 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 OBG will not benefit from any security or other preferential arrangement granted by the Issuer. The OBG Guarantor has no obligation to pay the Guaranteed Amounts payable under the OBG Guarantee until the service on the OBG Guarantor of a Notice to Pay. Failure by the OBG Guarantor to pay amounts due under the OBG Guarantee in respect of any Series or Tranches would constitute a Guarantor Event of Default which would entitle the Representative of the OBG Holders to serve a Guarantor Acceleration Notice and accelerate the obligations of the OBG Guarantor under the OBG Guarantee and entitle the Representative of the OBG Holders to enforce the OBG Guarantee.

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

### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

*Secondary Market*

OBG may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their OBG easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for OBG that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of OBG generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of OBG. In addition, OBG 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 OBG may be adversely affected. In an illiquid market, an investor might not be able to sell his OBG at any time at fair market prices. The possibility to sell the OBG might additionally be restricted by country specific reasons.

*Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the OBG 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 OBG, (2) the Investor's Currency equivalent value of the principal payable on the OBG and (3) the Investor's Currency equivalent market value of the OBG. 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.

*Interest rate risks*

Investment in Fixed Rate OBG involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate OBG.

*Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the OBG. 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 OBG. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

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

An investor's total return on an investment in any OBG 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 OBG, 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 OBG.

*EU Savings Directive*

Legislative Decree No. 84 of 18 April 2005 implemented in Italy, as of 1 July 2005, the European Council Directive No. 2003/48/EC on the taxation of savings income. Under the Directive, Member States, if a number of important conditions are met, are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding tax system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Same details concerning payment of interest (or similar income) shall be provided to the tax authorities of a number of non-EU countries and territories, which have agreed to adopt similar measures with effect from the same date.

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 the OBG Guarantor or any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any OBG as a result of the imposition of such withholding tax. The Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

*Change of law*

The structure of the Programme and inter alia the issue of the OBG and the ratings assigned to the OBG are based on Italian law, tax and administrative practice in effect at the date of this Prospectus, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Italian law, tax or administrative practice or its interpretation will not change after the Issue Date of any Series or Tranche or that such change will not adversely impact the structure of the Programme and the treatment of the OBG. This Prospectus will not be updated to reflect any such changes or events.

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal 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 (1) OBG are legal investments for it, (2) OBG can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any OBG. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of OBG under any applicable risk-based capital or similar rules.

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following section contains a general description of the Programme and, as such, does not purport to be complete and is qualified in its entirety by the remainder of this Prospectus and, in relation to the terms and conditions of any Series or Tranche, the applicable Final Terms. Prospective purchasers of OBG should carefully read the information set out elsewhere in this Prospectus prior to making an investment decision in respect of the OBG. In this section, references to a numbered condition are to such condition in "Terms and Conditions of the OBG" below.*

*Certain terms used in this section, but not defined, may be found in other sections of this Prospectus, unless otherwise stated. An index of defined terms is contained at the end of this Prospectus, commencing on page 329.*

### 1 The Principal Parties

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| **Issuer** | UniCredit S.p.A. (the "**Issuer**" or "**UniCredit**") is a bank organised and existing under the laws of the Republic of Italy, whose registered office is at Via A. Specchi 16, 00186, Rome, Italy, head office at Piazza Cordusio, Milan, with Fiscal Code, VAT number and registration number with the companies' register of Rome 00348170101 and head office in Piazza Cordusio, Milan, Italy, and registered with the Bank of Italy pursuant to article 13 of of Italian legislative decree No. 385 of 1 September 1993 (the "**Banking Law**") under number 02008.1, parent company of the the "*Gruppo Bancario UniCredit*" registered with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Banking Act under number 02008.1 (the "**UniCredit Banking Group**" or the "**Group**" or the "**UniCredit Group**"), member of the *Fondo Interbancario di Tutela dei Depositi* and the *Fondo Nazionale di Garanzia*. See "*Description of the Issuer*", below. |
| **OBG Guarantor** | UniCredit BpC Mortgage S.r.l. (the "**OBG Guarantor**") is a limited liability company incorporated in the Republic of Italy under article *7-bis* of Italian law No. 130 of 30 April 1999 (*disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the "**Law 130**"). The OBG Guarantor is registered with the companies' register of Verona under number 04133390262, with the general register (*elenco generale*) pursuant to article 106 of the Banking Law under number 39531. The registered office of the OBG Guarantor is at Piazzetta Monte, 1, I-37121 Verona, Italy and its tax identification number (*codice fiscale*) is 04133390262. |

The OBG Guarantor is directed and co-ordinated (*soggetta all'attività di direzione e coordinamento*) by UniCredit and belongs to the UniCredit Banking Group.

The issued capital of the OBG Guarantor is equal to Euro 12,000, 60% owned by UniCredit and 40% owned by SVM Securitisation Vehicles Management S.r.l. (the "**Shareholder**"), an Italian joint stock company (*società per azioni*), with registered office at Via Alfieri, 1, I-31015 Conegliano (Treviso), Italy, and is registered with the register held by the Bank of Italy pursuant to article 106 of the Banking Act under number 31841.

See "*Description of the OBG Guarantor*", below.

**Seller**

UniCredit is the seller (in such capacity, the "**Seller**"). See "*Description of the Issuer*", below.

Pursuant to the terms of a master transfer agreement dated 29 August 2008, as amended on 14 October 2008 (the "**Master Transfer Agreement**") between the OBG Guarantor and the Seller, the Seller (a) sold an initial portfolio comprising Residential Mortgage Receivables (the "**Initial Portfolio**") to the OBG Guarantor and (b) agreed the terms upon which it may assign and transfer Assets and/or Integration Assets (in each case as defined below) satisfying the Criteria (as defined below) to the OBG Guarantor from time to time, on a revolving basis in the cases and subject to the limits referred to in section "*Creation and administration of the Portfolio*" below.

On 29 May 2009, the Seller and the OBG Guarantor have entered into a sale agreement pursuant to which the OBG Guarantor has purchased, in accordance with the Master Transfer Agreement, a New Portfolio with economic effect as at 1 April 2009 comprising Residential Mortgage Receivables selected in accordance with the General Criteria and the Specific Criteria (the "**May 2009 New Portfolio**").

On 13 November 2009, the Seller and the OBG Guarantor have entered into a sale agreement pursuant to which the OBG Guarantor has purchased, in accordance with the Master Transfer Agreement, a New Portfolio with economic effect as at 1 November 2009 comprising Residential Mortgage Receivables selected in accordance with the General Criteria and the Specific Criteria (the "**November 2009 New Portfolio**").

On 21 May 2010, the Seller and the OBG Guarantor have entered into a sale agreement pursuant to which the OBG Guarantor has purchased, in accordance with the Master Transfer Agreement, a New Portfolio with economic effect as at 1 May 2010 comprising Residential Mortgage Receivables selected in accordance with the General Criteria and the Specific Criteria (the "**May 2010 New Portfolio**").

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| **Subordinated Loan Provider** | UniCredit is the subordinated loan provider (in such capacity, the "**Subordinated Loan Provider**") pursuant to the terms of a subordinated loan agreement dated 14 October 2008 (the "**Subordinated Loan Agreement**") between the OBG Guarantor, the Representative of the OBG Holders and the Subordinated Loan Provider pursuant to which the Subordinated Loan Provider has agreed to grant to the OBG Guarantor a subordinated loan in an aggregate maxim amount, save for further increases which may determined unilaterally by the Subordinated Loan Provider, equal to € 7,500,000,000 (the "**Subordinated Loan**"). Following the determination to that effect, the maximum amount of the Subordinated Loan has been increased and is currently equal to € 17,500,000,000. |
| **Dealers** | UniCredit Bank AG is a German bank incorporated under German law as a public company limited by shares (*Aktiengesellschaft*), registered with the Commercial Register administered by the Local Court of Munich, Federal Republic of Germany at number HR B 421 48. It belongs to the UniCredit Banking Group and has its registered office at Kardinal-Faulhaber-Strasse 1, D-80333 Munich, Federal Republic of Germany. UniCredit Bank AG is the dealer ("**UniCredit Bank**").<br>The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches, one or more Series, or in respect of the whole Programme. |
| **Sole Arranger** | UniCredit Bank AG, London Branch is registered as a foreign branch with The Companies House of England and Wales under number BR001757. UniCredit Bank AG, London Branch, acting through its offices at Moor House – 120, London Wall, London EC2Y 5ET, United |

Kingdom, is the sole arranger (in such capacity, the "**Sole Arranger**").

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| **Servicer** | UniCredit (in such capacity, the "**Servicer**") will administer the Portfolio on behalf of the Issuer pursuant to the terms of a servicing agreement dated 29 August 2008, as subsequently amended, between the Issuer and the Servicer (the "**Servicing Agreement**"). |
| **Administrative Services Provider** | UniCredit Credit Management Bank S.p.A. is a bank incorporated as a joint stock company (*società per azioni*) under the laws of the Republic of Italy, fiscal code and registration number with the companies' register of Verona 00390840239, VAT number 02659940239, with registered office at Piazzetta Monte, 1, I-37121 Verona, Italy, registered under number 10639.3 (*codice meccanografico*) with the register of banks (*albo delle banche*) held by the Bank of Italy pursuant to article 13 of the Banking Law, member of the *Fondo Interbancario di Tutela dei Depositi* and of the *Fondo Nazionale di Garanzia* ("**UCMB**"). UCMB is a company with a sole shareholder and is directed and co-ordinated (*soggetta all'attività di direzione e coordinamento*) by UniCredit and belongs to the UniCredit Banking Group. UCMB is the administrative services provider to the OBG Guarantor (the "**Administrative Services Provider**"). Pursuant to the terms of an administrative services services agreement dated the Initial Execution Date (the "**Administrative Services Agreement**"), the Administrative Services Provider has agreed to provide certain administrative and secretarial services to the OBG Guarantor. |
| **Portfolio Manager** | The entity to be appointed under the Portfolio Administration Agreement (as defined below) in order to carry out certain activities in connection with the sale of the Assets or Integration Assets, following the occurrence of an Issuer Event of Default (as defined below) (the "**Portfolio Manager**"). |
| **Asset Monitor** | Mazars S.p.A., is incorporated as a joint stock company (*società per azioni*) under the laws of the Republic of Italy, having its registered office at Corso di Porta Vigentina, 35, 20122, Milan, Italy, fiscal code and enrolment with the companies register of Milan number 01507630489, registered under number 1059307 with the |

special register of accounting firms held by CONSOB pursuant to article 161 of the Financial Services Act, is the asset monitor under the Programme (the "**Asset Monitor**").

**Cash Manager**

UniCredit, or any other person for the time being acting as such, is the cash manager to the OBG Guarantor (in such capacity, the "**Cash Manager**") pursuant to the terms of a cash management and agency agreement dated 14 October 2008, as amended from time to time, between the Issuer, the OBG Guarantor, the Representative of the OBG Holders, the Calculation Agent, the Cash Manager, the Paying Agent and the Administrative Services Provider, as subsequently amended (the "**Cash Management and Agency Agreement**"). The Cash Manager will perform certain cash management functions on behalf of the OBG Guarantor. See "*General Description of the Programme — Description of the Transaction Documents*", "*Accounts and Cash Flows*", "*Description of the Transaction Documents*" and "*Description of the Issuer*", below.

**Account Bank**

UniCredit, or any other person for the time being acting as such, is the account bank to the OBG Guarantor in respect of certain of the OBG Guarantor's bank accounts (in such capacity, the "**Account Bank**") pursuant to the terms of the Cash Management and Agency Agreement. The Account Bank has opened, and will maintain, certain bank accounts in the name of the OBG Guarantor and will operate such accounts in the name and on behalf of the OBG Guarantor. See "*General Description of the Programme — Description of the Transaction Documents*", "*Accounts and Cash Flows*", "*Description of the Transaction Documents*" and "*Description of the Issuer*", below.

**Calculation Agent**

UniCredit Bank AG, acting through its London branch with offices at Moor House – 120, London Wall, London EC2Y 5ET, United Kingdom, or any other person for the time being acting as such, is the calculation agent (in such capacity, the "**Calculation Agent**") pursuant to the terms of the Cash Management and Agency Agreement. See "*General Description of the Programme — Description of the Transaction Documents*", "*Accounts and Cash Flows*" and "*Description of the Transaction Documents - Description of the Cash Management and Agency*

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| | *Agreement and of the Calculation Agency Agreement*", below. |
| **Additional Calculation Agent** | Capital and Funding Solutions S.r.l. is a company incorporated as a limited liability company with sole quotaholder (*societá a responsabilita limitata uninominale*) organised under the laws of the Republic of Italy, registered with the companies' register held in Bergamo, Italy, at number 03560990164, fiscal code 03560990164 and VAT number 03560990164 ("**Capital Solutions**"). Capital Solutions, or any other person for the time being acting as such, is the additional calculation agent (the "**Additional Calculation Agent**"). See "*General Description of the Programme — Description of the Transaction Documents*", "*Accounts and Cash Flows*" and "*Description of the Transaction Documents - Description of the Cash Management and Agency Agreement and of the Calculation Agency Agreement*", below. |
| **OBG Hedging Counterparties** | UniCredit, or any successor OBG hedging counterparty appointed from time to time (in such capacity, the "**Initial OBG Hedging Counterparty**") and any other entities that, from time to time, will enter into the OBG Front Swap Agreements (as defined below) for the hedging of currency risk and/or interest rate risk on the OBG (each an "**OBG Hedging Counterparty**" and, together with the Initial OBG Hedging Counterparty, the "**OBG Hedging Counterparties**"). |
| **Portfolio Hedging Counterparties** | UniCredit, or any successor Portfolio hedging counterparty appointed from time to time (in such capacity, the "**Initial Portfolio Hedging Counterparty**") and any other entities that, from time to time, will enter into the Portfolio Front Swap Agreements (as defined below) for the hedging of currency risk and/or interest rate risk on the Portfolio (each a "**Portfolio Hedging Counterparty**" and, together with the Initial Portfolio Hedging Counterparty, the "**Portfolio Hedging Counterparties**"). |
| **Mirror Hedging Counterparties** | UniCredit, or any successor mirror hedging counterparty appointed from time to time (in such capacity, the "**Initial Mirror Hedging Counterparty**") and any other entities that, from time to time, will enter into the Mirror Swap Agreements (as defined below) for the hedging of |

currency risk and/or interest rate risk on the Portfolio Front Swap Agreements or the OBG Front Swap Agreements (each a "**Mirror Hedging Counterparty**" and, together with the Initial Mirror Hedging Counterparty, the "**Mirror Hedging Counterparties**").

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| **Paying Agent** | BNP Paribas Securities Services S.A., a French *société anonyme* with capital stock of Euro 165,279,835, having its registered office at Rue d'Antin, Paris, France, operating for the purposes hereof through its Milan Branch located in Via Ansperto, 5, I-20123 Milan, Italy, registered with the companies' register held in Milan, Italy at number 13449250151, fiscal code and VAT number 13449250151, enrolled in register of banks (*albo delle banche*) held by the bank of Italy at number 5483, or any other person for the time being acting as such, is the paying agent in respect of the OBG and on behalf of the Issuer (the "**Paying Agent**") pursuant to the terms of the Cash Management and Agency Agreement. The Paying Agent has opened, and will maintain the Payments Account, the Eligible Investments Account and the Security Account (in each case as defined below) in the name of the OBG Guarantor and will operate such accounts in the name and on behalf of the OBG Guarantor. See "*General Description of the Programme — Description of the Transaction Documents*", "*Accounts and Cash Flows*" and "*Description of the Transaction Documents*", below.<br>Any reference to the Paying Agent included in this Prospectus, shall include, for the avoidance of doubt, any reference to any Registered Paying Agent (as defined below) appointed by the Issuer in relation to a specific Series of Registered OBG. |
| **Luxembourg Listing Agent** | BNP Paribas Securities Services, Luxembourg Branch, a French *société anonyme* with capital stock of Euro 165,279,835, having its registered office at Rue d'Antin, Paris, France, operating for the purpose hereof through its Luxembourg Branch located in 33, Rue de Gasperich Howald-Hesperange, L-2085 Luxembourg, or any other person for the time being acting as such, is the Luxembourg listing agent (in such capacity, the "**Luxembourg Listing Agent**"). |
| **Registrar** | Any institution which may be appointed by the Issuer to act as registrar in respect of the Registered OBG under |

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| | the Programme (the "**Registrar**"), provided that if the Issuer will keep the register and will not delegate such activity, any reference to the Registrar will be construed as a reference to the Issuer. |
| **Registered Paying Agent** | Any institution appointed by the Issuer to act as paying agent in respect of the Registered OBG issued under the Programme, if any (the "**Registered Paying Agent**"). If the Issuer so elects, it may act as Registered Paying Agent. |
| **Representative of the OBG Holders** | Securitisation Services S.p.A. is the representative of the holders of the OBG (the "**Representative of the OBG Holders**"). Securitisation Services S.p.A. is a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy, with a share capital of Euro 1,595,055.00 (fully paid-up), registered with the companies' register of Treviso under number 03546510268, fiscal code and VAT number 03546510268, registered with the general register (*elenco generale*) pursuant to article 106 of the Banking Act under number 31816 and has its registered office at via Alfieri, 1, I-31015 Conegliano (Treviso), Italy, subject to the activity of management and coordination ("*attività di direzione e coordinamento*") of Finanziaria Internazionale Holding S.p.A. |
| **Rating Agencies** | Fitch Ratings Limited ("**Fitch**"), Moody's Investors Service Inc. ("**Moody's**")and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**" and, together with Fitch and Moody's, the "**Rating Agencies**"). Whether or not a rating in relation to any Tranche or Series of OBG 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, Moody's or S&P, each of which is established in the European Union and each of which has applied to be registered under the CRA Regulation. |
| **Additional Sellers** | Any bank (each an "**Additional Seller")** other than the Seller which is a member of the UniCredit Banking Group that will sell Assets or Integration Assets (as defined below) to the OBG Guarantor, subject to |

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| | satisfaction of certain conditions (which shall include confirmation from the Rating Agencies that the assignment by the Additional Sellers would not adversely affect the then current rating of the existing OBG), and that, for such purpose, shall, *inter alia,* enter into a master transfer agreement, substantially in the form of the Master Transfer Agreement and shall accede the Intercreditor Agreement (which will be amended in order to take into account the granting of additional subordinated loans) and become a party to the Portfolio Administration Agreement. |
| **Ownership or control relationships between the principal parties** | As of the date of this Prospectus, no direct or indirect ownership or control relationships exist between the principal parties described above in this Section, other than the relationships existing between the Issuer (which, in the context of the Programme, acts also as Servicer, Seller, Subordinated Loan Provider, Account Bank, Cash Manager, Initial OBG Hedging Counterparty, Initial Portfolio Hedging Counterparty and Initial Mirror Hedging Counterparty), the OBG Guarantor, the Sole Arranger, the Calculation Agent, the Dealer and the Administrative Services Provider, all of which belong to the UniCredit Banking Group.<br>The entities belonging to the UniCredit Banking Group are subject to the direction and coordination *(direzione e coordinamento)* of the Issuer. |

## 2 Summary of the OBG and the Programme

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| **Description** | € 20,000,000,000 OBG Programme. |
| **Size** | Up to € 20,000,000,000 at any time (and for this purpose, any OBG denominated in another currency shall be translated into Euro at the date of the agreement to issue such OBG) in aggregate principal amount of OBG outstanding at any time (the "**Programme Limit** "). The Programme Limit may be increased in accordance with the terms of the Dealer Agreement. |
| **Distribution** | The OBG may be distributed on a syndicated or non-syndicated basis. |
| **Issue Price** | OBG of each Series or Tranche may be issued at an issue price which is at par or at a discount to, or premium over, par, as specified in the relevant Final Terms (in each case, the "**Issue Price**" for such Series or Tranche). |

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| **Form of OBG** | The OBG may be issued in dematerialised form or in registered form as Registered OBG.<br>The OBG issued in bearer form and in dematerialised form *(emesse in forma dematerializzata)* will be wholly and exclusively deposited with Monte Titoli in accordance with article 83-*bis* of of Italian legislative decree No. 58 of 24 February 1998, as amended, through the authorised institutions listed in article 83-*quater* of such legislative decree . The OBG will be held by Monte Titoli on behalf of the OBG Holders until redemption and cancellation for the account of each relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream, Luxembourg and Euroclear. The OBG will at all times be in book entry form and title to the OBG will be evidenced by book entries in accordance with: (i) the provisions of article 83-*bis* of of Italian legislative decree No. 58 of 24 February 1998, as amended; and (ii) the regulation issued by the Bank of Italy and the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") on 22 February 2008, as subsequently amended. No physical document of title will be issued in respect of the OBG.<br>Registered OBG will be issued to each holder in the form of *Namensschuld verschreibung*, each issued with a minimum denomination indicated in the applicable Registered OBG Conditions attached thereto, together with the execution of the related Registered OBG side agreement, in the form from time to time agreed with the relevant Dealer, (each, a "**Registered OBG Agreement**") in relation to a specific issue of Registered OBG.<br>The relevant Registered OBG (*Namensschuld verschreibung*), together with the related Registered OBG Conditions attached thereto, the relevant Registered OBG Agreement and any other document expressed to govern such Series of Registered OBG, will constitute the full terms and conditions of the relevant Series of Registered OBG.<br>In connection with each Registered OBG, each reference in the Prospectus to information being set out, specified, stated, shown, indicated or otherwise provided for in the applicable Final Terms shall be read and construed as a reference to such information being set out, specified, stated, shown, indicated or otherwise provided in the |

relevant Registered OBG (*Namensschuldverschreibung*), the relevant Registered OBG Conditions, the Registered OBG Agreement relating thereto or any other document expressed to govern such Registered OBG and, as applicable, each other reference to Final Terms in the Prospectus shall be construed and read as a reference to such Registered OBG (*Namensschuldverschreibung*), the relevant Registered OBG Conditions, the Registered OBG Agreement thereto or any other document expressed to govern such Registered OBG.

A transfer of Registered OBG shall not be effective until the transferee has delivered to the Registered OBG Registrar a duly executed Assignment Agreement. A transfer can only occur for the minimum denomination indicated in the applicable Registered OBG Conditions or multiples thereof.

In connection with Registered OBG, references in this Prospectus to the Conditions or a particularly numbered Condition shall be construed, where relevant (and unless specified otherwise), as references to the equivalent Condition in the relevant Registered OBG Conditions as supplemented by the relevant Registered OBG Agreement and/or any other applicable document.

**Currencies**

The OBG may be denominated in Euro, UK Sterling, Swiss Franc, Japanese Yen and US Dollar, as specified in the applicable Final Terms or in any other currency, as may be agreed between the Issuer and the relevant Dealer(s) (each, together with Euro, a "**Specified Currency**"), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, in which case the Issuer may enter into certain agreements in order to hedge *inter alia* its currency exchange exposure in relation to such OBG. Payments in respect of OBG may, subject to such compliance, be made in or linked to, any currency other than the currency in which such OBG are denominated.

**Maturities**

Subject to compliance with all relevant laws, regulations and directives, any maturity not lower than 24 months.

**Denominations**

In accordance with the Conditions, OBG will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal or regulatory or central bank requirements and provided that each Series will have OBG of one denomination only.

Registered OBG will be issued in such denominations indicated in the applicable Registered OBG Conditions.

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| **Redenominations** | OBG denominated in a currency of a country that subsequently participates in the third stage of European Economic and Monetary Union, may be subject to redenomination, renominalisation and/or consolidation with other OBG then denominated in euro. The provisions applicable to any such redenomination, renominalisation and/or consolidation will be as specified in the relevant Final Terms. |
| **Minimum Denomination** | The minimum denomination of the OBG (other than the Registered OBG) to be issued from the date hereof will be € 100,000 and integral multiples of €1,000 in excess thereof (or, if the relevant Series or Tranche of OBG is denominated in a currency other than euro, the equivalent amount in such currency) or such other higher denomination as may be specified in the relevant Final Terms (or its equivalent in another currency as at the date of issue of the relevant Series or Tranche of OBG).<br>The minimum denomination for Registered OBG will be specified in the applicable Registered OBG Conditions. |
| **Issue Date** | The date of issue of a Series or Tranche pursuant to and in accordance with the Dealer Agreement (in each case, the "**Issue Date**" in relation to such Series or Tranche). |
| **OBG Payment Date** | The date specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and confirmed, where applicable, by the relevant Rating Agencies as not adversely affecting the rating of the then outstanding OBG, provided however that each OBG Payment Date must also be a Guarantor Payment Date and subject in each case, to the extent provided in the relevant Final Terms, to adjustment in accordance with the applicable Business Day Convention (each such date, an "**OBG Payment Date**"). |
| **OBG Interest Period** | Each period beginning on (and including) an Interest Commencement Date or, in respect of any OBG Interest Period other than the first OBG Interest Period of each Series or Tranche, any OBG Payment Date and ending on (but excluding) the next following OBG Payment Date, provided that the initial OBG Interest Period of the |

First Series or Tranche shall begin on (and include) the Initial Issue Date and end on (but exclude) the first OBG Payment Date ("**OBG Interest Period**").

"**Interest Commencement Date**" means, in relation to any Series or Tranche of OBG, the Issue Date of the relevant Series or Tranche of OBG or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms.

**Types of OBG**

In accordance with the relevant Final Terms, the relevant Series or Tranche of OBG may be Fixed Rate OBG, Floating Rate OBG, Index-Linked OBG, Dual Currency OBG, Zero Coupon OBG or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. The relevant Series or Tranche of OBG may be Index-Linked Redemption OBG, Dual Currency OBG, and OBG repayable in one or more instalments or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms. Each Series shall be comprised of Fixed Rate OBG only or Floating Rate OBG only or Index-Linked Interest/Redemption OBG only or Zero Coupon OBG only or Dual Currency OBG only or such other OBG accruing interest on such other basis and at such other rate as may be so specified in the relevant Final Terms only.

*Fixed Rate OBG:* fixed interest on the Fixed Rate OBG will be payable in arrear on such date or dates specified in the relevant Final Terms and as may be agreed between the Issuer and the relevant Dealers. Fixed interest will be calculated on the basis of such Day Count Fraction provided for in the Conditions and the relevant Final Terms.

*Floating Rate OBG:* Floating Rate OBG will bear interest determined separately for each Series as follows:

(i) 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 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., or

(ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable Margin, in each case as provided for in the relevant Final Terms.

The applicable OBG Interest Periods will be specified in the relevant Final Terms.

The Margin (if any) relating to such floating rate OBG will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate OBG and will be specified in the relevant Final Terms.

*Index-Linked OBG:* Payments of principal in respect of Index-Linked Redemption OBG or of interest in respect of Index-Linked Interest OBG will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree as specified in the applicable Final Terms.

*Other Linked OBG:* OBG may be issued under the Programme which are either Credit Linked OBG or Equity Linked OBG. The specific terms of any linked instruments will be set out in the applicable Final Terms.

Credit Linked OBG may be principal protected instruments (in which the relevant obligation to pay interest is linked to the credit of one or more reference entities) and/or full instruments *(i.e.* instruments whereby the Issuer may redeem either at a cash redemption amount (above or at par) or physically by delivering deliverable obligations upon the occurrence of certain events relating to the credit of one or more reference entities).

Equity Linked OBG may be either cash settled (in which payments of principal and/or interest will be calculated by reference to the value of underlying shares, as will be set out in the applicable Final Terms) and/or physically delivered equity instruments (in which the Issuer will deliver a specific number of the underlying shares, other than shares of the Issuer and its subsidiaries, in respect of such instruments).

*Other provisions in relation to Floating Rate OBG and Index Linked Interest OBG:* Floating Rate OBG and Index Linked Interest OBG may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate OBG and Index Linked Interest OBG in respect of each OBG Interest Period, as agreed prior to issue by the Issuer and the relevant Dealers, will be payable on each OBG Payment Date, and will be calculated on the basis of such Day Count Fraction provided for in the Conditions and the relevant Final Terms.

*Dual Currency OBG:* Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency OBG will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree and as specified in the relevant Final Terms.

*Zero Coupon OBG:* Zero Coupon OBG may be issued and sold at their nominal value or at a discount and will not bear interest.

The issuance of certain types of OBG may require a prior amendment to the Transaction Documents by means of the written agreement among the relevant parties thereto and will not require the consent of the Representative of the OBG Holders or the approval of the OBG Holders, but may require, where applicable, confirmation from the Rating Agencies that such amendments would not adversely affect the then current ratings of the outstanding OBG.

**Issuance in Series**

OBG will be issued in series (each a "**Series**"), but on different terms from each other, subject to the terms set out in the relevant Final Terms in respect of such Series. OBG of different Series will not be fungible among themselves. Each Series (excluding any Series of Registered OBG, which may be Issued only in Series) may be issued in tranches (each a "**Tranche**") which will be identical in all respects, but having different issue dates, interest commencement dates, issue prices, potentially interest rates, maturity dates and/or dates for first interest payments. The specific terms of each Tranche will be completed in the relevant Final Terms. The Issuer will issue OBG without the prior consent of the holders of any outstanding OBG but subject to certain conditions (See "*General Description of the Programme - Conditions Precedent to the Issuance of a new series of OBG*" below).

Notwithstanding the foregoing, the term "Series" shall mean in the case of Registered OBG, each Registered OBG made out in the name of a specific Registered OBG

Holder.

**Final Terms**

Specific final terms will be issued and published in accordance with the generally applicable terms and conditions of the **OBG** (the "**Conditions**"**)** prior to the issue of each Series or Tranche detailing certain relevant terms thereof which, for the purposes of that Series only or Tranche only (as the case may be), supplements the Conditions and the Prospectus and must be read in conjunction with the Prospectus (each a "**Final Terms**"**)**. The terms and conditions applicable to any particular Series or Tranche of OBG are the Conditions as supplemented, amended and/or replaced by the relevant Final Terms.

The terms and conditions applicable to any particular Registered Covered Bond shall be the Registered OBG (*Namensschuld verschreibung*), the Registered OBG Conditions attached thereto, the relevant Registered OBG Agreement and any other document expressed to govern such particular Registered OBG.

**Interest on the OBG**

Except for the Zero Coupon OBG and unless otherwise specified in the Conditions and the relevant Final Terms, the OBG will be interest-bearing and interest will be calculated, on the relevant dates, on the principal amount outstanding of the relevant OBG (the "**Principal Amount Outstanding**"**)**. Interest will be calculated on the basis of the relevant Day Count Fraction as provided for in the Conditions and in the relevant Final Terms. Interest may accrue on the OBG at a fixed rate or a floating rate or on such other basis and at such rate as may be so specified in the relevant Final Terms or be index-linked and the method of calculating interest may vary between the Issue Date and the Maturity Date of the relevant Series or Tranche.

The length of the interest period for the OBG and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series or Tranche. OBG may have a maximum interest rate, a minimum interest rate, or both. All such information will be set out in the relevant Final Terms.

**Redemption of the OBG**

The applicable Final Terms will indicate either (a) that the OBG cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or in other specified cases, e.g. taxation reasons, or Guarantor Events of Default), or (b) that such OBG will be redeemable at the option of the Issuer upon giving prior written notice to the Representative of OBG Holders on behalf of the holders of the OBG (the "**OBG Holders**") and in accordance with the provisions of Condition 9 *(Redemption and Purchase)* and of the relevant Final Terms, on a date or dates specified prior to such maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms) or (c) that such will be redeemable at the option of the OBG Holders in accordance with Condition 9(f).

The relevant Final Terms will specify the basis for calculating the redemption amounts payable.

Any reference to the OBG Holders shall include reference to the holders of the OBG and/or the registered holder for the time being of a Registered OBG (the "**Registered OBG Holders**") as the context may require.

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| **Redemption by instalments** | The Final Terms issued in respect of each issue of OBG that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such OBG may be redeemed. |
| **Optional Redemption** | The Final Terms issued in respect of each issue of OBG will state whether such OBG may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the OBG Holders, and if so the terms applicable to such redemption. |
| **Early redemption** | Except as provided in "Optional Redemption" above, OBG will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See Condition 9 *(Redemption and Purchase)*, below. |
| **Tax gross up and redemption for taxation reasons** | Subject to certain exceptions as provided for in Condition 11 *(Taxation),* payments in respect of the OBG to be made by the Issuer will be made without deduction for or on account of withholding taxes imposed by any tax jurisdiction, subject as provided in Condition 11 *(Taxation).*<br>In the event that any such withholding or deduction is made the Issuer will be required to pay additional amounts to cover the amounts so deducted. In such circumstances and provided that such obligation cannot |

be avoided by the Issuer taking reasonable measures available to it, the OBG will be redeemable (in whole, but not in part) at the option of the Issuer. See Condition 9(c). The OBG Guarantor will not be liable to pay any additional amount due to taxation reasons in case an Issuer Event of Default (as defined below) has occurred.

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| **Maturity Date** | The final maturity date for each Series or Tranche (the "**Maturity Date**") will be specified in the relevant Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the currency of the OBG. Unless previously redeemed as provided in Condition 9 *(Redemption and Purchase),* the OBG of each Series will be redeemed at their Principal Amount Outstanding on the relevant Maturity Date. |
| **Extendable maturity** | The applicable Final Terms may also provide that the obligations of the OBG Guarantor to pay all or (as applicable) part of the Final Redemption Amount (as defined below) payable on the Maturity Date will be deferred pursuant to Condition 9(b) *(Extension of maturity)* for a maximum period of 12 calendar months following the Maturity Date (the "**Extended Maturity Date**"). Such deferral will occur automatically if:<br>(a) an Issuer Event of Default has occurred; and<br>(b) the OBG Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts (as defined below) corresponding to the Final Redemption Amount in full in respect ofthe relevant Series of OBG as set out in the relevant Final Terms (the "**Final Redemption Amount**") on the Maturity Date.<br>In these circumstances, to the extent that the OBG Guarantor has sufficient Available Funds (as defined below) to pay in part - on the relevant Maturity Date - the Final Redemption Amount in respect of the relevant Series or Tranche of OBG, the OBG Guarantor shall make partial payment of the relevant Final Redemption Amount, in accordance with the Post-Issuer Event of Default Priority (as defined below), without any preference among the OBG outstanding, except in respect of the applicable maturity of each Series or |

Tranche.

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 Maturity Date may be paid by the OBG Guarantor on any OBG Payment Date thereafter, up to (and including) the relevant Extended Maturity Date.

**Status and ranking of the OBG**

The OBG will constitute direct, unconditional, unsubordinated obligations of the Issuer, guaranteed by the OBG Guarantor pursuant to the terms of the OBG Guarantee (as defined below) with limited recourse to the Available Funds. The OBG will rank *pari passu* and without any preference among themselves, except in respect of the applicable maturity of each Series or Tranche, and (save for any applicable statutory provisions) at least equally with all other present and future unsecured, unsubordinated obligations of the Issuer having the same maturity of each Series or Tranche of OBG, from time to time outstanding.

**Limited recourse**

In accordance with the legal framework established by Law 130 and the MEF Decree and with the terms and conditions of the relevant Transaction Documents (as defined below), the OBG Holders will have (i) recourse to the Issuer and (ii) limited recourse to the OBG Guarantor limited to the Available Funds. See "*Credit Structure*" below.

**Conditions precedent to the issuance of OBG**

The Issuer may at its option (but shall not be under any obligation to do so), on any date and without the prior consent of the holders of the OBG issued beforehand and of any other creditors of the OBG Guarantor or of the Issuer, issue further Series (or Tranches) of OBG other than the first Series, within the date that falls ten calendar years after the Initial Issue Date and subject to:

(i) confirmation from S&P that such further issue would not adversely affect the then current ratings by S&P of the outstanding OBG;

(ii) satisfaction of the Over-Collateralisation Test and of the Mandatory Tests, also taking into account the amount of OBG outstanding further to the relevant new issue of OBG;

(iii) compliance with (a) the requirements of issuing/assigning banks *(Requisiti delle banche emittenti e/o cedenti;* see Section II, Para. 1 of the BoI OBG Regulations; the "**Conditions to the Issue**") and (b) the limits to the assignment of further Assets set forth in the BoI OBG Regulations *(Limiti alla cessione;* see Section II, Para. 2 of the BoI OBG Regulations; the "**Limits to the Assignment**"), if applicable;

(iv) the corporate duration of the Issuer, or of any successor, has not expired; and

(v) no Programme Suspension Period has occurred and is continuing.

The payment obligations under the OBG issued under all Series shall be cross-collateralised by all the assets included in the Portfolio, through the OBG Guarantee (as defined below). See also "General description of the Programme - *Ranking and status of the OBG*", below.

**Programme Termination Date**

"**Programme Termination Date**" means the later of:

(i) the date that falls ten calendar years after the Initial Issue Date; and

(ii) the date on which all Series of OBG issued under the Programme have been fully redeemed.

**Programme Suspension Period**

During the period starting from the date on which a breach of the Over-Collateralisation Test or any of the Mandatory Tests has been ascertained through the delivery of (i) a Negative Report by the Calculation Agant and (ii) an Asset Monitor Report by the Asset Monitor and ending on the later of (1) the date on which such breach has been cured, (2) the tests are satisfied provided that no Issuer Event of Default (caused by an event other than a breach of any of the Mandatory Test or the Over-Collateralisation Test) has occurred and is continuing (each such period a "**Programme Suspension Period**"):

(a) no further payments of interest or repayment on principal to the Seller under the Subordinated Loan (as defined below) (or to any Additional Seller under the relevant additional subordinated loan, if applicable) shall be effected in accordance with the provisions of the relevant subordinated loan agreement and all cash owned by the OBG Guarantor shall be deposited on the relevant

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| | Accounts opened in the name of the OBG Guarantor with the Account Bank, according to the Transaction Documents, (until all OBG are fully repaid or an amount equal to the Required Redemption Amount for each OBG outstanding has been accumulated); and<br>(b) no more purchase price for further Assets and/or Integration Assets (as defined below) will be paid to the Seller (or to the Additional Seller, if applicable), other than through the drawdown of additional advances under the Subordinated Loan or the relevant additional subordinated loan granted by the Additional Seller (if any and as the case may be) but subject to the Limits to the Assignment; and<br>(c) no more OBG may be issued. |
| **Listing and admission to trading** | Application has been made to the Luxembourg Stock Exchange for OBG to be issued under the Programme (other than the Registered OBG) to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market or as otherwise specified in the relevant Final Terms and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of OBG may be unlisted.<br>The applicable Final Terms will state whether or not the relevant OBG are to be listed and, if so, on which stock exchange(s). The Registered OBG will not be listed and/or admitted to trading on any market. |
| **Settlement** | Monte Titoli S.p.A.<br>The Registered OBG will not be settled through a clearing system. |
| **Governing law** | The OBG (other than the Registered OBG) will be governed by Italian law.<br>The Registered OBG (*Namensschuld verschreibung*) will be governed by the laws of the Federal Republic of Germany or by whatever law chosen by the Issuer (to be supplemented with the specific provisions required under German law in order for the registered OBG to be a German law registered note (*Namensschuld verschreibung*) save that, in any case, certain provisions (including those relating to status, limited recourse of the Registered OBG and those applicable to the Issuer and the |

Portfolio) shall be governed by Italian law.

**Ratings**

Each Series or Tranche issued under the Programme may be assigned a rating by one or more of the Rating Agencies if specified in the relevant Final Terms. OBG to be issued under the Programme, if rated, are expected to be rated AAA/Aaa/AAA, respectively from Fitch, Moody's and S&P or as otherwise indicated in the applicable Final Terms. In case the Issuer issues unrated Series of OBG, confirmation that the current rating by S&P of the outstanding OBG is not adversely affected will be requested (where applicable) to S&P. Where a Tranche or Series of OBG is to be rated, such rating will not necessarily be the same as the rating assigned to the OBG already issued. Whether or not a rating in relation to any Tranche or Series of OBG 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, Moody's or S&P, each of which is established in the European Union and each of which has applied to be registered under the CRA Regulation.

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

**Selling restrictions**

The offer, sale and delivery of the OBG and the distribution of offering material in certain jurisdictions including Italy, the United States of America, the United Kingdom shall be subject to the selling restrictions applicable in such countries. See "*Subscription and Sale*" below.

## 3 OBG Guarantee

**Security for the OBG**

In accordance with Law 130, pursuant to the OBG Guarantee, the OBG Holders will benefit from a guarantee issued by the OBG Guarantor over a portfolio of receivables transferred or to be transferred by the Seller and the Additional Sellers (if any) (if applicable), arising from some or all of the following assets:

(i) residential mortgage receivables, where the relevant amount outstanding, added to the principal amount outstanding of any previous mortgage loans secured by the same property, owed to the Seller (or to the Additional Sellers, as applicable), does not exceed 80 per cent. of the value of the mortgaged property (the "**Residential Mortgage Receivables**";

(ii) non residential mortgage receivables, where the relevant amount outstanding, added to the principal amount outstanding of any previous mortgage loans secured by the same property, owed to the Seller (or to the Additional Sellers, as applicable), does not exceed 60 per cent. of the value of the property (the "**Non-Residential Mortgage Receivables**" and, together with the Residential Mortgage Receivables, the "**Mortgage Receivables**");

(iii) securities satisfying the requirements set forth under article 2, paragraph 1, letter c) of the MEF Decree (as defined below) (the "**Public Securities**"); and

(iv) securities issued in the framework of securitisation transactions where the relevant securitised portfolio is comprised for at least 95 per cent. of underlying assets having the same characteristics described in paragraphs (i) and (ii) above and having a risk weighting not higher than 20% under the prudential standardised approach (the "**ABS Securities**" and, together with the Mortgage Receivables and the Public Securities, the "**Assets**"), and, within certain limits, Integration Assets (as defined below). The Assets and the Integration Assets are jointly referred to as the "**Portfolio**").

Under the terms of the OBG Guarantee, following the service of a Notice to Pay (as defined below) on the OBG Guarantor as a result of the occurrence of an Issuer Event of Default (as defined below), the OBG Guarantor will be obliged to pay any amounts due under the OBG as and when the same were originally due for payment by the Issuer.

The obligations of the OBG Guarantor under the OBG Guarantee constitute an autonomous guarantee *(garanzia autonoma)* and certain provisions of the civil code relating to non-autonomous personal guarantees *(fidejussioni),* as specified in the MEF Decree, shall not apply. Accordingly, the obligations of the OBG Guarantor under the OBG Guarantee constitute direct, unconditional, unsubordinated obligations of the OBG Guarantor, limited recourse to the Available Funds, regardless of any invalidity, irregularity, genuiness or unenforceability of any of the guaranteed obligations of the Issuer.

**Issuer Events of Default**

Each of the following events with respect to the Issuer shall constitute an "**Issuer Event of Default**":

(i) default is made by the Issuer for a period of 7 days or more in the payment of any principal or redemption amount, or for a period of 14 days or more in the payment of any interest on the OBG of any Series when due; or

(ii) the Issuer has incurred into a material default in the performance or observance of any of its obligations under or in respect of the OBG (of any Series outstanding) or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the OBG) and (except where, in the opinion of the Representative of the OBG Holders, such default is not capable of remedy in which case no notice will be required), such default remains unremedied for 30 days after the Representative of the OBG Holders has given written notice thereof to the Issuer, certifying that such default is, in its opinion, materially prejudicial to the interests of the OBG Holders and specifying whether or not such default is capable of remedy; or

(iii) an Insolvency Event (as defined in the Conditions) occurs in respect of the Issuer; or

(iv) the Mandatory Tests or Over-Collateralisation Test have been breached and not cured within 1 month following the delivery by the Calculation Agent of a Negative Report as confirmed by the Asset Monitor Report; or

(v) a resolution pursuant to Article 74 of the Banking Law is issued in respect of the Issuer.

If an Issuer Event of Default occurs:

(a) the Representative of the OBG Holders shall promptly serve a notice (the "**Notice to Pay**") on the OBG Guarantor declaring that an Issuer Event of

Default has occurred and specifying, in case of the Issuer Event of Default referred to under paragraph (v) above, that the Issuer Event of Default may have temporary nature;

(b) after the service of a Notice to Pay, each Series of OBG will accelerate against the Issuer and they will rank *pari passu* amongst themselves against the Issuer, provided that (i) such events shall not trigger an acceleration against the OBG Guarantor, (ii) in accordance with Article 4, Para. 3, of the MEF Decree, the OBG Guarantor shall be solely responsible for the exercise of the rights of the OBG Holders *vis-à-vis* the Issuer and (iii) in case of the Issuer Event of Default referred to under paragraph (v) above (x) the OBG Guarantor, in accordance with the MEF Decree, shall be responsible for the payments of the amounts due and payable under the OBG within the suspension period and (y) upon the end of the suspension period the Issuer shall be responsible for meeting the payment obligations under the OBG (and for the avoidance of doubt, the OBG then outstanding will not be deemed to be accelerated against the Issuer);

(c) after the service of a Notice to Pay, the OBG Guarantor will pay any amounts due under the OBG as and when the same were originally due for payment by the Issuer pursuant to the OBG Guarantee and in accordance with the originals terms and maturity set out in the Conditions and the relevant Final Terms;

(d) after the service of a Notice to Pay, no further payments to the Seller and/or the Additional Sellers (if any) under the Subordinated Loan and/or, as the case may be, the relevant subordinated loan shall be effected and, until all OBG are fully repaid or an amount equal to the Required Redemption Amount for each Series of OBG outstanding has been accumulated, any residual cash of the OBG Guarantor after making the payments or provisions provided for under items (i) to (iv) of the Post-Issuer Event of Default Priority shall be deposited on the Accounts;

(e) after the service of a Notice to Pay and until all OBG are fully repaid or an amount equal to the Required Redemption Amount for each Series of OBG outstanding has been accumulated, no more purchase price for further Assets and/or Integration Assets (as defined below) will be paid to the Seller and/or the Additional Sellers (if any), other than through the drawdown of additional advances under the Subordinated Loan or, as the case may be, the relevant subordinated loan; and

(f) after the service of a Notice to Pay, no further Series of OBG may be issued.

**Guarantor Events of Default**

Following an Issuer Event of Default and the service of a Notice to Pay, each of the following events shall constitute a "**Guarantor Event of Default**":

(i) non payment of principal and interest in respect of the relevant Series of OBG in accordance with the OBG Guarantee, subject to an 8 days cure period in respect of principal or redemption amount and a 15 days cure period in respect of interest payment the OBG Guarantor; or

(ii) non payment of costs or amount due to any Hedging Counterparty, if ranking senior or *pari passu* to the OBG by the following Calculation Date in accordance with the relevant Priority of Payments; or

(iii) an Insolvency Event occurs in respect of the OBG Guarantor; or

(iv) a breach of the obligations of the OBG Guarantor under the Transaction Documents (other than (i) above) occurs which breach is incapable of remedy or, if in the opinion of the Representative of the OBG Holders capable of remedy, is not in the opinion of the Representative of the OBG Holders remedied within 30 days after notice of such breach shall have been given to the OBG Guarantor by the Representative of the OBG Holders; or

(v) a breach of the Amortisation Test according to a Negative Report issued by the Calculation Agent as confirmed by the Asset Monitor Report.

If a Guarantor Event of Default occurs, the Representative of the OBG Holders:

(a) in cases under (i), (ii), (iii) and (v) above, may but shall, if so directed by an Extraordinary Resolution (as defined in the Conditions) of the OBG Holders, and

(b) in case under (iv) above, shall, if so directed by an Extraordinary Resolution of the OBG Holders,

serve a notice on the OBG Guarantor (the "**Guarantor Acceleration Notice**") and all OBG will accelerate against the OBG Guarantor, becoming immediately due and payable, and they will rank *pari passu* amongst themselves.

"**Calculation Date**" means, in relation to a Guarantor Payment Date, the day falling 4 Business Days prior to such Guarantor Payment Date.

"**Guarantor Payment Date**" means (i) before the occurrence of an Issuer Event of Default, 31 January, 30 April, 31 July and 31 October of each year, (ii) following the occurrence of an Issuer Event of Default, the last day of each month starting from the calendar month immediately following the calendar month in which the Issuer Event of Default has occurred, subject in all instances to adjustment in accordance with the Modified Following Business Day Convention and (iii) following the occurrence of a Guarantor Event of Default, each Business Day.

**Cross acceleration**

If a Guarantor Event of Default has occurred, each OBG will accelerate at the same time against the OBG Guarantor, provided that the OBG does not otherwise contain a cross default provision and will thus not cross accelerate in case of an Issuer Event of Default.

**Pre-Issuer Event of Default Interest Priority**

On each Guarantor Payment Date, prior to the service of a Notice to Pay, the OBG Guarantor will use Interest Available Funds (as defined below) to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof: (a) any OBG Guarantor's documented fees, costs, expenses and taxes to maintain it in good standing, to comply with applicable legislation and to preserve its corporate existence (the "**Expenses**"), to the extent that such costs and expenses have not been already met by utilising the amount standing to the credit of the Expenses Account, and (b) all amounts due and payable to the Seller and/or to the Additional Seller (if any) or the party indicated by the Seller or by the Additional Seller (if any) as the case may be, in respect of the insurance premium element of the instalment (if any) collected by the OBG Guarantor during the preceding Collection Period with respect to the outstanding Asset;

(ii) *second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the OBG Holders, the Account Bank, the Cash Manager, the Calculation Agent, the Paying Agent, the Luxembourg Listing Agent, the Administrative Services Provider, the Asset Monitor, the Portfolio Manager, the Servicer and the Additional Servicer (if any), and to credit the Target Expenses Amount into the Expenses Account;

(iii) *third*, to pay, *pari passu* and *pro rata* according to the respective interest amounts thereof any Hedging Senior Payment due and payable on such Guarantor Payment Date, under (a) the Portfolio Swaps, and (b) the OBG Swap;

(iv) *fourth*, to replenish the Reserve Account up to the Total Target Reserve Amount;

(v) *fifth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount necessary to cover the amounts transferred from the Pre-Issuer Event of Default Principal Priority according to item (i) on any preceding Guarantor Payment Date and not paid yet;

(vi) *sixth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any termination payment due and payable event under any hedging agreement other than the ones paid under item (iii) above provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(vii) *seventh*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(viii) *eight*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(ix) *ninth*, provided that a Programme Suspension Period is not continuing and after the repayment request made by the Subordinated Loan Provider under the Subordinated Loan (or additional subordinated loan provider, if any, under any additional subordinated loan), to pay *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due and payable as determined by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or the relevant additional subordinated loan, if any) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(x) *tenth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Loan Interest Amount (as defined below) due and payable under the Subordinated Loan (or additional subordinated loan, if any) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment,

(the "**Pre-Issuer Event of Default Interest Priority**").

"**Target Expenses Amount**" means at each Guarantor Payment Date the amount of Euro 50,000.

"**Hedging Senior Payment**" means, on any relevant date, any payment due under the relevant Hedging Agreement, including any termination payment arising out of a termination event, other than termination payments where the relevant Hedging Counterparty is the defaulting party or the sole affected party, but including, in any event, the amount of any termination payment due and payable to the relevant Hedging Counterparty in relation to the termination of the relevant swap transactions to the extent of any premium received (net of any costs reasonably incurred by the OBG Guarantor to find a replacement swap counterparty), if any, by the OBG Guarantor from a replacement swap counterparty in consideration for entering into swap transactions with the OBG Guarantor on the same terms as the relevant Hedging Agreement. With respect to the *Additional Provisions* "Mark to Market Payment" in the Portfolio Front Swap, termination payment under this clause will be part of the Hedging Senior Payments for an amount up to the difference on each Guarantor Payment Date between the purchase price paid by any purchaser/s of the Selected Asset and the Principal Amount Outstanding of the Asset and Integrative Asset sold to such purchaser/s.

"**Total Target Reserve Amount**" means, on each Guarantor Payment Date, prior to the occurrence of an Issuer Event of Default and the delivery of a Notice to Pay, the difference, if positive, between (i) the amount of interest accrued on the OBG until that Guarantor Payment Date (inclusive) and not yet paid by the Issuer or the OBG Guarantor and (ii) the amount accrued until that Guarantor Payment Date (inclusive) with respect to any payment to be done by the OBG Hedging Counterparty on the subsequent OBG Payment Date.

**Pre-Issuer Event of Default Principal Priority**

On each Guarantor Payment Date, prior to the service of a Notice to Pay, the OBG Guarantor will use Principal Available Funds (as defined below) to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable under items (i) to (iii) (other than any amount due according to (i) b)) of the Pre-Issuer Event of Default Interest Priority, to the extent that the Interest Available Funds are not sufficient, on such Guarantor Payment Date, to make such payments in full;

(ii) *second,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof any Hedging Senior Payment amount due and payable on such Guarantor Payment Date in respect of principal under any hedging agreement (including the Swap Agreements);

(iii) *third,* provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, the purchase price of the Assets and Integration Assets offered for sale by the Seller and/or by the Additional Seller (if any) in the context of a Revolving Assignment;

(iv) *fourth,* if a Programme Suspension Period has occurred and is continuing, to deposit on the Principal Collection Account any residual Principal Available Funds up to the Required Redemption Amount of any Series of OBG outstanding and to comply with the Over-Collateralisation Test and Mandatory Test;

(v) *fifth,* provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any principal amount arising out of any termination event under any Hedging Agreement other than the ones paid under item (ii) above provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(vi) *sixth,* provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment, to the extent not already paid under item (vii) of the Pre-Issuer Event of Default Priority;

(vii) *seventh,* provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment, to the extent not already paid under item (viii) of the Pre-Issuer Event of Default Priority;

(viii) *eight,* provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof and after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any), the amount due as principal redemption under the Subordinated Loan (or additional subordinated loan, if any) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment,

(the "**Pre-Issuer Event of Default Principal Priority**").

On each Guarantor Payment Date the "**Interest Available Funds**" shall include (a) any interest received from the Portfolio during the Collection Period immediately preceding such Guarantor Payment Date, (b) any interest amount received by the OBG Guarantor as remuneration of the Accounts during the Collection Period immediately preceding such Guarantor Payment Date, (c) any amount received by the OBG Guarantor on the Guarantor Payment Date as payments under the Portfolio Swaps or the OBG Swaps with respect to the immediately preceding Collection Period, (d) any amount received as interest by the OBG Guarantor from any party to the Transaction Documents (other than amounts already allocated under items (a) and (b)) during the Collection Period immediately preceding such Guarantor Payment Date, (e) any amount deposited in the Reserve Account (other than the amount already allocated under item (b)), (f) any amount deposited in the Interest Collection Account, as at the preceding Guarantor Payment Date, (g) the amount standing to the credit of the Expenses Account (other than amounts already allocated under item (b)) at the end of the Collection Period preceding such Guarantor Payment Date (other than the Programme Termination Date), (h) any net interest amount or income from any Eligible Investments or of the Securities (without duplication with the Eligible Investments) liquidated at the immediately preceding Liquidation Date.

On each Guarantor Payment Date the "**Principal Available Funds**"shall include: (a) any principal payment received during the Collection Period immediately preceding such Guarantor Payment Date; (b) any principal amount received by the OBG Guarantor as reimbursement of the Eligible Investments liquidated on the immediately preceding Liquidation Date arising from investement made using principal collection; (c) any principal amount received by the OBG Guarantor from any party to the Transaction Documents (other than the amounts already allocated under items (a) and (b)) during the Collection Period immediately preceding such Guarantor Payment Date; (d) any amount standing to the credit of the Principal Collection Account (other than the amounts already allocated under item (a)) at the end of the Collection Period preceding such Guarantor Payment Date net of any interest accrued thereon; (e) the amount standing to the credit of the Expenses Account on the Programme Termination Date (f) any principal amount arising out from the liquidation of Securities (without duplication with the (b) above) liquidated at the immediately preceding Liquidation Date arising from investement made using principal collection.

"**Collection Period**" means (a) prior to the occurrence of a Guarantor Event of Default, any period between each Collection Date (included) and the following Collection Date (excluded), save for the first Collection Period, where the Collection Period is comprised between the Evaluation Date (included) in respect to the transfer of the Initial Portfolio and the 1 January 2009 (excluded) and (b) after the occurrence of a Guarantor Event of

Default, any period between two Business Days.

"**Collection Date**" means 1 January, 1 April, 1 July and 1 October of each year and, following an Issuer Event of Default, the first calendar day of each month.

"**Evaluation Date**" means (i) in respect of the Initial Portfolio 1 August 2008 at 00.01 and (ii) in respect of any New Portfolio, the date indicated as such in the relevant offer for the transfer of New Portfolios.

**Post-Issuer Event of Default Priority**

On each Guarantor Payment Date, following an Issuer Event of Default and the service of a Notice to Pay, but prior to the occurrence of a Guarantor Event of Default, the OBG Guarantor will use the Available Funds, to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof (a) the Expenses, to the extent that such costs and expenses have not been already met by utilising the amount standing to the credit of the Expenses Account, (b) all amounts due and payable to the Seller and/or by the Additional Seller (if any) or the party indicated by the Seller or the Additional Seller (if any) as the case may be, in respect of the insurance premium element of the instalment (if any) collected by the OBG Guarantor during the preceding Collection Period with respect to the outstanding Asset still owned by the OBG Guarantor;

(ii) *second,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the OBG Holders, the Account Bank, the Cash Manager, the Calculation Agent, the Paying Agent, the Luxembourg Listing Agent, the Administrative Services Provider, the Asset Monitor, the Portfolio Manager, the Servicer and the Additional Servicer (if any), and to credit the Target Expenses Amount into the Expenses Account;

(iii) *third,* to pay, *pari passu* and *pro rata* according to the respective interest amounts thereof any Hedging Senior Payment due and payable on such Guarantor Payment Date under (a) the Portfolio Swaps and (b) the OBG Swaps and (c) as interest on the OBG;

(iv) *fourth,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) any amount due and payable as principal on the OBG on their relevant Payment Dates and (b) any principal amounts due and payable as Hedging Senior Payments on such Guarantor Payment Date in respect any hedging agreement (including the Swap Agreements);

(v) *fifth,* to deposit on the relevant OBG Guarantor's Accounts any residual amount until the Required Redemption Amount for each Series of OBG outstanding has been accumulated and the Amortisation Test and the Mandatory Test would still be satisfied after such payment;

(vi) *sixth,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount arising out of any termination event under any hedging agreement (including the Swap Agreements) not provided for under item (iii) above, provided that the Amortisation Test and the Mandatory Tests would still be satisfied after such payment;

(vii) *seventh,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement provided that the Amortisation Test and the Mandatory Tests would still be satisfied after such payment;

(viii) *eight,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments) provided that the Amortisation Test and the Mandatory Tests would still be satisfied after such payment;

(ix) *ninth,* after the repayment request made by the Subordinated Loan Provider under the Subordinated Loan, to pay *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due and payable as determined by the Subordinated Loan Provider under the Subordinated Loan provided that the Amortisation Test and the Mandatory Tests would still be satisfied after such payment;

(x) *tenth,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any interest amount due under the Subordinated Loan (or additional subordinated loan, if any), provided that the Amortisation Test and the Mandatory Tests would still be satisfied after such payment;

(xi) *eleventh,* after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due under the Subordinated Loan (or additional subordinated loan, if any) provided that the Amortisation Test and the Mandatory Tests would still be satisfied after such payment,

(the "**Post-Issuer Event of Default Priority**").

"**Available Funds**" shall include (a) the Interest Available Funds, (b) the Principal Available Funds and (c) following the occurrence of an Issuer Event of Default, the Excess Proceeds.

"**Excess Proceeds**" means the amounts received by the OBG Guarantor as a result of any enforcement taken against the Issuer in accordance with Article 4, Para. 3 of the MEF Decree.

"**Negative Carry Corrector**" means a percentage calculated by reference to margin payable on the OBG plus 0,5 per cent.

"**Required Redemption Amount**" means in respect of any relevant Series or Tranche OBG, the amount calculated as follows:

the Outstanding Principal Balance of the relevant Series or Tranche of OBG

***multiplied***

(1 + (Negative Carry Corrector * (days to the Maturity Date (or the Extended Maturity Date if applicable) of the

OBG/365))

*plus* and any *pro rata* cost expected to be incurred by the OBG Guarantor up to the last Maturity Date (or the Extended Maturity Date if applicable) with respect to that OBG.

**Post-Guarantor Event of Default Priority**

On each Guarantor Payment Date, following a Guarantor Event of Default, the OBG Guarantor will use the Available Funds, to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof (a) any Expenses, to the extent that such costs and expenses have not been already met by utilising the amount standing to the credit of the Expenses Account, and (b) all amounts due and payable to the Seller and/or to the Additional Seller (if any) or the party indicated by the Seller or by the Additional Seller (if any) as the case may be, in respect of the insurance premium element of the instalment (if any) collected by the OBG Guarantor during the preceding Collection Period with respect to the outstanding Asset;

(ii) *second,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the OBG Holders, the Account Bank, the Cash Manager, the Calculation Agent, the Paying Agent, the Luxembourg Listing Agent, the Administrative Services Provider, the Asset Monitor, the Portfolio Manager, the Servicer and the Additional Servicer (if any) and to credit the Target Expenses Amount into the Expenses Account;

(iii) *third,* to pay, *pari passu* and *pro rata* (a) according to the respective interest amounts thereof any Hedging Senior Payment due and payable on such Guarantor Payment Date under (A) the Portfolio Swaps and (B) the OBG Swaps (b) any interest and principal amount due on the OBG; and (c) any principal amount due and payable under any hedging agreement (including the Swap Agreements);

(iv) *fourth,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount arising out of any termination event under any hedging agreement (including the Swap Agreements) not provided for under item (iii) above;

(v) *fifth,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement;

(vi) *sixth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments);

(vii) *seventh,* after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan Agreement (or additional subordinated loan agreement), to pay *pari passu and pro rata* according to the respective amounts thereof, any principal amount due and payable as determined by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any);

(viii) *eight,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any interest amount due under the Subordinated Loan (or additional subordinated loan, if any);

(ix) *ninth,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due under the Subordinated Loan (or additional subordinated loan, if any),

(the "**Post-Guarantor Event of Default Priority**" and, together with the Pre-Issuer Event of Default Principal Priority, the Pre-Issuer Event of Default Interest Priority, the Post-Issuer Event of Default Priority, are collectively referred to as the "**Priorities of Payment**").

## 4 Creation and administration of the Portfolio

**Transfer of the Portfolio**

Pursuant to the Master Transfer Agreement, the Seller (a) transferred to the OBG Guarantor the Initial Portfolio and (b) may assign and transfer Assets and/or Integration Assets satisfying the Criteria to the OBG Guarantor from time to time, on a revolving basis, in the cases and subject to the limits for the transfer of further Assets referred to below.

The Initial Purchase Price has been determined pursuant to the Master Transfer Agreement. Under the Master Transfer Agreement the relevant parties thereto have acknowledged that the Initial Purchase Price shall be funded through the proceeds granted in accordance with the Subordinated Loan Agreement.

Pursuant to the Master Transfer Agreement, the OBG Guarantor shall acquire, further Assets or Integration Assets, as the case may be, in order to:

(a) collateralise and allow the issue of further series of OBG by the Issuer, subject to the Limits to the Assignment (the "**Issuance Collateralisation Assignment**"); and/or

(b) invest the Principal Available Funds through the purchase of further Assets or Integration Assets, provided that a Programme Suspension Period is not continuing (the "**Revolving Assignment**"); and/or

(c) comply with the Over-Collateralisation Test and the Mandatory Tests in accordance with the Portfolio Administration Agreement (the "**Integration Assignment**"), subject to the limits referred to in sub-section "*Integration Assets*" below.

The Assets and the Integration Assets will be assigned and transferred to the OBG Guarantor without recourse *(pro soluto)* in accordance with Law 130 and subject to the terms and conditions of the Master Transfer Agreement.

On 29 May 2009, the Seller and the OBG Guarantor have entered into a sale agreement pursuant to which the OBG Guarantor has purchased, in accordance with the Master Transfer Agreement, the May 2009 New Portfolio. The assignment of the May 2009 New Portfolio constitutes an Issuance Collateralisation Assignment. The purchase price of the May 2009 New Portfolio has been determined in accordance with the provisions of the Master Transfer Agreement. The payment of the purchase price of the May 2009 New Portfolio to the Seller has been financed through the amounts drawn-down under the Subordinated Loan.

On 13 November 2009, the Seller and the OBG Guarantor have entered into a sale agreement pursuant to which the OBG Guarantor has purchased, in accordance with the Master Transfer Agreement, the November 2009 New Portfolio. The assignment of the November 2009 New Portfolio constitutes a Revolving Assignment. The purchase price of the November 2009 New Portfolio has been determined in accordance with the provisions of the Master Transfer Agreement. The payment of the purchase price of the November 2009 New Portfolio to the Seller has been financed through the Principal Available Funds available for such purposes in accordance with the applicable Priorities of Payment.

On 21 May 2010, the Seller and the OBG Guarantor have entered into a sale agreement pursuant to which the OBG Guarantor has purchased, in accordance with the Master Transfer Agreement, the May 2010 New Portfolio. The assignment of the May 2010 New Portfolio constitutes a Revolving Assignment. The purchase price of the May 2010 New Portfolio has been determined in accordance with the provisions of the Master Transfer Agreement. The payment of the purchase price of the May 2010 New Portfolio to the Seller has been financed through the Principal Available Funds available for such purposes in accordance with the applicable Priorities of Payment.

Pursuant to the Master Transfer Agreement, and subject to the conditions provided therein, the Seller has been granted with a call option and pre-emption right to repurchase Assets which have been assigned to the OBG Guarantor of the Assets forming part of the Portfolio.

Furthermore, the Seller has been granted by the OBG Guarantor with a wide power to renegotiate the terms and conditions of the Assets transferred pursuant to the Master Transfer Agreement.

**Representations and Warranties of the Seller**

Under the Warranty and Indemnity Agreement, the Seller has made certain representations and warranties regarding itself and the Assets including, *inter alia:*

(i) its status, capacity and authority to enter into the Transaction Documents and assume the obligations expressed to be assumed by it therein;

(ii) the legality, validity, binding nature and enforceability of the obligations assumed by it;

(iii) the existence of the Assets, the absence of any lien attaching the Assets; subject to the applicable provisions of laws and of the relevant agreements, the full, unconditional, legal title of the Seller to the Initial Portfolio; and

(iv) the validity and enforceability, subject to the applicable provisions of laws and of the relevant agreements, against the relevant Debtors of the obligations from which the Initial Portfolio arises.

**General Criteria**

Each of the Mortgage Receivables comprised in the Portfolio shall comply with the following general criteria (the "**General Criteria**") as at the relevant Evaluation Date (to be deemed cumulative unless otherwise provided) (or at such other date specified below):

(i) mortgage loans in respect of which the ratio between loan's outstanding principal on the Evaluation Date and the value of the real estate upon which the guarantee has been created, calculated on the Execution Date or on the date of the apportionment *(frazionamento)* in case of loans arising from the apportionment *(frazionamento)* of a prior quota loan, is:

(a) equal to or lower than 80 per cent. in case of residential mortgage loans, or

(b) equal to or lower than 60 per cent. in case of commercial mortgage loans;

(ii) loans in respect of which the principal debtors (including further to a novation *(accollo liberatorio)* and/or apportionment *(frazionamento))* are:

(c) in case of residential mortgage loans, one or more individuals, of which at least one having his residence in Italy; or

(d) in case of commercial mortgage loans, one or more entities, of which at least one having its registered office in Italy;

(iii) loans which have been fully disbursed, including also those disbursed in more than one disbursement, and not fully redeemed on the date of Evaluation Date (included) or the loans arising from the quota apportionment *(frazionamento)* of a prior loan, in respect of which no obligation or possibility to carry out further disbursement subsist;

(iv) loans secured by a mortgage on real estates located in Italy in respect of which the hardening period *(periodo di consolidamento)* applicable to the relevant mortgage is elapsed on the Evaluation Date o prior to it;

(v) loans in respect of which at least one instalment is fallen due and paid, including in case of interest instalment;

(vi) loans which are governed by Italian law;

(vii) loans denominated in Euro (or originally disbursed in a different currency and subsequently re-denominated in Euro).

The Portfolio does not include Mortgage Receivables arising from:

(viii) loans granted to a public administration entity (*ente pubblico*)

(ix) loans granted to an ecclesiastic entity (*ente ecclesiastico*);

(x) loans which were classified as agricultural credit (*mutui agrari*) pursuant to article 43 of the Banking Act, as at the relevant Execution date;

(xi) loans advanced, under any applicable law (including regional and/or provincial) or regulation in force in the Republic of Italy providing for financial support (*mutui agevolati* and *convenzionati*) of any kind with regard to principal and/or interest to the relevant borrower;

(xii) loans that, although performing (*in bonis*), have been restructured after the relevant execution date;

(xiii) loans disbursed in whole or in part using third parties' funds (including, as the case may be, funds granted by *enti agevolanti*).

The Mortgage Receivables to be comprised in the Portfolio shall comply also with the Specific Criteria in addition to the General Portfolio.

"**Execution Date**" means the date on which the relevant loan agreement has been executed, without taking into account potential *accolli* or restructuring or *frazionamenti* that have been executed after such date.

"**Specific Criteria**" means the criteria for the selection of the the Mortgage Receivables to be included in the portfolios to which such criteria are applied, as set forth in annex 2 to the Master Transfer Agreement for the Initial Portfolio and in the relevant transfer agreement for sale of each further portfolio of Mortgage Receivables.

"**Criteria**" means jointly the General Criteria and the Specific Criteria.

**Eligible Investments**

The Cash Manager shall invest funds standing to the credit of the Eligible Investment Account in Euro denominated Integration Assets and other instruments meeting the requirements set out under the laws and regulations applicable from time to time to the OBG and the following requirements.

In case investments are purchased with amounts deposited in the Principal Collection Account, such investments shall have a minimum rating equal to the ones reported on the following table, a remaining maturity date (where applicable) equal to the earlier of (i) the maturity reported in the table and (ii) the Liquidation Date immediately preceding the OBG Payment Date of the Earliest Maturing Series or Tranche of OBG.

In case investments are purchased with amounts deposited in the Accounts (other than the Principal Collection Account) such investments shall have a remaining maturity date (where applicable) equal to the earlier (i) of the ones reported in the table and (ii) the Liquidation Date immediately preceding the next Guarantor Payment Date.

| Maturity | Rating | | |
|---|---|---|---|
| | S&P | Moody's | Fitch |
| Less than 365 calendar days | A-1+/AA | P-1 | F1+/AA- |
| More than 60 calendar days provided that the Substitution Mechanism is in place | A-1/A+ | P1 | F1+/AA- |
| Less than 60 calendar days | A-1/A+ | P-1 | F1+/AA- |
| Less than 30 calendar days | A-1/A+ | P-1 | F1/A |

where "**Substitution Mechanism**" means that the investments should be liquidated within 60 days of a downgrade below 'A-1' (or 'A+' if no short-term rating), at no loss to the OBG Guarantor.

The investments indicated above are referred to as "**Eligible Investments**".

**Integration Assets**

In accordance with the provisions of the MEF Decree and the BoI OBG Regulations, "**Integration Assets**" shall include:

(i) deposits with banks which qualify as Eligible Institutions residing in Eligible States;

(ii) securities issued by Eligible Institutions residing in Eligible States with residual maturity not longer than one year.

The integration of the Portfolio through Integration Assets shall be allowed within 15% of the aggregate Outstanding Principal Balance of the Eligible Portfolio (in accordance with section II, para. 3, of the BoI OBG Regulations) (such limit, the "**Limit to the Integration**"). The integration of the Portfolio (whether through Integration Assets or through Assets) shall be allowed exclusively for the purpose of complying with the Mandatory Tests and the Over-Collateralisation Test or for the purpose of complying with the Limit to the Integration.

"**Eligible Institutions**" means any banks in relation to which the short term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1 by S&P, P-1 by Moody's, F1 by Fitch in respect of short-term debt and A by Fitch in respect of long-term debt or are guaranteed (on the basis of a guarantee satisfying Rating Agencies' criteria) by an entity in relation to which the short term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1 by S&P, P-1 by Moody's, F1 by Fitch in respect of short-term debt and A by Fitch in respect of long-term debt.

"**Eligible States**" shall mean any States belonging to the European Economic Space, Switzerland and any other state attracting a 0% risk weight factor under the "standard approach" provided for by the Basel II rules.

**Mandatory Tests under the MEF Decree**

In accordance with the provisions of the MEF Decree, for so long as the OBG remain outstanding, the Issuer (also in its capacity as Seller) shall procure on a continuing basis and on each Calculation Date that:

(i) the Outstanding Principal Balance of the Eligible Portfolio (net of any amount standing to the credit of the Accounts other than the Principal Collection Account) from time to time owned by the OBG Guarantor shall be higher than or equal to the Outstanding Principal Balance of the OBG at the same time outstanding;

(ii) the Adjusted Net Present Value of the Eligible Portfolio shall be higher than or equal to the Present Value of the outstanding OBG;

(iii) the Net Interest Collections from the Eligible Portfolio shall be higher than or equal to the Scheduled Interests,

the tests above are jointly referred to as the "**Mandatory Tests**".

The compliance with the Mandatory Tests will be verified by (i) the Calculation Agent and subsequently checked by the Asset Monitor pursuant to the Asset Monitor Agreement; and (ii) the internal risk management functions of the Uni Credit Banking Group (under the supervision of the management body of the Issuer). In addition to the above, following the occurrence of a breach of the Mandatory Tests, the Calculation Agent shall verify compliance with the Mandatory Tests not later than 4 Business Days before the end of each calendar month starting from the date on which such breach has occurred and until the date on which such breach has been cured. For a detailed description of the Mandatary Tests (including a description of the defined terms used herein) see "*Credit Structure - Mandatory Tests*" below.

**Over-Collateralisation Test**

For so long as the OBG remain outstanding, the Issuer (also in its capacity as Seller), the Additional Sellers (if any) shall procure on a continuing basis and on each OC Calculation Date that the OC Adjusted Eligible Portfolio shall be equal to or higher than the Outstanding Principal Balance of the OBG.

"**OC Calculation Date**" means 4 Business Days before the end of each calendar month, on which the Over-Collateralisation Test is performed with reference to the situation existing on, and on the data as of, the preceding Reconciliation Date.

"**Reconciliation Date**" means the last Business Day of each month.

**Breach of the Mandatory Tests or of the Over-Collateralisation Test**

A breach of the Over-Collateralisation Test or of the Mandatory Tests shall constitute an Issuer Event of Default to the extent that such breach has not been cured within one month from the delivery of a Negative Report as confirmed by the Asset Monitor Report (the "**OC Cure Period**").

In order to cure the breach of the Mandatory Tests and/or the Over-Collateralisation Test, the Issuer (also in its capacity as Seller) and the Additional Sellers (if any) (a) shall sell or procure a third party to sell Assets or Integration Assets to the OBG Guarantor in accordance with the Master Transfer Agreement and the Portfolio Administration Agreement in an aggregate amount sufficient to ensure that the Over-Collateralisation Test is met as soon as practicable and in any event within the OC Cure Period and, to this extent, (b) shall grant the funds necessary for payment of the purchase price of the assets mentioned above to the OBG Guarantor in accordance with the Subordinated Loan Agreement (or, in the case of the Additional Seller pursuant to the terms of a subordinated loan granted to the OBG Guarantor in accordance with the Portfolio Administration Agreement).

**Role of the Asset Monitor**

The Asset Monitor will, subject to receipt of the relevant information from the Calculation Agent, test the calculations performed by the Calculation Agent in respect of the Over-Collateralisation Test, the Mandatory Tests on a monthly basis and more frequently under certain circumstances. The Asset Monitor will also perform the other activities provided under the Asset Monitor Agreement. See "*Description of the Transaction Documents - Description of the Asset Monitor Agreement*" below.

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

Following the delivery of a Notice to Pay (and prior to the occurrence of a Guarantor Event of Default), the OBG Guarantor shall direct the Servicer to sell all or part of the Selected Assets comprised in the Portfolio in accordance with the provisions of the Portfolio Administration Agreement, subject to any pre-emption right of the Seller and any Additional Seller (if any) pursuant to the Master Transfer Agreement or any other Transaction Documents. The proceeds of any such sale shall be credited to the Principal Collection Account and invested in accordance with the terms of the Cash Management and Agency Agreement.

## 5 Summary of the Transaction Documents

**Master Transfer Agreement**

Pursuant to the Master Transfer Agreement, the Seller (a) transferred to the OBG Guarantor, without recourse (*pro soluto*) and in accordance with Law 130, the Initial Portfolio and (b) agreed the terms upon which it may assign and transfer Assets and/or Integration Assets satisfying the Criteria to the OBG Guarantor from time to time, on a revolving basis, in the cases and subject to the limits for the transfer of further Assets described above. See "*Description of the Transaction Documents - Description of the Master Transfer Agreement*" below.

**Warranty and Indemnity Agreement**

On 29 August 2008, the Seller and the OBG Guarantor entered into a warranty and indemnity agreement (the "**Warranty and Indemnity Agreement**"), pursuant to which, the Seller made certain representations and warranties in favour of the OBG Guarantor. See "*Description of the Transaction Documents - Description of the Warranty and Indemnity Agreement*" below.

**Subordinated Loan Agreement**

On 14 October 2008, the Seller and the OBG Guarantor entered into a subordinated loan agreement (the "**Subordinated Loan Agreement**"), pursuant to which the Subordinated Loan Provider granted to the OBG Guarantor a subordinated loan (the "**Subordinated Loan**") with a maximum amount equal to Euro 7,500,000,000, save for further increases to be determined by the Subordinated Loan Provider. Following the determination to that effect by the Seller, the maximum amount of the Subordinated Loan has been increased in connection with the purchase of the May 2009 Portfolio and is currently equal to € 17,500,000,000. Under the provisions of such agreement, the Seller shall make advances to the OBG Guarantor in amounts equal to the relevant price of the Portfolios transferred from time to time to the OBG Guarantor, including the Integration Assets transferred in order to prevent a breach of the Over-Collateralisation Test or/and of the Mandatory Tests. The interest payble on the Subordinated Loan shall be an amount equal to the algebraic sum of:

(i) (+) the amount of interest accrued on the Portfolio during the relevant Interest Period of the Subordinated Loan;

(ii) (-) (a) the sum of any amount paid under items from (i) to (ix) of the Pre-Issuer Event of Default Interest Priority or (b) following the occurrence of an Issuer Event of Default and the service of a Notice to Pay, the sum of any amount paid under items from (i) to (ix) of the Post- Issuer Event of Default Interest Priority or (c) following the occurrence of a Guarantor Event of Default, the sum of any amount paid under items from (i) to (v) of the Post-Guarantor Event of Default Priority,

such amount is referred to as the "**Subordinated Loan Interest Amount**". See "*Description of the Transaction Documents - Description of the Subordinated Loan*" below.

**OBG Guarantee**

On 14 October 2008 the OBG Guarantor issued a guarantee securing the payment obligations of the Issuer under the **OBG** (the "**OBG Guarantee**"), in accordance with the provisions of Law 130 and of the MEF Decree. See "*General Description of the Programme - OBG Guarantee*" and "*Description of the Transaction Documents - Description of the OBG Guarantee*" below.

**Servicing Agreement and Collection Policies**

Pursuant to the terms of the Servicing Agreement, the Servicer has agreed to administer and service the Portfolio, on behalf of the OBG Guarantor.

For a description of the collection policies and procedures please see "*Description of the Transaction Documents - Description of the Servicing Agreement*" and "*Credit and Policies*" below.

**Administrative Services Agreement**

Pursuant to the terms of the Administrative Services Agreement, the Administrative Services Provider has agreed to provide the OBG Guarantor with a number of administrative services, including the keeping of the corporate books and of the accounting and tax registers. See "*Description of the Transaction Documents - Description of the Administrative Services Agreement*" below.

**Intercreditor Agreement**

Pursuant to the terms of an intercreditor agreement entered into on 14 October 2008, as subsequently amended, (the "**Intercreditor Agreement**") between the OBG Guarantor, the Representative of the OBG Holders (in its own capacity and as legal representative of the Organisation of the OBG Holders), the Issuer, the Seller, the Subordinated Loan Provider, the Servicer, the Administrative Services Provider, the Account Bank, the Paying Agent, the Hedging Counterparties, the Cash Manager, the Asset Monitor, the Portfolio Manager and the Calculation Agent (collectively, with the exception of the OBG Guarantor, the "**Secured Creditors**"), the parties thereto agreed that all the Available Funds of the OBG Guarantor will be applied in or towards satisfaction of the OBG Guarantor's payment obligations towards the OBG Holders as well as the Secured Creditors, in accordance with the relevant Priority of Payments provided in the Intercreditor Agreement.

According to the Intercreditor Agreement, the Representative of the OBG Holders will, subject to a Guarantor Event of Default having occurred and a Guarantor Acceleration Notice having been served on the OBG Guarantor, ensure that all the Available Funds are applied in or towards satisfaction of the OBG Guarantee's payment obligations towards the OBG Holders as well as the Secured Creditors, in accordance with the Post- Guarantor Event of Default Priority provided in the Intercreditor Agreement.

The obligations owed by the OBG Guarantor to each of the OBG Holders and each of the Secured Creditors will be limited recourse obligations of the OBG Guarantor limited to the Available Funds. The OBG Holders and the Secured Creditors will have a claim against the OBG Guarantor only to the extent of the Available Funds, in each case subject to and as provided for in the Intercreditor Agreement and the other Transaction Documents. See "*Description of the Transaction Documents - Description of the Intercreditor Agreement*" below.

**Cash Management and Agency Agreement and Calculation Agency Agreement**

Pursuant to the terms of a cash management and agency agreement entered into on 14 October 2008, as subsequently amended, between the OBG Guarantor, the Issuer, the Cash Manager, the Account Bank, the Paying Agent, the Servicer, the Administrative Services Provider, the Calculation Agent and the Representative of the OBG Holders (the "**Cash Management and Agency**

**Agreement**”), the Account Bank, the Paying Agent, the Servicer, the Administrative Services Provider and the Calculation Agent will provide the OBG Guarantor with certain calculation, notification and reporting services together with account handling and cash management services in relation to moneys from time to time standing to the credit of the Accounts.

Pursuant to the terms of the Cash Management and Agency Agreement, the OBG Guarantor has appointed, in accordance with a calculation agency agreement entered into on 14 May 2009 (the “**Calculation Agency Agreement**”), the Additional Calculation Agent for the purposes of carrying out certain calculation, notification and reporting services. The Additional Calculation Agent will carry out its services under the supervision of the Calculation Agent which will assume responsibility for the activities delegated to the Additional Calculation Agent. Pursuant to the terms of the Calculation Agency Agreement, the commissions and fees of the Additional Calculation Agent shall be payable according to item (ii) of the Pre-Issuer Event of Default Interest Priority or item (ii) of the Post-Issuer Event of Default Priority or item (ii) of the Post-Guarantor Event of Default Priority, as the case may be, in each case *pro rata* with the amounts payable to the Calculation Agent. Pursuant to Calculation Agency Agreement, the obligations owed by the OBG Guarantor to the Additional Calculation Agent will be limited recourse obligations of the OBG Guarantor limited to the Available Funds. The Additional Calculation Agent will have a claim against the OBG Guarantor only to the extent of the Available Funds, in each case subject to and as provided for in the Calculation Agency Agreement and the other Transaction Documents.

See “*Description of the Transaction Documents - Description of the Cash Management and Agency Agreement and of the Calculation Agency Agreement*” below.

On 14 October 2008, BNP Paribas S.A. and the OBG Guarantor entered into a deed of guarantee under which BNP Paribas S.A., as guarantor, guaranteed the obligations of the Paying Agent under the Cash Management and Agency Agreement (including the obligation of the Paying Agent in respect of the

| | |
|---|---|
| | Accounts held with it) in favour of the OBG Guarantor (the "**Paying Agent Guarantee** "). |
| **Asset Monitor Agreement** | Pursuant to the terms of an asset monitor agreement entered into on 14 October 2008, between the Issuer, the Asset Monitor, the OBG Guarantor and the Representative of the OBG Holders (the "**Asset Monitor Agreement**"), the Asset Monitor will conduct independent tests in respect of the calculations performed for the Over-Collateralisation Test or the Mandatory Tests with a view to verifying the compliance by the OBG Guarantor with such tests. See "*Description of the Transaction Documents - Description of the Asset Monitor Agreement*" below. |
| **Portfolio Administration Agreement** | Pursuant to the terms of a portfolio administration agreement entered into on 14 October 2008, as subsequently amended, between the OBG Guarantor, the Issuer, the Seller, the Representative of the OBG Holders, the Calculation Agent, the Cash Manager and the Asset Monitor (the "**Portfolio Administration Agreement**"), the Seller has, *inter alia,* undertaken to ensure on an on-going basis that the Mandatory Tests and the Over-Collateralisation Test are complied with and has assumed certain obligations to sell further Assets and/or Integration Assets upon the occurrence of certain events. See "*Description of the Transaction Documents - Description of the Portfolio Administration Agreement*" below. |
| **Quotaholders' Agreement** | Pursuant to the terms of a quotaholders' agreement entered into on 14 October 2008, between the OBG Guarantor, the Seller, SVM and the Representative of the OBG Holders (the "**Quotaholders' Agreement**"), the quotahoders of the OBG Guarantor have assumed certain undertakings in relation to the management of the OBG Guarantor. In addition, pursuant to the Quotaholders' Agreement, SVM granted a call option in favour of the Seller to purchase from SVM and the Seller granted a put option in favour of SVM to sell to the Seller the quotas of the OBG Guarantor corporate capital held by SVM. See "*Description of the Transaction Documents - Description of the Quotaholders' Agreement*" below. |
| **Deed of Pledge** | Pursuant to the terms of a Italian law deed of pledge entered into on 14 October 2008 between, *inter alios*, the |

OBG Guarantor and the Representative of the OBG Holders (the "**Deed of Pledge**") the OBG Guarantor has pledged in favour of the OBG Holders and the other Secured Creditors all the monetary claims and rights and all the amounts payable from time to time (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the OBG Guarantor is entitled pursuant to or in relation with the Transaction Documents (other than the English Law Documents, the Conditions and the Deed of Pledge), excluding the monetary claims and rights relating to the amounts standing to the credit of the Accounts and any other account established by the OBG Guarantor in accordance with the provisions of the Transaction Documents. See "*Description of the Transaction Documents - Description of the Deed of Pledge*" below.

**Deed of Charge**

Pursuant to the terms of and English law deed of charge entered into between the OBG Guarantor and the Representative of the OBG Holders on 14 October 2008 and the English law deed of charge subsequently executed for the purposes of verification on 28 November 2008 by the OBG Guarantor and the Representative of the OBG Holders (the "**Deed of Charge**") the OBG Guarantor has assigned by way of security to, and charged in favour of, the Representative of the OBG Holders (acting in its capacity as security trustee for itself and on trust for the OBG Holders and the Secured Creditors; in such capacity the "**Security Trustee**"), all of its rights, title, interest and benefit from time to time in and to the Swap Agreements. See "*Description of the Transaction Documents - Description of the Deed of Charge*" below.

**Dealer Agreement**

Pursuant to the terms of a dealer agreement entered into on 14 October 2008 between the Issuer, the Representative of OBG Holders and UniCredit Bank (the "**Dealer Agreement**"), the Issuer has appointed UniCredit Bank as Initial Dealer. The Dealer Agreement will contain, *inter alia,* provisions for the resignation or termination of appointment of existing Dealer(s) and for the appointment of additional or other dealers either generally in respect of the Programme or in relation to a particular Series. See "*Description of the Transaction Documents - Description of the Dealer Agreement*" below.

**Subscription Agreement**

The Dealer Agreement also contains a *pro forma* subscription agreement to be entered into in relation to OBG issued on a syndicated basis.

On or prior to the relevant Issue Date, the Issuer, the Dealers who are parties to such subscription agreement (the “**Relevant Dealers**”) and the Representative of the OBG Holders will enter into a subscription agreement (each a “**Subscription Agreement**”), under which the Relevant Dealers will agree to subscribe for the relevant Series or Tranche of OBG, subject to the conditions set out therein. See “*Description of the Transaction Documents - Description of the Subscription Agreement*” below.

**Swap Agreements**

Pursuant to one or more hedging agreements entered to with the relevant Portfolio Hedging Counterparty, the OBG Guarantor will, from time to time, hedge its interest rate risk on the Portfolio (the “**Portfolio Front Swap Agreements**”).

Pursuant to one or more hedging agreements with the relevant OBG Hedging Counterparty, the OBG Guarantor will, from time to time, hedge its currency risk and/or interest rate risk on the OBG (the “**OBG Front Swap Agreements**” and, together with the Portfolio Front Swap Agreements, the “**Front Swaps** ”).

On the same date of execution of the Portfolio Front Swaps, the OBG Guarantor will, from time to time, enter into additional hedging agreements with the relevant Mirror Hedging Counterparty in order to neutralise the cash flows to be exchanged under the Portfolio Front Swap Agreements (the “**Portfolio Mirror Swap Agreements**” and, together with the Portfolio Front Swap Agreements, the “**Portfolio Swaps**”). The Portfolio Mirror Swap Agreements will be terminated at zero cost for the OBG Guarantor upon occurrence of an Issuer Event of Default.

On the same date of execution of the OBG Front Swaps the OBG Guarantor will, from time to time, enter into additional hedging agreements with the relevant Mirror Hedging Counterparty in order to neutralise the cash flows to be exchanged under the OBG Front Swap Agreements (the “**OBG Mirror Swap Agreements**” and, together with the OBG Front Swap Agreement, the "**OBG Swaps**"). The OBG Mirror Swap Agreements will be terminated at zero cost for the OBG Guarantor upon occurrence of an Issuer Event of Default.

The OBG Mirror Swap Agreements and the Porfolio Mirror Swap Agreements are jointly referred to as the "**Mirror Swaps**"; the Portfolio Swaps and the OBG Swaps are jointly referred to as the "**Swap Agreements**". See "*Description of the Transaction Documents – OBG Swaps*" and "*Description of the Transaction Documents – Portfolio Swaps*" below.

**Provisions of the Transaction Documents**

The OBG Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all provisions of the Transaction Documents applicable to them. In particular, each OBG Holder, by reason of holding OBG, recognises the Representative of the OBG Holders as its representative and accepts to be bound by the terms of each of the Transaction Documents signed by the Representative of the OBG Holders as if such OBG Holder was a signatory thereto.

# DESCRIPTION OF THE ISSUER

## Description of UniCredit and the UniCredit Group

UniCredit S.p.A. ("**UniCredit**"), established in Genoa by way of a private deed dated 28 April 1870 with an expiry date of 31 December 2050, is incorporated as a company limited by shares under Italian law and registered in the Rome Trade and Companies Register, having its registered office at Via A. Specchi, 16, 00186, Rome, Italy and having registration number, fiscal code and VAT number 00348170101. UniCredit's head office and principal centre of business is at Piazza Cordusio, 20123, Milan, Italy, telephone number +39 028862 8715 (Investor Relations). The fully issued and paid-up capital of UniCredit as at 31 December 2010 amounted to € 9,648,790,961.50.

The *Gruppo Bancario UniCredit* registered with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Banking Act under number 02008.1 (the "**Group**" or the "**UniCredit Group**" or the "**UniCredit Banking Group**") is a leading global financial institution, with an established presence in 22 countries through local domestic banks and a presence in another 25 international markets via representative offices, branches and specialised banks. In particular, the Group is strategically positioned in its primary markets where it has become a market leader in several geographic areas such as Italy, southern Germany, Austria, Poland and central-eastern Europe, where the Group is a market leader.

The Group focuses on full-service financial services and is engaged in a wide range of banking, financial and related activities (including deposit-taking, lending, asset management, securities trading and brokerage, investment banking, international trade finance, corporate finance, leasing, factoring and the distribution of certain life insurance products through bank branches) throughout Italy, Germany, Austria, Poland and other Eastern and Central European countries.

The Group serves its customers through its multi-channel distribution network comprising as at 30 September 2010 9,585 branches throughout 22 countries and a network of licensed financial consultants (*promotori finanziari*) operating in Italy, as well as internet and telephone banking capabilities.

At 30 September 2010, the Group had 161,169 (full-time equivalent) employees.

## HISTORY AND DEVELOPMENT

### Formation of the Banking Group UniCredit

The Group was formed as a result of the October 1998 merger between the Credito Italiano national banking group and the UniCredit regional banking group, formed one year before by a three-way merger in 1997 among Banca Cassa di Risparmio di Torino S.p.A, Cassa di Risparmio di Verona, Vicenza, Belluno e Ancona Banca S.p.A. and Cassamarca-Cassa di Risparmio della Marca Trevigiana S.p.A.

Since its formation, the Group has continued to expand in Italy and launched its operations in Eastern Europe through both acquisitions (Bank Pekao in 1999, UniBanka and Bulbank in 2000, Zagrebacka and Demirbank Romania in 2002, Zivnostenska Banka in 2003, KFS in 2002 and Yapi Kredi in 2005) and organic growth.

In October 2000, UniCredit acquired the Global Investment Management division of the U.S.-based Pioneer Group ("**Pioneer**"). Following this acquisition, the Group consolidated its asset management businesses under a newly formed holding company named Pioneer Global Asset Management S.p.A. ("**PGAM**").

From 2005, the Group substantially expanded its international operations, chiefly in Germany, Austria and Central and Eastern Europe, through the business combination with Bayerische Hypo- und Vereinsbank Aktiengesellschaft ("**HVB**"). See "*The Business Combination with the HVB Group*" below.

In December 2006, Bank Austria Creditanstalt AG (which was subsequently renamed UniCredit Bank Austria AG, "**Bank Austria**") acquired the entire institutional business of the Russian broker Aton Capital, which was one of the top five investment banks in Russia at the time.

In January 2007, HVB transferred a 70.26 per cent. stake in International Bank Moscow (IMB, subsequently renamed "**Zao UniCredit Bank**") to Bank Austria. Furthermore, between the end of December 2006 and the beginning of January 2007, Bank Austria acquired the stakes of minority shareholders, thereby becoming the sole shareholder of Zao UniCredit Bank, which is one of the top ten Russian banks by total assets.

In May 2007, UniCredit's Board of Directors approved the merger of Capitalia S.p.A. into UniCredit, which became effective as of 1 October 2007. See "*The Business Combination with the Capitalia Group*", below.

In October 2007, PGAM signed a joint venture agreement with Bank of Baroda in India in a major strategic move to extend its presence in one of the world's fastest growing mutual fund markets. In pursuance of this agreement, in 2008 PGAM purchased a 51 per cent. stake in the share capital of BOB Asset Management Company Ltd, which subsequently changed its company name to Baroda Pioneer Asset Management Company Ltd.

In November 2007, Bank Austria acquired a 91.8 per cent. stake (later increased to 99.70 per cent.) in ATF Bank, the third largest bank and largest foreign-owned bank in Kazakhstan, operating through a branch network of 140 branches throughout Kazakhstan, as well as subsidiaries and affiliates in Kazakhstan, Kyrgyzstan, Tajikistan (sold in July 2008) and Russia (Omsk region).

In 2007 and 2008, the Group also reorganised its operations in the Central and Eastern European ("**CEE**") countries where, as a result of the HVB business combination, it has more than one bank (Slovakia, Bulgaria, Romania, the Czech Republic and Bosnia).

In January 2008, Bank Austria finalised the acquisition of 94.2 per cent. (later increased to 95.34 per cent.) of the total issued share capital of CJSC Ukrsotsbank ("**USB**"), the fourth largest bank in Ukraine in terms of loans to customers and deposits, listed on the Ukrainian Stock Exchange.

In May 2008, the UniCredito Italiano S.p.A. extraordinary shareholders' meeting changed the name of the company to UniCredit S.p.A.

In September 2008, UniCredit signed an agreement with the Polish Ministry of the State Treasury ("**MST**") giving the MST a put option and UniCredit a call option with respect to the shares held by the MST in Bank Pekao, which amount to approximately 3.95 per cent. of the share capital of Bank

Pekao. The MST could exercise its put option from the date of the agreement to 30 June 2009 while UniCredit had the right to exercise its call option starting on 23 December 2008 until 23 December 2009. In December 2008, the MST and UniCredit signed an amendment to the above mentioned agreement. Pursuant to the amendment, the MST and UniCredit agreed to finally waive their respective put and call options with respect to the 3.95 per cent. shareholding in Bank Pekao held by the MST.

Between the end of 2008 and the first half of 2009, the centralisation project of Italian and foreign ICT and back office businesses has been implemented in order to improve the coordination and the efficiency of these business support areas and to achieve further economies of scale and scope through the centralisation of all the ICT and back office activities of HVB AG and Bank Austria AG into, respectively, a global back office company (UniCredit Business Partner S.c.p.A.) and a global ICT company (UniCredit Global Information Services S.c.p.A.).

In January 2009, mortgages to individuals and consumer credit in Italy were integrated through the incorporation of UniCredit Banca per la Casa S.p.A. into UniCredit Consumer Financing Bank S.p.A. (then redenominated UniCredit Family Financing Bank S.p.A. and, following the implementation of the One4C project, now merged into UniCredit S.p.A.) and a new model for leasing management at the Group level has been realised through the incorporation of UniCredit Global Leasing S.p.A. into Locat S.p.A. (now UniCredit Leasing S.p.A.).

In April 2009, Pioneer Investment Management SGR S.p.A. ("**PIM SGR**"), a wholly owned subsidiary of PGAM, acquired an equity interest of 37.5 per cent. in Torre RE SGRpA (a real estate fund management company under the Fortress Investment Group LLC, which in turn is an alternative management company listed on the New York Stock Exchange) as part of a capital increase of the aforesaid company reserved for PIM SGR and subscribed by the latter through the contribution of its real estate funds business unit. The transaction was carried out as part of a project aimed, inter alia, at creating a partnership with an international major player in the real estate sector.

**The Business combination with the HVB Group**

On 12 June 2005, the Group entered into a business combination agreement with HVB (the "**Business Combination Agreement**") relating to the combination of the Group with the HVB Group, the transaction structure and the future organisational and corporate governance structure of the combined group. At the time of the Business Combination Agreement, HVB owned, *inter alia*, a 77.5 per cent. stake in Bank Austria and, indirectly through Bank Austria, a 71.2 per cent. stake in Bank BPH S.A., a Polish listed bank ("**BPH**"). Therefore, the Business Combination Agreement provided for the terms and conditions of three public exchange offers in Germany, Austria and Poland for all outstanding shares of HVB, Bank Austria and BPH.

***HVB***

On 26 August 2005, UniCredit published an offer document for the purchase of all of the common shares and for all of the preferred shares of HVB. Upon expiry of all applicable acceptance periods for the offer, UniCredit controlled approximately 93.93 per cent. of the registered share capital and of the voting rights of HVB. UniCredit's ordinary shares were admitted to listing on the Frankfurt Stock Exchange on 21 November 2005 and on the Warsaw Stock Exchange on 20 December 2007.

In January 2007, UniCredit initiated procedures to effect the squeeze-out of minority shareholders of HVB. At that time UniCredit held approximately 95.45 per cent. of the share capital of HVB after having acquired an additional 1.23 per cent. on the market. The squeeze-out of HVB's free-float shareholders was resolved upon by the bank's shareholders' meeting in June 2007 and was registered in the commercial register at the Register Court of Munich on 15 September 2008. The squeeze-out price was €38.26 per HVB share, for a total consideration of approximately €1,396 million. The HVB shares held by the free-float of approximately 4.55 per cent. of the company's share capital were transferred to UniCredit by act of law, and HVB became a wholly-owned subsidiary of UniCredit.

On 15 December 2009, Bayerische Hypo- und Vereinsbank AG changed its legal name to UniCredit Bank AG.

In the first half of 2010, UniCredit Bank AG acquired the majority of Bank Austria's markets operations carried out by the subsidiary UniCredit CAIB AG. On 1 July 2010, UniCredit CAIB AG was legally merged into UniCredit Bank AG and UniCredit Bank AG started operating in Austria through a newly opened branch in Vienna.

***Bank Austria***

On 26 August 2005, UniCredit published an offer document for the purchase of all no-par-value bearer shares and all registered shares of Bank Austria that HVB did not then hold. Upon expiry of all applicable acceptance periods for the offer, the Group reached approximately 94.98 per cent. of the aggregate share capital of Bank Austria.

On 4 August 2006, the Board of Directors of UniCredit and the supervisory board of Bank Austria approved the plan of intra-group transfers of subsidiaries in Central and Eastern Europe, in order to make Bank Austria the sub-holding for Group banking subsidiaries in CEE countries except Poland and Ukraine.

Following completion of the contribution in kind, UniCredit's direct and indirect stake in Bank Austria increased from 94.98 per cent. to 96.35 per cent.

Subsequently, HVB transferred to UniCredit its 77.53 per cent. stake in Bank Austria and its 100 per cent. participation in HVB Ukraine to Bank Pekao.

In January 2007, UniCredit initiated procedures to effect the squeeze-out of minority shareholders of Bank Austria. At that time UniCredit held approximately 96.35 per cent. of the share capital of Bank Austria. The squeeze-out transaction of Bank Austria was approved by its shareholders' meeting on 3 May 2007. Subsequently, certain shareholders of Bank Austria challenged this transaction, alleging that the squeeze-out price was not fair and seeking damages. On 21 May 2008, this litigation was settled and the squeeze-out was registered in the Vienna Commercial Register. UniCredit thus paid the minority shareholders a total sum of approximately €1,045 million, including accrued interest, and became the owner of 99.995 per cent. of Bank Austria's share capital.

On 27 September 2009, Bank Austria Creditanstalt AG changed its legal name to UniCredit Bank Austria AG.

In March 2010, UniCredit Bank Austria AG completed a € 2 billion capital increase in order to meet the expectations of the local regulators and the rating agencies, as well as to remain in line with its main Austrian competitors in terms of capital ratios and be well-positioned to take advantage of future economic growth in Austria and Central Eastern Europe. UniCredit subscribed for both the shares to which it had rights and the portion of the capital increase not subscribed for by other shareholders, and accordingly its interest in UniCredit Bank Austria AG rose to 99.996 per cent.

***BPH***

On 20 January 2006, UniCredit communicated to the Polish Securities and Exchange Commission, the Warsaw Stock Exchange and the Polish Press Agency its mandatory public tender offer for the shares (representing 28.97 per cent. of the share capital) of BPH that UniCredit did not already indirectly own. Upon expiry of the acceptance period, no BPH shares had been tendered in the offer.

In November 2006, Bank Austria transferred its 71.03 per cent. stake in BPH to UniCredit, for allocation to the newly constituted Poland's Markets Division. The long-term objective of the Poland's Markets Division is to maximise the creation of value in the Polish market further to the merger between Bank Pekao and a part of BPH. The partial integration of BPH into Bank Pekao was finalised in November 2007.

On 17 June 2008, UniCredit transferred an approximate 66 per cent. shareholding in BPH to GE Money Bank, a Polish Bank belonging to the global consumer lending division of General Electric. Prior to the sale, UniCredit held 71.03 per cent. of the corporate capital of BPH. The transaction also envisaged the sale by CABET Holding, a wholly-owned subsidiary of Bank Austria, of its 49.9 per cent. shareholding in BPH TFI (a wholly-owned subsidiary of BPH operating in the asset management sector) to GE Capital Corporation on 18 June 2008.

**The Business Combination with the Capitalia Group**

On 20 May 2007, UniCredit's Board of Directors and the Board of Directors of Capitalia S.p.A. ("**Capitalia**") approved the merger of Capitalia into UniCredit (the "**Merger**"), which was subsequently approved by the shareholders' meetings of both UniCredit and Capitalia on 30 July 2007. The Merger was effected by way of incorporation of Capitalia into UniCredit and, as a consequence, Capitalia ceased to exist and all of its assets, rights and obligations have been transferred to UniCredit. Following authorisation by the Bank of Italy in June 2007 and by the Italian Competition Authority in September 2007, UniCredit and Capitalia executed the merger deed on 25 September 2007, and the Merger became effective as of 1 October 2007.

In 2008, Capitalia's various businesses were brought into line with the UniCredit Group's model through:

(i) the reorganisation of the Italian Retail Division into three network banks with specific regional competences;

(ii) the transfer of Capitalia's corporate and private banking assets to the corresponding Group banks, which are specialised according to customer segments in line with the divisional Group model;

(iii) the reorganisation and integration of real estate, IT and back office operations; and

(iv) the sale of branches in compliance with the order issued by the Italian Competition Authority upon release of its authorisation of the Merger.

**The ONE4C Programme**

In order to satisfy the changed expectations of clients and the needs for territorial proximity that have emerged in the new international banking context, on 13 April 2010 the Board of Directors of UniCredit approved the ONE4C (*"One for Clients"*) project.

In particular, the Board approved the proposed merger by incorporation into UniCredit S.p.A. of UniCredit Banca S.p.A., UniCredit Banca di Roma S.p.A., Banco di Sicilia S.p.A., UniCredit Corporate Banking S.p.A., UniCredit Private Banking S.p.A., UniCredit Family Financing Bank S.p.A. and UniCredit Bancassurance Management & Administration S.c.r.l.

The "One for Clients" project aims to enhance customer satisfaction by simplifying the bank's corporate structure and increasing proximity to the territories and communities served.

Similarly to what is already underway in Austria, Germany and Poland, on 13 April 2010 the Board also approved the introduction of a Country Chairman for Italy and appointed to such office Gabriele Piccini (previously CEO of UniCredit Banca and Head of Retail Italy).

The "One for Clients" program strengthened the Group's divisional model in Italy through the creation of four business segments (Families, SMEs, Corporate Banking and Private Banking) and three specialized Italian sales networks dedicated to serving:

(a) Roughly eight million individuals (with assets up to €500,000) and one million companies (with annual turnover up to €50 million), comprising the Families and SME segments respectively, through a network of approximately 35,000 employees and 4,000 branches across Italy, organized into 112 sales units coordinated by 10 executive departments.

(b) More than 19,000 enterprises (with annual turnover over €50 million), comprising the Corporate Banking segment, through a network of 450 managers coordinated by five directorates.

(c) More than 160,000 clients (with assets exceeding €500,000), comprising the Private Banking segment, through a network of 780 managers, led by six departments.

Moreover, seven territorial areas were established within Italy with managers serving as reference points for local institutions and stakeholders.

On 15 June 2010, pursuant to article 57 of the Banking Act, the Bank of Italy issued the authorisation for the merger.

The meeting of the UniCredit Board of Directors of 3 August 2010 approved the merger pursuant to article 2505, paragraph 2, of the Italian civil code and article 23 of the Articles of Association.

The deed of merger to bring seven subsidiaries (UniCredit Banca S.p.A., UniCredit Banca di Roma S.p.A., Banco di Sicilia S.p.A., UniCredit Corporate Banking S.p.A., UniCredit Private Banking S.p.A., UniCredit Family Financing Bank S.p.A. and UniCredit Bancassurance Management &

Administration S.c.r.l.) into UniCredit was signed on 19 October 2010 and became effective as of 1 November 2010.

After the merger, as well as fulfilling its role as Parent Company, UniCredit also directly engages in banking and commercial activities with clients.

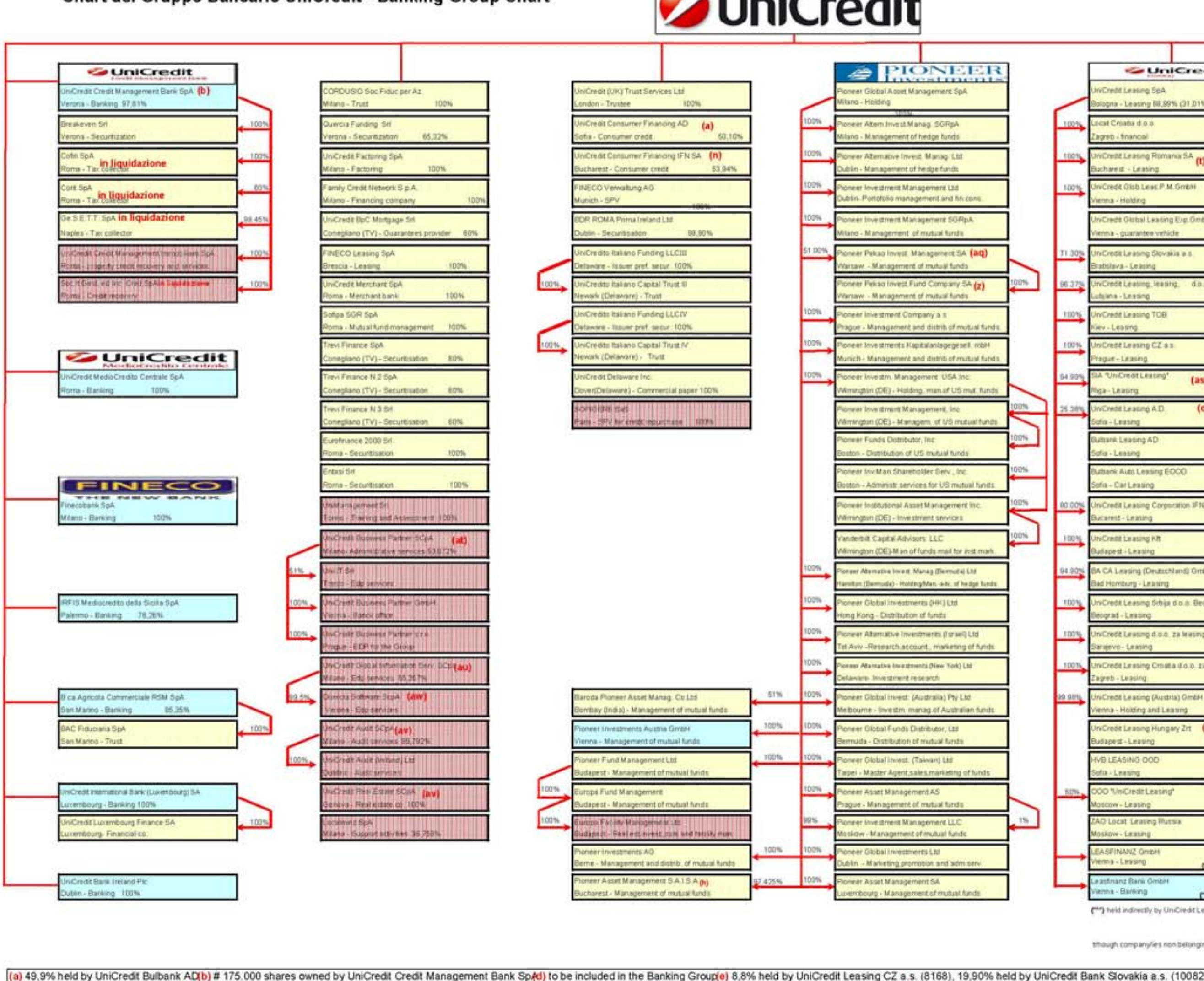
**THE CURRENT ORGANISATIONAL STRUCTURE**

UniCredit is the parent company of the Group and, in that role, pursuant to article 61 of the Banking Act, undertakes management and coordination activities in respect of the Group to ensure the fulfilment of requirements laid down by the Bank of Italy in the interest of the Group's stability.

The following diagrams illustrate the banking companies controlled by UniCredit belonging to the Group, as at 10 January 2011.

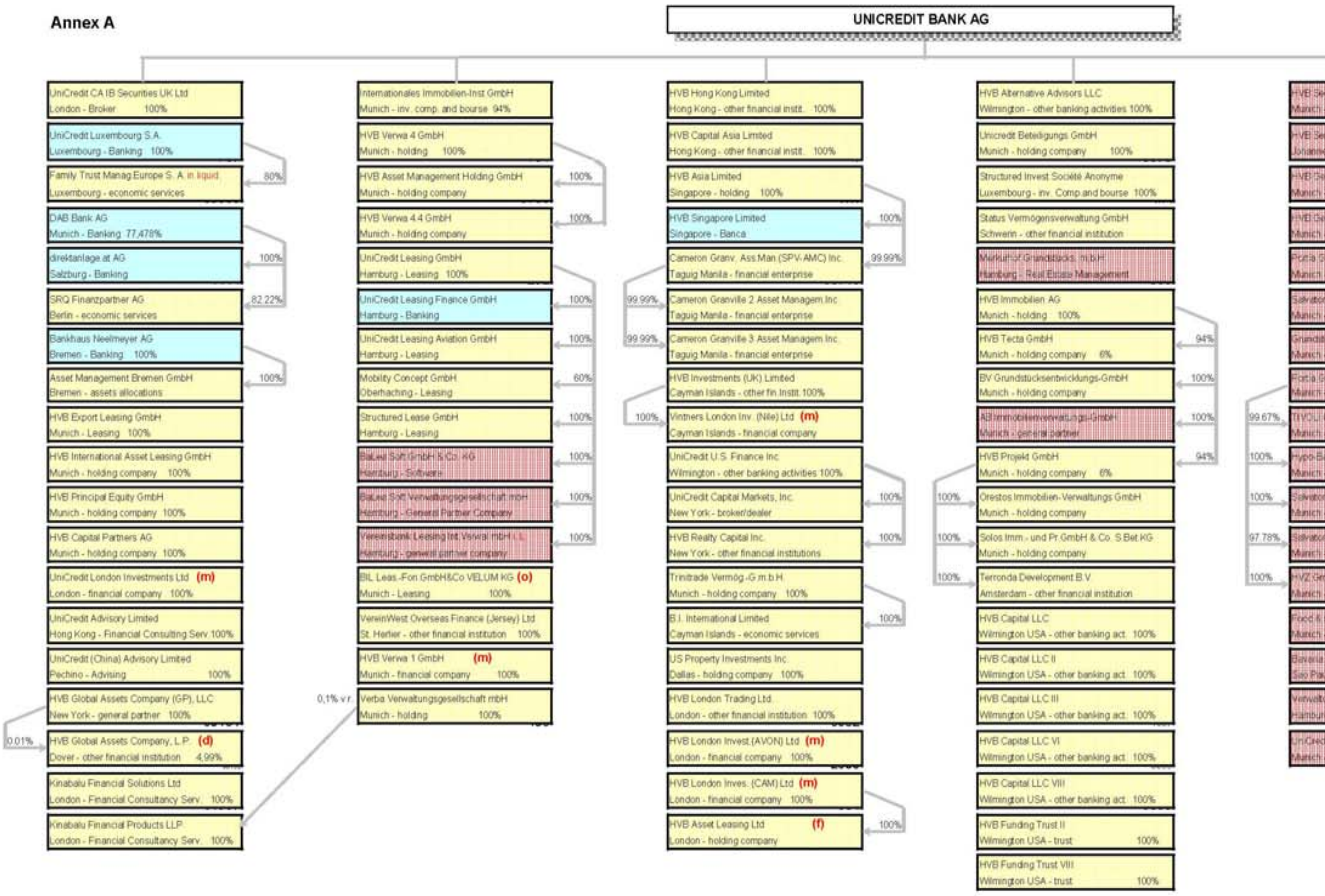
## Banking Group (cod. 2008.1)

**Chart del Gruppo Bancario UniCredit - Banking Group Chart**



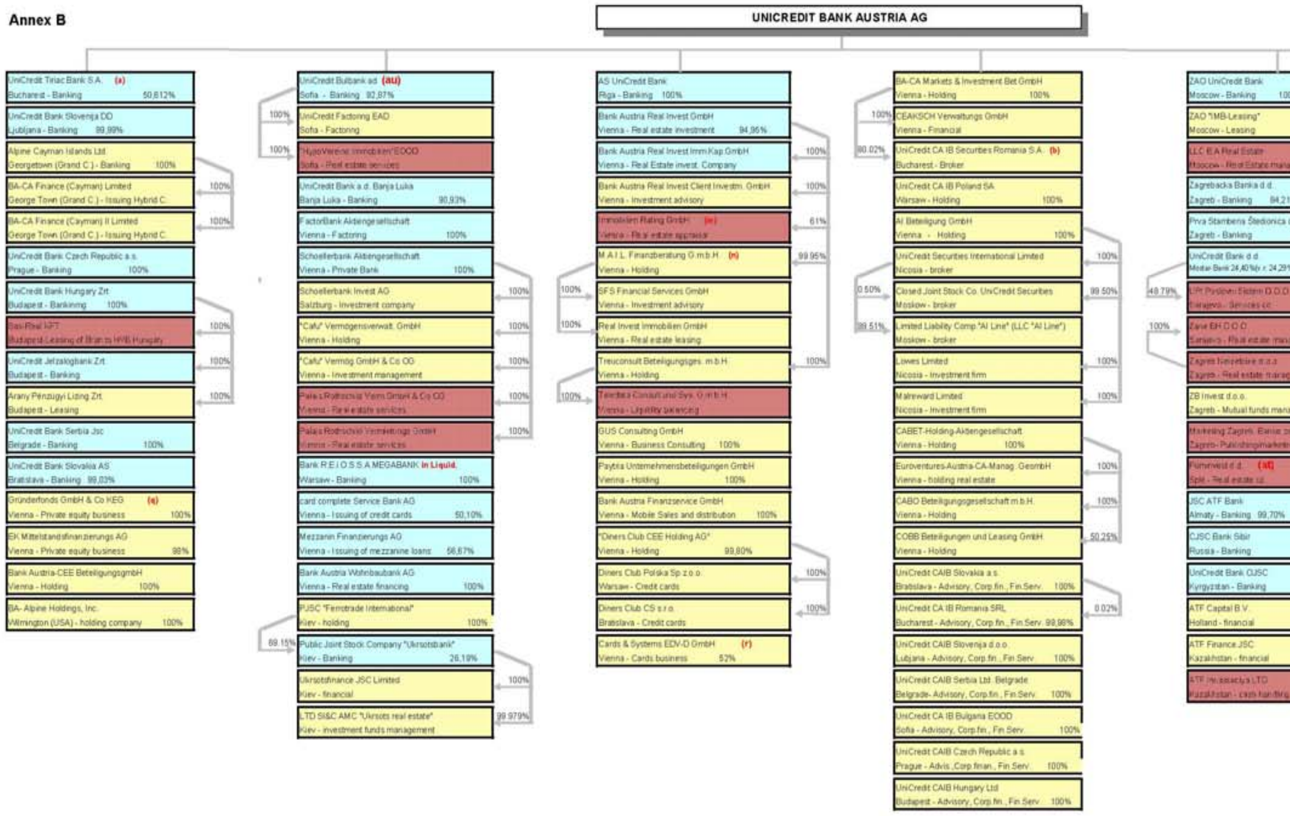
(a) 49,9% held by UniCredit Bulbank AD(b) # 175.000 shares owned by UniCredit Credit Management Bank SpA(d) to be included in the Banking Group(e) 8,8% held by UniCredit Leasing CZ a.s. (8168), 19,90% held by UniCredit Bank Slovakia a.s. (10082
UniCredit Bank Slovenija DD (370 BA)(h) 2,575% held by UniCredit Tiriak Bank SA (10028)(l) 20% held by UniCredit Tiriac Bank (10028)(m) 10% held by UniCredit Bulbank AD (10073 BA) (n) 46,06% held by UniCredit Tiriac Bank SA (o) 24,37% held by U
(10073), 40,22% held by HVB Leasing OOD and 10,05% held by UniCredit Global Leasing Versicherungsservice GmbH(s) 50% owned directly by UniCredit(t) UniCredit Tiriac Bank holds one share of the company(u) 3,57% held by BA Eurolease Beteiligung
(z) in Polish: Pioneer Pekao TFI SA (ad) 19,90 held by UniCredit Leasing SpA(am) held 100% by # 10040 LF Beteiligungen GmbH(ao) held 100% by # 8424 BACA Leasing Und Beteilgungsmanagement GmbH(aq) 49% held by Bank Pekao SA(ar) 35% hel
Management SpA(as) 5,01% held by AS UniCredit Bank (10286 BA)(at) 18,11% held by UniCredit Bank AG and 28,81% by UniCredit Bank Austria AG. Other companies belonging to UniCredit Group and a third party hold 10 shares of the company(au) 24,72
AG and 10,02% by UniCredit Bank Austria AG. Other companies belonging to UniCredit Group and a third party hold 10 shares of the company(av) Other companies belonging to UniCredit Group hold 20 shares of the company(aw) 0,5% held by UniCredit Sp
UniCredit Bank (BA)

## Annex A




(d) HVB has the power to nominee all Members of the Board (f) 0,00000365% held by HVB London Investments (CAM) Ltd (#884) (h) to be included in the Banking Group (m) not operative (n) 10% held by HVBFF Objekt
rights held by UCB AG (33,33%) and by #197 BIL Leasing-Fonds Verwaltungs GmbH (33,33%)

## Annex B




a) % considering shares held by other Companies controlled by BA b) 19,98%, held by UniCredit Tiriac Bank SA (10028) (e) to be included in the Banking Group (m) 19% held by BA and 19% held by UniCredit Leasing (Austria) GmbH (6193) (n) 0,05
S.G.m.b.H (174) (q) 100% voting rights held by Gründerfonds GmbH (9631) (r) 5% held by card complete Service Bank AG (62), 1% held by Diners Club CEE Holding AG (6338) (ad) 0,1% held by My Drei Handels GmbH (9584) (at) % on share capi
0,004% held by UniCredit (zz) not operative

**STRATEGY OF THE GROUP**

As the parent company of the Group, pursuant to the provisions of article 61 of the Banking Act and in compliance with local law and regulations, UniCredit undertakes management and co-ordination activities in respect of the Group to ensure the fulfilment of requirements laid down by the Bank of Italy in the interest of the Group's stability.

UniCredit engages in the following main strategic functions:

- managing the Group's business expansion by developing appropriate domestic and international business strategies and overseeing acquisitions, divestitures and restructuring initiatives;
- defining objectives and targets for each area of business and monitoring performance against these benchmarks;
- defining the policies and standards relating to the Group's operations, particularly in the areas of credit management, human resources management, risk management, accounting and auditing;
- managing relations with financial intermediaries, the general public and investors;
- managing selected operating activities directly or through specialised subsidiaries in order to achieve economies of scale, including asset and liability management, funding and treasury activities and the Group's foreign branches; and
- directly managing business operations in Italy from November 1st 2010, following absorption of the Group's Italian banks[1] under the "One for clients" project.

The Group operates certain centralised functions such as information technology and back office administration through UniCredit Global Information Services S.c. p.A. and UniCredit Business Partner S.c. p.A.

Furthermore, UniCredit intends to create value by pursuing the following principal strategic initiatives at the Group level:

- leveraging on its business model based on diversification both geographically and in terms of business;
- further increasing cost efficiency and simplification in Group structure and intra-group services;
- leveraging on global product lines throughout the Group's commercial networks;
- optimising the return on risk-weighted assets, while strengthening the Group's capital ratios, through a highly selective investment policy and a strong focus on risk-monitoring processes;
- strengthening profitability and cost control in Western Europe with a constant and strong commitment to support both families and companies;
- further strengthening the Group's results in Central and Eastern Europe while keeping risks under strict control; and

[1] UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia, UniCredit Corporate Banking, UniCredit Private Banking, UniCredit Family Financing Bank, UniCredit Bancassurance Management & Administration.

- greater focus on customer needs and increased closeness to local markets through its "One for Clients" project.

The principal strategic objectives of each of the UniCredit Group's business segments are as follows[2]:

- *Retail*: to provide retail banking products and services to families and small businesses. Retail's fundamental role is to enable individuals, families and small business customers to satisfy their financial needs by offering them a complete range of high-quality, reliable products and services at competitive prices. Our retail banking strength stems from several sources, the two main drivers being the expertise of our people and the focus centred on customer satisfaction throughout the organisation. Retail is also converting the advantage of its international geographical presence by providing state of the art Cross Border Business services with dedicated desks to the customers;

- *Corporate & Investment Banking* ("**CIB**"): to support the growth and internationalisation efforts of the UniCredit Group core corporate and institutional clients, leveraging on an unmatched customer proximity and exploiting, by means of its distribution capabilities, the excellence of its product lines and coordinating in a highly synergic manner the origination, execution and management competences of its coverage units and product lines. In particular, CIB's objectives are:

  (i) to become the point of reference for the corporate clients that operate in the Group core markets, by engineering and distributing high added value standard products and tailor-made 'mid-cap' solutions, promoting the diffusion of know-how on specialised products and the development of global businesses; and

  (ii) to consolidate its position as a leading European regional specialist in global financial markets and investment banking services, primarily focusing on the countries where the Group is active;

- *Private Banking*: to establish a pan-European platform offering sophisticated high-value added services to high-net-worth individual customers. Private Banking can leverage on well established onshore networks in Germany, Italy, Austria, Poland and on additional platforms in Luxembourg and San Marino;

- *Asset Management*: in order to maximise the quality of service to customers (Retail, Private and Institutionals) and offer a high standard range of products through its distribution channels, UniCredit started a project of strategic review for the Pioneer Group ("**Pioneer**") in respect of its asset management business under the holding company Pioneer Global Asset Management S.p.A. The purpose of the review is to identify the best strategic option for Pioneer which will allow Pioneer to maximise value for both clients and shareholders, improving at the same time efficiency and increasing scale; and

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[2] The composition of the business segments presented in this section is in line with the current management reporting of Group's results, not considering the changes that have been introduced in the Managerial Governance as approved by the Board on 26 October 2010 and on 14 December 2010 (see "*Recent Developments*" section).

- *Central and Eastern Europe* ("**CEE**"): to continue to focus on organic growth while strengthening both risk control and efficiency. In the CEE region, UniCredit relies on the extension of business platforms, know-how and best practices developed within the Group, which, combined with a strong knowledge of local markets, allows it to offer state of the art products and services. The business platforms of Asset Management, Leasing and Global Transaction Banking reach almost full coverage in the region.

**BUSINESS AREAS**

**Retail**

The Retail Strategic Business Area is composed of several core functions with different roles.

The objective of the *Retail Network in Italy, Germany, Austria and Poland* Business Lines is to be the preferred banking partner for customers in the mass market, affluent and small business segments, to contribute to sustainable growth in a phase of increasing competition, more restrictive regulations and volatile financial markets.

The Product Line *Household Financing* seeks to leverage on the Group's network and create a world-class global product factory in Consumer Loans, Mortgages and Revolving Cards. This business is currently active in Italy, Germany, Poland, Romania, Bulgaria and Russia.

*Asset Gathering* uses its network of financial planners and independent financial advisors to provide innovative, specialised and qualified financial services, thanks to a range of products characterised by efficiency and specialisation. This business specifically offers services in retail and institutional trading, multi-brand investment, online banking and credit.

The Key Business Function *Global Retail Marketing & Segments* takes a global approach to segment and product management, transfers expertise between countries and creates synergies capable of providing to the clients the best current account services, investment and credit products. Managing the Customer Relationship Management (CRM) activities and multi-channel banking, the function brings in the Group's innovative culture to customer service and also supports the Group CEE Banks.

**Corporate & Investment Banking**

Through its locally dedicated networks, Corporate & Investment Banking ("**CIB**") is responsible for the delivery to corporates, banks and financial institutions of a broad variety of financial services, including lending and other traditional commercial banking services, project finance, acquisition finance and other high added value services, leveraging on the expertise and product offer of its dedicated Product Lines: Financing & Advisory, Global Transaction Banking, Leasing and Markets.

*Financing and Advisory* is the centre of expertise and excellence for all business operations, specialising in lending and advisory services to corporate and institutional customers at the Group level with a range of offerings extending to more sophisticated products such as Corporate Finance and Advisory, Syndications, Leveraged Buy-Outs, Project and Commodity Finance, Real Estate Financing, Shipping Finance and Principal Investments.

The *Global Transaction Banking Product Line* offers products, services and solutions for cash management, e-banking, trade finance, supply chain management and securities services, as well as complex structured trade and export finance solutions. This international business area, targeting both corporate customers and financial institutions, has expanded its service model and operations to 22 countries (through Group banks) with a sales organisation consisting of about 2,000 dedicated specialists and over 4,000 correspondent banks.

The *Leasing Product Line* is responsible for coordinating all activities for the structuring, pricing and sale of leasing products in the Group with its own distribution network, which operates in close cooperation with the Group's banking network.

*Markets* is the "competence centre" for all financial markets activities across the UniCredit Group's Group companies. It is an integral part of the UniCredit Group, leveraging on the existing Group platform and client franchises serving as the Group's access to the capital markets. The combination of HVB, Bank Austria and the former Capitalia Group's capabilities results in a highly complementary international platform with a strong presence in emerging European financial markets. As a centralised "product line", Markets is responsible for the direct and global coordination of all financial markets-related activities, which include structuring, distribution and trading of interest rate, FX, equity, credit and capital markets products, covering both primary and secondary markets.

**Private Banking**

The Private Banking Business Unit is dedicated to high-net-worth clients and aims to be the trusted private banker of families, entrepreneurs and self-employed professionals. The Business Unit achieves this by offering high-value-added advisory services and solutions based on long-standing local relationships managed by private bankers with consolidated professional expertise and on the Group's international know-how. Its strength is the ability to use a 360-degree approach to protect and increase wealth, to maximise the value of all kinds of assets by recourse to an independent selection of a wide range of financial and non-financial products and services, jointly with accurate risk monitoring and management.

**Asset Management**

The Asset Management Product Line coordinates the fund and asset management activities of the Group in all geographic markets, including Poland and the whole CEE region, through a specialised sub-holding company, Pioneer Global Asset Management S.p.A., and its subsidiaries ("**Pioneer**"). Pioneer has been focusing on customer wealth protection and growth since its foundation in 1928, and is a global trader managing approximately €180 billion.

Thanks to its partnership with leading financial institutions around the world, Pioneer is able to offer a complete, innovative range of financial solutions, which include mutual funds, hedge funds, wealth management, institutional portfolios and structured products.

**Central and Eastern Europe (CEE)**

Bank Austria acts as a sub-holding for the Group's banking activities in the CEE. The UniCredit Group has a very strong regional network, in terms of assets, countries in which it is present and number of branches. A comprehensive range of financial products and services is offered to the

Group's retail, corporate, private banking and institutional customers through a network of approximately 2,800 branches in 18 countries: Azerbaijan, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine (Ukrsotsbank).

**PERFORMANCE OF THE UNICREDIT GROUP**

The following table summarises key financial Group consolidated figures split by business contribution as at 30 September 2010. (The breakdown of profit and loss figures by business given below is in line with the management reporting of Group results, considering that the former business division Poland's Markets has been fully divisionalised among the other business segments.)

| | Unaudited nine months ended 30 September 2010 | | | | | |
|---|---|---|---|---|---|---|
| *Euro million %* | **Operating Income** | **per cent. of Group's Operating Income** | **Operating Costs** | **per cent. of Group's Operating Costs** | **Operating Profit** | **Profit before taxes** |
| Retail | 7,490 | 37.8% | (5,657) | 48.23% | 1,833 | 469 |
| CIB | 7,726 | 39.03% | (2,712) | 23.12% | 5,014 | 2,393 |
| Private Banking | 607 | 3.07% | (426) | 3.63% | 182 | 172 |
| Asset Management | 613 | 3.10% | (356) | 3.04% | 258 | 247 |
| CEE | 3,434 | 17.35% | (1,576) | 13.44% | 1858 | 854 |
| Corporate Centre (*) | (78) | (0.39%) | (1,002) | 8.54% | (1,080) | (1,584) |
| Total Consolidated | 19,793 | 100% | (11,728) | 100% | 8,065 | 2,551 |

* Consolidation adjustments included.

**SIGNIFICANT OR MATERIAL CHANGE**

Save as disclosed in "*Recent Developments*" below, there has been no significant change in the financial or trading position of UniCredit and its subsidiaries taken as a whole since 30 September 2010 and there has been no material adverse change in the prospects of UniCredit or the Group since 31 December 2009.

**LEGAL PROCEEDINGS**

There are pending lawsuits against UniCredit S.p.A. and other UniCredit Group companies.

In many cases, there is substantial uncertainty regarding the outcome of the proceedings and the amount of any possible losses. These cases include criminal proceedings, administrative proceedings by the supervisory authority and claims in which the petitioner has not specifically quantified the penalties requested (for example, in putative class action in the United States). In such cases, given the infeasibility of predicting possible outcomes and estimating any losses in a reliable manner, no provisions are made. However, where it is possible to reliably estimate the amount of possible losses and the loss is considered likely, provisions have been made in the financial statements based on the circumstances and consistent with IAS international accounting standards.

To protect against possible liabilities that may result from pending lawsuits (excluding labour law, tax cases or credit recovery actions), the UniCredit Group has set aside a provision for risks of charges of approximately € 1.4 billion as at 30 June 2010. However, it is possible that this provision may not be sufficient to entirely meet the legal charges and the fines and penalties requested in pending legal actions.

Therefore, it may occur that a negative outcome for said proceedings could have a harmful effect on the financial situation of the UniCredit Group.

The following is a summary of pending cases in which the UniCredit Group is involved, and which have a value of €100 million or greater. Tax, labour law and credit recovery cases are not included.

**Madoff**

In December 2008, Bernard L. Madoff ("**Madoff**"), former chairman of the NASDAQ Exchange and owner of Bernard L. Madoff Investment Securities LLC ("**BMIS**"), an investment company registered with the Securities Exchange Commission (the "**SEC**") and the Financial Industry Regulatory Authority ("**FINRA**"), was arrested on charges of securities fraud for what has been described by U.S. authorities as a Ponzi scheme. In the same month, a bankruptcy administrator (the "**SIPA Trustee**") for the liquidation of BMIS was appointed in accordance with the U.S. Securities Investor Protection Act of 1970. In March 2009, Madoff was found guilty of several crimes, including securities fraud, investment adviser fraud, and providing false information to the SEC. In June 2009, Madoff was sentenced to 150 years in prison.

Following Bernard L. Madoff's arrest, several criminal and civil suits were filed in various countries against financial institutions and investment advisers by, or on behalf of, investors, intermediaries acting as brokers for investors and public entities in relation to losses incurred.

UniCredit S.p.A., some of its subsidiaries, and some of their employees or former employees were subpoenaed, or may be subpoenaed in the future, in the proceedings and/or investigations of the Madoff case in various countries, including the United States, Austria, Chile and the United Kingdom.

As at the date of Madoff's arrest, the Alternative Investments division of Pioneer, a subsidiary of UniCredit S.p.A. ("**PAI**"), acted as investment manager and/or investment adviser for some funds that had invested in other funds with accounts at BMIS. Specifically, PAI acted as investment manager and/or investment adviser for the Primeo funds and various funds-of-funds ("**FoFs**"). PAI acted as the investment adviser for the Primeo funds from April 2007, after having taken over from BA Worldwide Fund Management, LTD ("**BAWFM**"), an indirect subsidiary of UniCredit Bank Austria AG ("**BA**"). The Primeo funds and FoFs invested in other funds, which held accounts managed by BMIS. Certain documents prepared by these funds showed assets managed by UniCredit S.p.A.'s subsidiaries on behalf of fund administrators in the amount of €805 million in November 2008. Based on these documents, the amount includes invested capital and proceeds from the investment. Given Madoff's admission of guilt and the facts that emerged following the fraud committed by BMIS, it is clear that the amounts indicated in the aforementioned documents do not accurately reflect the investments made and the proceeds from these investments. As a result, the above amounts should not be considered indicative of the amount of losses incurred by final investors of the funds involved.

UniCredit Bank AG (then HypoVereinsbank) issued various tranches of debt securities whose potential yield was calculated based on the yield of a hypothetical structured investment (synthetic investment) in the Primeo funds. The notional value of the debt securities issued in reference to Primeo funds was € 27 million. Some legal proceedings were brought in Germany regarding debt securities issued by UniCredit Bank AG and connected to Primeo funds, naming UniCredit Bank AG as the defendant.

BAWFM, acted as investment adviser for Primeo funds until the beginning of April 2007. Some BA customers purchased shares in Primeo funds that were held on their accounts with BA.

UniCredit S.p.A. and its BA and PAI subsidiaries were named among the 50 defendants in three putative class actions suits filed with the United States District Court for the Southern District of New York (the "**Southern District** "), in which the petitioners claim to represent the investors of three funds whose assets were invested in BMIS, directly or indirectly.

In October 2009, the Southern District consolidated the three cases for pretrial purposes. Thereafter, amended consolidated complaints relating to each of three investment fund groups that allegedly invested with BMIS (the "Herald" funds, "Primeo" funds and "Thema" funds) were filed.

The amended "Herald" complaint, filed in February 2010, asserts putative class action claims on behalf of investors who owned shares of Herald Fund SPC-Herald USA Segregated Portfolio One and/or Herald (Lux) on 10 December 2008, or purchased shares in those funds from 12 January 2004, to 10 December 2008, and were damaged thereby. The amended complaint alleges that UniCredit S.p.A., BA and Bank Medici AG ("**Bank Medici**"), among other defendants, breached common law duties and violated U.S. federal securities laws by, inter alia, knowingly or recklessly failing to safeguard the claimants' investment in the face of "red flags" concerning Madoff. The claimant seeks unspecified damages, punitive damages, recoupment of fees, benefits or assets unjustly obtained from the putative class, costs and attorneys' fees to be determined at trial, as well as an injunction preventing defendants from using fund assets to defend the action or otherwise seeking indemnification from the funds.

The amended "Primeo" complaint, filed in February 2010, asserts putative class action claims on behalf of investors who owned shares of Primeo Select Fund and/or Primeo Executive Fund on 10 December 2008, or purchased shares of those funds from 12 January 2004, to 12 December 2008, and were damaged thereby. The amended complaint alleges that UniCredit S.p.A., BA, Bank Medici, BAWFM, PAI and Pioneer Global Asset Management S.p.A. ("**PGAM**"), among other defendants, breached common law duties and violated U.S. federal securities laws by, inter alia, misrepresenting the monitoring that would be done of Madoff and claimants' investments and disregarding "red flags" of Madoff's fraud. The Claimants seek unspecified damages, recoupment of fees, benefits or assets unjustly obtained from the putative class, interest, punitive damages, costs and attorneys' fees to be determined at trial, as well as an injunction preventing defendants from using fund assets to defend the action or otherwise seeking indemnification from the funds.

The amended "Thema" complaint, filed in February 2010, asserts putative class action claims on behalf of investors who owned shares of Thema International Fund plc and/or Thema Fund on 10 December 2008, or purchased shares in those funds from 12 January 2004 to 14 December 2008, and were damaged thereby. The amended complaint alleges that UniCredit, BAWFM and Bank Medici, among other defendants, violated U.S. federal securities laws and committed common law torts by, inter alia, recklessly or knowingly making or failing to prevent untrue statements of material fact and/or failing to exercise due care in connection with the claimants' investments. The amended complaint further alleges that UniCredit, BAWFM and Bank Medici were unjustly enriched by the receipt of monies from the putative class. The claimants seek unspecified damages (including profits that the putative class would have earned had their money been invested prudently), interest, punitive damages, costs and attorneys' fees, as well as an injunction preventing defendants from using fund assets to defend the action or otherwise seeking indemnification from the funds.

On 5 December 2010, the SIPA Trustee filed a complaint in the United States Bankruptcy Court in the Southern District of New York against some 70 defendants, including UniCredit S.p.A., BA, BAWFM, PAI, and Bank Medici seeking, as against these and other defendants, to recover amounts to be determined at trial, allegedly representing so-called avoidable transfers to initial transferees of funds from BMIS, subsequent transfers of funds originating from BMIS (in the form of alleged management, performance, advisory, administrative and marketing fees, among other such payments, said to exceed US$ 400 million in the aggregate for all defendants), and compensatory and punitive damages against certain defendants, including the five abovementioned, alleged to be in excess of US$ 2 billion. Although the SIPA Trustee reserves the right to amend its complaint as its investigation of BMIS continues, the complaint includes allegations that many among the 70 defendants, including the aforementioned five, are liable for avoidable transfers under the US Bankruptcy Code, that they were unjustly enriched by the receipt of moneys from BMIS, that they aided and abetted BMIS's breach of fiduciary duty and BMIS's fraud by disregarding supposed indicia of fraud and by funnelling funds into BMIS thereby allowing it to continue its Ponzi scheme.

On 10 December 2010, the SIPA Trustee filed another complaint in the United States Bankruptcy Court in the Southern District of New York against UniCredit S.p.A., BA, PGAM, BAWFM, Bank Medici, Bank Austria Cayman Islands, and several persons affiliated with UniCredit S.p.A. and BA seeking, as against these and other defendants, to recover amounts to be determined at trial. The complaint alleges that BA is liable as an initial transferee for certain avoidable transfers received from BLMIS and that BA and other UniCredit S.p.A.-affiliated defendants are liable as subsequent transferees for transfers of funds originating from BLMIS.

The complaint further alleges that all defendants were unjustly enriched by the receipt of moneys from BMIS, that they obtained and intentionally exercised control over stolen customer property as a result of their dealings with BMIS, and that they violated the Racketeer Influenced and Corrupt Organizations Act ("**RICO**") by allegedly participating in a plan to enrich themselves by feeding investors' money into Madoff's Ponzi scheme. The SIPA Trustee seeks treble damages under RICO (three times the reported net US$ 19.6 billion losses allegedly suffered by all BMIS investors); alleged retrocession fees, management fees, custodial fees, and other such payments; compensatory, exemplary and punitive damages; and costs of suit.

These U.S. proceedings are in their initial stages. UniCredit and its affiliated defendants intend to defend these proceedings vigorously.

Proceedings were initiated in Austria related to Madoff's fraud in which BA and Bank Privat AG (a former subsidiary of BA, with which it merged on 29 October 2009), among others, were named as defendants. The parties invested in funds that, in turn, invested directly or indirectly in BMIS. BA is also the subject of proceedings in Austria following the complaint filed by the Supervisory Authority for Austrian financial markets with the Austrian Attorney's Office and complaints filed to said Attorney's Office by private parties that invested in funds which, in turn, invested directly or indirectly in BMIS. The parties that filed said complaints maintain that BA violated, among others, the terms of the Austrian Consolidated Investment Act that governs the role of BA as "auditor of the prospectus" of Primeo funds.

UniCredit and several of its subsidiaries have received orders and requests to produce information and documents from the SEC, the U.S. Department of Justice and the SIPA Trustee in the United States, the Austrian Supervisory Authority for financial markets, the Irish Supervisory Authority for financial markets and BaFin in Germany related to their respective investigations into Madoff's fraud.

A Chilean investor in Primeo-linked notes has filed a complaint with the Chilean prosecutor. The case is at an investigative phase only. No indictments have been issued. Written questions have been addressed to seven Pioneer/UniCredit employees/former employees.

In addition to proceedings stemming from the Madoff case against UniCredit S.p.A., its subsidiaries and some of their respective employees and former employees, additional actions have been threatened and may be filed in the future in said countries or in other countries by private investors or local authorities. The pending or future actions may have negative consequences for the UniCredit Group.

UniCredit and its subsidiaries intend to defend themselves vigorously against the Madoff-related claims and charges.

At the time being it is not possible to reliably estimate the timing and results of the various actions, nor determine the level of responsibility, if any responsibility exists. Presently, in compliance with international accounting standards, no provisions have been made for specific risks associated with Madoff disputes.

**Actions initiated against UniCredit S.p.A., its former Managing Director and the former Managing Director of HVB**

In July 2007, eight hedge funds (followed by various minority shareholders of HVB) submitted a writ of summons to the Regional Court of Munich for compensation for damages allegedly suffered by HVB as a consequence of certain transactions regarding the transfer of equity investments and business lines from HVB (after its entry into UniCredit Group) to UniCredit S.p.A. or other

UniCredit Group companies (and vice versa). In addition, they argue that the HVB reorganisation costs should be borne by UniCredit S.p.A.

The defendants in the lawsuit are UniCredit S.p.A., its former Managing Director, Alessandro Profumo, and the former Managing Director of HVB, Wolfgang Sprissler.

The claimants are seeking: (i) damages in the amount of € 17.35 billion, plus interest; and (ii) that the Munich Court order UniCredit S.p.A. to pay HVB's minority shareholders appropriate compensation in the form of a guaranteed regular dividend from 19 November 2005 onwards.

The defendants lodged their defence pleas with the Regional Court of Munich on 25 February 2008.

Furthermore, another minority shareholder of HVB, Verbraucherzentrale fur Kapitanleger ("**VzfK**"), which already owned a non-significant shareholding in the company's capital, started substantially similar legal proceedings against UniCredit S.p.A., its former Managing Director, Alessandro Profumo and the then Managing Director of HVB, Wolfang Sprissler (for an amount equal to € 173.5 million plus interest). On 29 July 2009 the Regional Court of Munich combined these proceedings with the proceedings brought by the hedge funds.

The first court hearing took place on 10 December 2009.

On 18 June 2010, the Regional Court of Munich suspended the proceedings until a final decision is made on the validity of the appointment and subsequent removal of the Special Representative (see below). But, on 21 October 2010, the Munich Court of Appeals overturned that decision, thus the Hedgefonds action will continue.

The defendants, while aware of the risks that any such suit inevitably entails, are of the opinion that the claims are groundless, given that all of the transactions referred to by the claimants were carried out on payment of consideration which was held to be fair on the basis of third-party advisors' opinions. As such, no provision has been made.

**Special Representative**

On 27 June 2007, the HVB annual Shareholders' Meeting passed a resolution for a claim of damages against UniCredit S.p.A., its legal representatives, and (former) members of HVB's management board and supervisory board, citing damages to HVB due to the sale of its equity investment in BA (as defined below) and the Business Combination Agreement ("**BCA**") entered into with UniCredit S.p.A. during the integration process. The attorney Thomas Heidel was appointed as Special Representative (the "**Special Representative**") by a shareholders' resolution voted on by the minority shareholders with the task of verifying if there are sufficient grounds to move forward with this claim. To this end, the Special Representative was granted the authority to examine documents and obtain further information from HVB.

UniCredit, now HVB's sole shareholder, has challenged that resolution in court and the challenge has been partially granted. This ruling has been challenged by both claimants and defendant before the German Federal Supreme Court. A final decision has not yet been issued.

Based on his investigations within HVB, in December 2007, the Special Representative asked UniCredit S.p.A. to restore the purchased BA shares to HVB.

In January 2008, UniCredit S.p.A. replied to the Special Representative, stating that, in its view, such a request was unfounded.

On 20 February 2008, Attorney Heidel, acting as Special Representative, filed a petition against UniCredit S.p.A., its former Managing Director, Alessandro Profumo, the former Managing Director of HVB, Wolfgang Sprissler and HVB's former Chief Financial Officer, Rolf Friedhofen, requiring the defendants to return the BA shares to HVB along with compensation to HVB for any additional losses in the matter or, if this petition is not granted by the Munich Court, to pay € 13.9 billion in damages.

On 10 July 2008, Attorney Heidel filed and gave notice of an amendment to the petition. In it he asked that UniCredit S.p.A., its former Managing Director, and HVB's former Managing Director and former Chief Financial Officer be ordered to return the additional amount of € 2.98 billion (plus interest) in addition to damages that may result from the capital increase resolved by HVB in April 2007 following the transfer of the banking business of the former UBM to HVB. Specifically, the Special Representative asserted that the transfer was overvalued and that auditing rules were violated.

Since it is doubtful that the amendment of the Special Representative's petition is within his powers as authorised by the resolution of the HVB Shareholders' Meeting in June 2007, UniCredit S.p.A. considers the claimant's claims to be unfounded, partly in consideration of the fact that both the sale of BA and the transfer of the operations of the former UBM during the HVB capital increase were carried out on the basis of independent assessments (fairness opinions and valuation reports) of well-known external auditors and investment banks. Therefore, UniCredit S.p.A. has not made any provisions in relation to these proceedings.

On 10 November 2008, an extraordinary meeting of HVB shareholders was held and resolved to revoke the resolution of 27 June 2007. Consequently, Attorney Heidel was removed as HVB's Special Representative and no longer has the authority to prosecute the actions brought against UniCredit S.p.A., its officers, or HVB's officers, unless the resolution is declared null or ineffective. In particular, the removal prevents the Special Representative from continuing his petition for damages, which, moreover, will not disappear automatically, but rather only if a decision in this matter is made by HVB's supervisory board (against Wolfgang Sprissler and Rolf Friedhofen) and the management board (against UniCredit S.p.A. and its former Managing Director). HVB's statutory bodies, with the assistance of external consultants, initiated a review of this complex matter to make the related decisions under their authority.

The removal of the Special Representative was contested by Attorney Heidel and by a minority shareholder. On 27 August 2009, the Regional Court of Munich declared the Special Representative's removal null. HVB appealed against that decision and, on 3 March 2010, the Regional High Court of Munich granted the appeal overturning the decision of Regional Court of Munich. The decision is not final.

On 2 June 2009, the Regional Court of Munich decided to suspend arguments on the Special Representative's petition until a final decision is made on the validity of the appointment and subsequent removal of the Special Representative.

The Special Representative submitted a request to review the suspension measure of the petition. Following the Special Representative's removal, HVB withdrew this request. The Regional Court of Munich has not yet issued a decision regarding the Special Representative's request and the validity of HVB's withdrawal of the request. The same first instance judge will review and if, as expected, the judge does not reverse his decision, the Regional High Court will decide on the correctness of the suspension measure.

**Cirio**

In April 2004, the extraordinary administration of Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.) served notice on Sergio Cragnotti and various banks, including Capitalia S.p.A. (absorbed by UniCredit S.p.A.) and Banca di Roma S.p.A., of a petition to obtain judgment declaring the invalidity of an allegedly illegal agreement with Cirio S.p.A. regarding the sale of the dairy company Eurolat to Dalmata S.r.l. ("**Parmalat**"). The extraordinary administration subsequently requested that Capitalia S.p.A. and Banca di Roma S.p.A. be found jointly liable to reimburse a sum of approximately € 168 million and that all defendants be found jointly liable to pay damages of € 474 million.

Furthermore, the extraordinary administration requested, should the above fail, the revocation of the deeds of settlement made by Cirio S.p.A. and/or repayment by the banks of the amount paid for the agreement in question, on the grounds of undue profiteering, pursuant to article 2901 of the Italian civil code.

In May 2007, the case was retained for the judge's ruling. No preliminary investigation was conducted. In February 2008, an unexpected ruling by the Court of Rome ordered Capitalia S.p.A. (currently UniCredit S.p.A.) and Sergio Cragnotti to pay € 223.3 million plus currency appreciation and interest from 1999. UniCredit S.p.A. has appealed the judgment, requesting the suspension of the execution of the lower court's judgment. The Rome Court of Appeals, with a ruling issued on 17 March 2009, suspended the execution of the lower court's judgment.

The next hearing is scheduled on 11 November 2014.

In order to oversee such risks, provisions were made for an amount considered congruous to the current risk of the proceedings.

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In April 2007, certain Cirio group companies in administration filed a petition against Capitalia S.p.A. (now UniCredit S.p.A.), Banca di Roma S.p.A., UBM (now UniCredit S.p.A.) and other banks for compensation of damages resulting from their role as arrangers of bond issues by Cirio group companies, although, according to the claimants, they were already insolvent at the time. Damages were quantified as follows:

- the damages incurred by the petitioners due to a worsening of their financial condition were calculated within a range of € 421.6 million to € 2.082 billion (depending upon the criteria applied);
- the damages incurred because of the fees paid to the lead managers for bond placements were calculated at a total of € 9.8 million;

- the damages, to be determined during the proceedings, incurred by Cirio Finanziaria S.p.A., for losses related to the infeasibility of recovering, through post-bankruptcy clawback, at least the amount used between 1999 and 2000 to cover the debt exposure of some of the Cirio group companies,

plus interest and currency revaluation from the date owed to the date of payment.

In the ruling of 3 November 2009 the judge denied the claimants' claim that the companies of the Cirio group in extraordinary administration be held jointly liable for reimbursement of legal expenses, in favour of the defendant banks.

The extraordinary administration has appealed against the ruling.

UniCredit S.p.A., having considered the opinion of its defence counsel, believes the action to be groundless. Accordingly no provisions have been made.

**International Industrial Participations Holding IIP N.V.**

On 30 October 2007, International Industrial Participations Holding IIP N.V. (formerly Cragnotti & Partners Capital Investment N.V.) and Sergio Cragnotti brought a civil action against UniCredit S.p.A. (as the successor to Capitalia S.p.A.) and Banca di Roma S.p.A. for alleged direct damages and loss of profit quantified at € 135 million claiming:

- primarily, the breach of contractual obligations of financial assistance previously assumed in favour of Cragnotti & Partners Capital Investment N.V., Sergio Cragnotti, Cirio Finanziaria S.p.A. and the Cirio group, which resulted in its insolvency;
- secondarily, the illegitimate refusal by the defendants to provide Cirio Finanziaria S.p.A. and the Cirio group with the financial assistance necessary to repay a bond expiring on 6 November 2002, on the basis that the defendants were allegedly not acting properly and in good faith.

Following the recent reorganisation of UniCredit Group, without prejudice to the legitimation of UniCredit S.p.A. as the defendant, the question in law, previously attributable to Banca di Roma S.p.A. was transferred to UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.).

Recently the plaintiffs communicated the intent to abandon the case setting off costs.

The defendants believe the claimant's claim in this action is completely groundless and, as a result, no provisions have been made at present.

**Gruppo Fratelli Costanzo**

The companies of the Costanzo group, originally controlled by the Costanzo family, have been under extraordinary administration since 1996. In February 2006, several representatives of the Costanzo family brought suit for damages against the extraordinary administration and the Ministry of Production alleging poor management of the companies in the group. The claimants also sued the members of the Supervisory Committee, of which the subsidiaries IRFIS S.p.A. and Banca di Roma S.p.A. (now UniCredit S.p.A.) were members, alleging omissions in oversight. The total claim amounts to about € 2.04 billion.

As a result of the Catania Court's declaration of lack of jurisdiction, the case was brought again before the Regional Administrative Court of Lazio – Rome in November 2009.

To obtain a declaration of lack of territorial jurisdiction on the part of the Regional Administrative Court of Lazio – Rome and, on the other hand, the presence of jurisdiction on the part of the Regional Administrative Court ("**TAR**") of Sicily – Catania, the company Fratelli Costanzo S.p.A in A.S. (under extraordinary administration) has appealed to the Supreme Court and the latter has determined the jurisdiction of the TAR of Sicily - Catania.

UniCredit reached an agreement with the Costanzo family settling all pending lawsuits.

**Qui tam Complaint against Vanderbilt and other UniCredit Group companies**

On 14 July 2008, claimants Frank Foy and his wife filed a complaint on behalf of the State of New Mexico seeking recovery of false claims for payment made upon the State in relation to certain investments made by the New Mexico Educational Retirement Board ("**ERB**") and the State of New Mexico Investment Council ("**SIC**") in Vanderbilt Financial, LLC ("**VF**"), an indirect UniCredit S.p.A. investee company. The complaint states that Frank Foy was the Chief Investment Officer of ERB and that he submitted his resignation in March 2008.

The claimants have standing to sue on behalf of the State of New Mexico under the State qui tam statute, the New Mexico Fraud Against Taxpayers Act ("**FATA**") and seek compensation for damages in an amount of US$ 360 million which includes treble damages provided for by the statute). The claimants assert that the Vanderbilt defendants (see below) and the other defendants persuaded ERB and SIC to invest US$ 90 million in Vanderbilt products (i) by knowingly providing false information on the nature and risk level of the VF investment and (ii) by guaranteeing improper contributions to then-Governor of the State of New Mexico, Bill Richardson, and other State officials, to convince them to make the investment. In addition to the entire initial investment of US$ 90 million (as consequential damages), Foy requests an additional US$ 30 million for loss of profit, which trebled brings the damages demand to US$ 360 million, plus attorneys fees, interest and other penalties.

Defendants include – inter alia – the following:

- Vanderbilt Capital Advisors, LLC ("**VCA**"), a wholly-owned indirect subsidiary of Pioneer Investment Management USA Inc. ("**PIM US** ");
- Vanderbilt Financial, LLC ("**VF**"), a special purpose vehicle in which PIM US has an 8 per cent. holding (VF has since been liquidated);
- Pioneer Investment Management USA Inc. ("**PIM US** "), a wholly-owned subsidiary of PGAM;
- Pioneer Global Asset Management S.p.A. ("**PGAM**"), a wholly-owned subsidiary of UniCredit S.p.A.;
- UniCredit S.p.A.;
- various directors and officers of VCA, VF and PIM US; and
- law firms, external auditors, investment banks and State of New Mexico officials.

At present, an assessment on the economic impact that may result from the proceedings is premature and thus no provisions have been made.

The complaint was originally served on the American companies, including VCA, PIM US (both part of UniCredit Group) and VF, and the natural persons called as defendants.

On 24 September 2009 UniCredit S.p.A. and on 17 December 2009 PGAM were also served.

All the defendants filed motions to dismiss on procedural and substantive grounds.

On 8 March 2010, the Foys filed a purported amended complaint seeking to add one additional claimant, several additional defendants, and over 50 additional claims. Foy also sought to put in issue other Vanderbilt CDOs in which the State of New Mexico public funds invested and which increased the claimed losses from US$ 90 million to US$ 243.5 million. The defendants have challenged whether the amended complaint was properly filed, and on 26 March 2010, the court ruled that it will not consider the amended complaint, and the defendants need not respond to it, until after the court has addressed the previously submitted motions to dismiss the original complaint.

On 28 April 2010, Judge Pfeffer issued an order dismissing all of the claims brought by the original complaint. The Judge had already expressed concerns that retroactive application of FATA would violate prohibitions against constitutional ex post facto protections, and this was the basis for his ruling dismissing all the FATA claims. The Judge also dismissed Foy's claims under the state Unfair Practices Act ("**UPA**") on grounds that claims were based on securities transactions not within the scope of the protections offered by the UPA.

In May 2010, Foy filed a package of seven motions requesting Judge Pfeffer to reconsider the dismissal on various grounds and, alternatively, requesting him to certify the legal question regarding the retroactive application of FATA for an interlocutory appeal to the New Mexico State Appeals Court. The Vanderbilt defendants and the other defendants filed oppositions to all of these motions, and asked the Court to strike the amended complaint and dispose of the entire case. On 2 September 2010, Judge Pfeffer issued his decisions. He certified the legal question for interlocutory appeal, but ordered the claimant to strip the amended complaint of all allegations that were inconsistent with his rulings that FATA could not be applied retroactively and that no claims survived under the UPA.

Foy filed a request for interlocutory review with the New Mexico Court of Appeals on 16 September 2010 and the revisions to the amended complaint with the lower court on 17 September 2010.

Moreover, in January 2010, a purported class or derivative action entitled Donna J. Hill v. Vanderbilt Capital Advisors, LLC, et al., was filed in the state court in Santa Fe, New Mexico. The lead claimant, a beneficiary of the New Mexico Educational Retirement Fund (the "**Fund**"), seeks to recover on behalf of the Fund or its plan participants the money that the Fund lost on its investment in Vanderbilt Financial, LLC ("**VF**").

In February 2010, a parallel case by another plan participant, entitled Michael J. Hammes v. Vanderbilt Capital Advisors, LLC, et al., was filed in the same court making virtually identical allegations. The Hill and Hammes cases make factual allegations similar to those asserted in the

Foy case, but they bring their claims under common law principles of fraud, breach of fiduciary duty (against the Educational Retirement Board ("**ERB**") members), and aiding and abetting breaches of duty by those board members.

The Hill and Hammes cases originally named VCA, VF, PIM US and various current or former officers and directors of VCA, VF and/or PIM; several current or former ERB board members; and other parties unconnected to Vanderbilt. Neither PGAM nor UniCredit were named as defendants in these cases. In February 2010, the Hill case was removed by one of the ERB board member defendants to the United States District Court for the District of New Mexico. Subsequently, the deadline for defendants to respond was indefinitely extended in the Hammes case by agreement of the parties. Hammes remains in state court. In addition, the Hill claimants' agreed to dismiss from the case, without prejudice (so reinstatement is possible), PIM US and the individual officers named as defendants. Neither the Hill nor Hammes complaint specifies the amount of damages claimed, but the total invested by the ERB in VF was US$ 40 million; moreover this amount is subsumed within the damages claimed in the Foy lawsuit. On 31 August 2010 the Vanderbilt defendants filed a motion to dismiss all of the claims in Hill.

**Divania S.r.l.**

In the first half of 2007, Divania S.r.l. filed a suit against UniCredit Banca d'Impresa S.p.A. (then redenominated UniCredit Corporate Banking S.p.A. and, following the implementation of the One4C project, merged into UniCredit S.p.A.) contesting the violations of the law and regulations (relevant, amongst other things, to financial products) with reference to the operations in rate and currency derivative transactions created between January 2000 and May 2005 by Credito Italiano S.p.A. initially, and subsequently by UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.), for a total of 206 contracts.

The petition, which requests that the contracts be declared inexistent, or failing that, null and void or to be cancelled or terminated and that UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.) be found liable to pay a total of € 276.6 million as well as legal fees and interest, was served on 26 March 2007 in the Court of Bari as part of the new corporate procedure. An expert witness report was requested in the fall of 2008.

In April 2010 the expert submitted its report. The report broadly confirms the facts as represented by the defendant, stating that there was a loss on derivatives amounting to about € 6,400,000 (which would increase to about €10,884,000 should the out-of-court settlement, challenged by the claimant, be adjudicated illegitimate and thus null and void). The expert opinion states that interest should be added in an amount between € 4,137,000 (contractual rate) and € 868,000 (legal rate).

UniCredit S.p.A. considers the claimed amount to be disproportionate to the actual litigation risk, as the amount claimed was calculated by adding all debit entries made (for an amount much larger than the actual amount), without including the credits that very significantly reduce the claimant's demands. Furthermore, a settlement had been reached, and signed on 8 June 2005, for the contested transactions, under which Divania S.r.l stated that it would no longer make any claim, for any reason, for the transactions now being disputed. The petition calls into question the validity of the transaction, arguing that the settlement is null and void given the alleged illegitimacy of the transactions in question. UniCredit S.p.A. believes that, notwithstanding the foregoing, were it to be found liable the maximum amount of its liability would be approximately € 4 million, equivalent to the sum that was debited to the claimant's account at the time of the transaction. For this reason, a provision has been made for an amount consistent with the lawsuit risk.

On 21 September 2009, Divania S.r.l. served an additional and separate petition to UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.) at the Court of Bari, requesting compensation for damages allegedly incurred, amounting to € 68.9 million, contesting the violations of the law and regulations (relevant, amongst other things, to financial products) as a result of UniCredit Corporate Banking S.p.A.'s alleged behaviour in relation to the derivative transactions in question, and, more generally, the alleged behaviour in regards to the customer. The suit is closely linked to the one already pending.

This petition is considered to be without grounds and therefore no provisions have been made at present.

**Acquisition of Cerruti Holding Company S.p.A. by Fin.Part S.p.A.**

At the beginning of August 2008, the receivership of Fin.Part S.p.A. ("**Fin.Part**") brought a civil action against UniCredit S.p.A., UniCredit Banca S.p.A. (now UniCredit S.p.A.), UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.) and one other bank not belonging to the UniCredit Group for contractual and tort liability.

Fin.Part's claim against each of the defendant banks, jointly and severally or alternatively, each to the extent applicable, is for compensation for damages allegedly suffered by Fin.Part and its creditors as a result of the acquisition of Cerruti Holding Company S.p.A. ("**Cerruti**").

The action contests the legality of the conduct of the defendant banks, acting in concert, during the years 2000 and 2001 for the acquisition of the fashion sector of the Cerruti 1881 group, by means of a complex financial transaction focused specifically on the issue of a bond for € 200 million by a special purpose vehicle in Luxembourg (C Finance S.A.).

The receivership maintains that Fin.Part was not able to absorb the acquisition of Cerruti with its own funds, and that the financial obligations connected with the bond payment brought about the bankruptcy of the company.

Therefore, the receivership is requesting compensation for damages in the amount of € 211 million, representing the difference between the liabilities (€ 341 million) and the assets (€ 130 million) of the bankruptcy estate, or such other amount as determined by the court. Furthermore, it is requested that the defendants return all of the amounts earned in fees, commissions and interest in relation to the fraudulent activities.

On 23 December 2008 the bankruptcy of C Finance S.A. filed its intervention in the case.

The receivership maintains that C Finance S.A. was insolvent at the time of its establishment, due to the issue of the bond and the transfer of proceeds to Fin.Part in exchange for assets with no value, and claims that the banks and their executives that contributed to devising and executing the transaction caused C Finance S.A. to be insolvent.

The claimant requested that the defendant banks compensate the receivership for damages as follows: a) the total bankruptcy liabilities (€ 308.1 million); or, alternatively, b) the amounts disbursed by C Finance S.A. to Fin.Part and Fin.Part International (€ 193 million); or, alternatively, c) the amount collected by UniCredit S.p.A. (€ 123.4 million).

The banks are also requested to pay damages for the amounts collected (equivalent to € 123.4 million, plus € 1.1 million in fees and commissions) for the alleged invalidity and illegality of the transaction in question and the payment of Fin.Part's debts to UniCredit S.p.A. using the proceeds from the C Finance S.A. bond issue. In addition, the claimant alleges that the transaction was a means for evading Italian law regarding limits and procedures for bond issues.

In January 2009, the judge rejected the writ of attachment for the defendant not belonging to UniCredit Group.

On 9 June 2009, the deed of appearance and reply was submitted for UniCredit S.p.A.

On 5 October 2009 and on 12 January 2010 the parties appeared in person for settlement proceedings. The settlement proceedings were unproductive due to the divergence of the parties' positions.

On 3 June 2010, the Court rejected all of the preliminary evidentiary proceedings and adjourned the hearing for the conclusions to 28 June 2011.

In addition, on 2 October 2009, the receivership of Fin.Part subpoenaed in the Court of Milan UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.), as the successor to the former Credito Italiano, in order that (i) the invalidity of the "payment" of € 46 million made in September 2001 by Fin.Part to the former Credito Italiano be recognised and consequently, (ii) the defendant be sentenced to return such amount in that it relates to an exposure granted by the bank as part of the complex financial transaction under dispute in the prior proceedings.

UniCredit S.p.A., on the basis, *inter alia*, of the information supplied by their legal counsel, believes the claims are groundless and/or lacking in an evidentiary basis. Consequently, also bearing in mind that the proceedings are in their initial stages, no provisions have been made at present.

**Doddato Federico & C. Srl and Mr. Doddato Giuseppe**

The company Doddato Federico & C. a r.l. and Doddato Giuseppe filed a suit against Banca di Roma S.p.A. (now UniCredit S.p.A.) in November 1998 to obtain compensation in the form of damages in the amount of approximately Euro 150 million in addition to interest, costs and monetary adjustment. The claimants contested the alleged illicit behavior of Banca di Roma S.p.A. in relation to an overdraft on cancellation of an account. The amount claimed was quantified only at the final pleadings stage.

On 17 January 2009 the Court rejected the claimant's request, declaring that the suit was groundless.

In March 2010, the company Doddato Federico & C. a r.l. appealed the decision seeking damages in an increased amount of approximately Euro 250 million.

On 24 April 2010 UniCredit S.p.A. appeared in court and the court adjourned the hearing for the conclusions to 7 March 2011.

UniCredit considers the claim to be groundless and, considering the favourable first instance ruling, no provisions have been made.

The proceedings were connected to a credit recovery action in respect of a credit which has since been sold.

**Seanox Oil P.T.**

In 2004, Seanox Oil P.T., with registered office in Jakarta, made a decision to liquidate (through Branch 26 in Milan of the former Banca di Roma S.p.A.) two certificates of deposit that were apparently issued by UBS for a total amount of US$ 500 million (US$ 300 million and US$ 200 million).

Seanox Oil P.T. instituted proceedings against the former Banca di Roma S.p.A., claiming it had suffered unjust loss as a result of the alleged illicit delivery to UBS Bank of Zurich of one of the certificates (specifically, the certificate with a face value of US$ 200 million), which having proved to be false, was withdrawn by UBS Zurich.

Accordingly, the claimant requested compensation for damages for the notional value of the certificate of deposit held by UBS, or US$ 200 million, equivalent to € 158 million.

The defendant bank appeared in court to dispute the reconstruction of events and requested that the petition be wholly rejected in that it is unfounded in law and in fact. Following a number of recent restructuring transactions by the UniCredit Group, the disputed right behind the case was transferred to UniCredit Banca S.p.A. (now UniCredit S.p.A.).

In the hearing on 18 November 2009, UniCredit Banca S.p.A.'s legal counsel provided evidence before the court that the certificate at issue had been found to be false in a different legal proceeding. The outcome of the 18 November 2009 hearing was that the Court rejected all of the preliminary evidentiary proceedings and adjourned the hearing for the conclusion to February 2011.

For this reason, a provision has been made for an amount consistent with the risk of the lawsuit.

**Mario Malavolta**

In July 2009, Mr. Mario Malavolta, on his own behalf and as legal counsel and director of Malavolta Corporate S.p.A. and its subsidiaries and associates, sued UniCredit S.p.A. for compensation for damages (approximately € 135 million) allegedly due to illicit behaviour on the part of UniCredit S.p.A. Furthermore, the petitioner claimed improper application of interest on its current accounts held by the aforementioned company.

UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.), which was the Group company responsible for the behaviour alleged by the petitioner to be illicit, subsequently joined the defence of the action as an additional defendant.

The petitioner disputes the conduct by the defendant during the period 2006–2007, maintaining that improper involvement by the bank in the decision-making processes of Malavolta group companies allegedly prevented the restructuring processes and caused significant financial burden (currently the companies of Malavolta group are insolvent and subject to bankruptcy proceedings).

Mr. Malavolta claims that the facts and circumstances described above also allegedly resulted in significant damages to him in his role as shareholder and director of Malavolta Corporate S.p.A. and its subsidiaries.

As a preliminary defence, UniCredit has claimed that the claimant lacks standing and interest in the matter. On the merits, as a subordinate alternative, it has claimed that the complaints lack grounds, are excessively broad and are not supported by the documents produced on the record.

Mr. Malavolta filed a petition as director of Malavolta Corporate S.p.A. and its subsidiaries and affiliates on 3 February 2010 to join the suit he had commenced in July 2009 and requesting additional compensation, for damages totalling about € 445 million. UniCredit has filed a brief opposing the petition to join the case and contested the claims of the claimant.

The receivership of Malavolta Corporate S.p.A. has also filed a petition making the same claims as Mr. Malavolta and filing a motion to dismiss the claim brought by the company "represented by M. Malavolta". The receivership defined his charges against UniCredit and limited the amount claimed to € 20 million.

On 2 September 2010, the Court rejected all of the preliminary evidentiary proceedings and adjourned the hearing for the conclusions to 22 December 2011.

UniCredit believes the claims are groundless and/or lacking in an evidentiary basis, consequently no provisions have been made at present.

**I.CO.PO.DE.SO S.r.l. and Pietro Montanari**

The company I.CO.PO.DE.SO S.r.l. and its legal representative Mr. Pietro Montanari, on his behalf, brought suit against UniCredit S.p.A. on 10 February 2010 to obtain compensation in the form of damages in the amount of about € 133 million in addition to interest and monetary adjustment.The first hearing for appearances, originally set for 25 May 2010 before the Court of Rome, has been postponed to 11 march 2011.

The claimants claim that Cassa di Risparmio di Roma (now UniCredit), by a series of acts and by conduct (between the end of the 1970s and the beginning of the 1980s) allegedly caused the bankruptcy of I.CO.PO.DE.SO S.r.l., causing the claimants to incur extremely significant damages in the form of material losses and loss of reputation.

The claim is considered by UniCredit to be groundless and without legal basis. Consequently, given that the proceedings are at an early stage, no provisions have been made.

**Valauret S.A.**

In 2001, the claimants (Valauret S.A. and Hughes de Lasteyrie du Saillant), bought shares in the French company Rhodia S.A. They maintain that they suffered losses as a result of the drop in Rhodia S.A. share prices between 2002 and 2003, allegedly caused by earlier fraudulent actions by members of the company's board of directors, who published financial statements which were allegedly untruthful and misleading.

In 2004, the claimants filed a petition claiming damages against the board of directors, the external auditors, and Aventis S.A. as majority shareholder of Rhodia S.A. Later they extended their claim to other parties, arriving at a total of 14 defendants, the latest being Bank Austria ("**BA**"), against which a petition was filed at the end of 2007, as successor of Creditanstalt AG ("**CA**"). The claimants maintain that the latter was involved in the aforementioned alleged fraudulent activities, as it was the credit institution of one of the companies involved in said activities. Valauret S.A. is seeking damages of € 129.8 million in addition to legal costs and Hughes de Lasteyrie du Saillant is seeking damages of € 4.39 million.

In BA's opinion, the claim relating to the involvement of CA in fraudulent activities is without grounds. In 2006, well before the action was extended to BA, the civil proceedings were suspended following the opening of criminal proceedings lodged by the French public ministries based on the criminal charge against persons unknown brought by the same claimants. In December 2008, the Commercial Court of Paris suspended the civil proceedings against BA.

In relation to these proceedings, no provisions have been made.

**Treuhandanstalt**

BA (formerly Bank Austria Creditanstalt AG) has joined as a party in support of the defendant AKB Privatbank Zürich AG (formerly a subsidiary of BA and formerly Bank Austria (Schweiz) AG) in a suit relating to alleged claims of Bundesanstalt für vereinigungsbedingte Sonderaufgaben ("**BvS**") (formerly Treuhandanstalt), the German public body for the new Länder reconstruction.

It is asserted that the former subsidiary participated in the embezzlement of funds from companies in the former East Germany. BvS is requesting compensation for damages of approximately € 128 million, plus interest dating back to 1992, plus costs.

On 25 June 2008, the Zurich District Court rejected the request of BvS, with the exception of the claim for the amount of € 320,000 that, in the Court's opinion, represents fees and commissions applied in good faith, in accordance with a contract that was no longer valid, by the former subsidiary of BA. Both parties appealed the judgment.

In March 2010, the Court of Appeal of Zurich granted the appeal of the claimants and ordered BA to pay approximately € 240 million (calculated as of 30 March 2010).

BA filed an appeal against that judgment before the Court of Cassation of the Zurich Canton requesting, *inter alia*, a stay of execution. On 14 May 2010 the stay of execution was granted. The Court of Cassation's procedure is still pending.

To provide for possible liabilities arising from this case, a provision has been made for an amount consistent with the currently estimated risk of the lawsuit.

**Association of small shareholders of NAMA d.d. in bankruptcy; Slobodni sindiKat**

Zagrebacka banka ("**ZABA**") was called before the Zagreb Municipal Court by two parties: (i) the association of small shareholders of NAMA d.d. in bankruptcy; and (ii) Slobodni Sindikat.

The parties allege that ZABA violated the rights of NAMA d.d., as minority shareholder of ZABA since 1994. The parties assert, *inter alia*, that ZABA did not distribute to NAMA d.d. profits in the form of ZABA shares.

The claimants asked the Court to sentence ZABA to assign ownership of 44,858 ZABA shares to NAMA d.d. or, alternatively, to pay the equivalent amount in cash, that the claimants estimated at Kuna 897,160,000.00 (approximately € 123.7 million) assuming that each share has a value of Kuna 20,000.

ZABA maintains that the claimants do not have legal standing in that they have never been ZABA shareholders, nor the holders of the rights allegedly violated.

ZABA maintains that the alleged violation of rights due to the former minority shareholder NAMA d.d. never occurred. Therefore, ZABA believes that the claimants' claims are groundless, as they have not proven either the existence of the rights or the quantified damages. On 16 November 2009, at the first hearing, the judge rejected the request by the claimants, without dealing with the merit of the litigation, declaring that the claimants did not have the legitimisation to act. The decision has been appealed by the association of small shareholders of NAMA d.d in bankruptcy. The proceedings are still ongoing.

In relation to these proceedings, no provisions have been made.

**GBS S.p.A.**

At the beginning of February 2008, General Broker Service S.p.A. ("**GBS S.p.A.**") initiated arbitration proceedings against UniCredit S.p.A. aiming at declaring the behaviour of Capitalia S.p.A. and subsequently UniCredit S.p.A. illegitimate with regards to the insurance brokerage relationship in effect and allegedly deriving from the exclusive agreement signed in 1991, and furthermore to obtain compensation for damages suffered, originally estimated at € 121.7 million, then increased to € 197.1 million.

The 1991 agreement, which included an exclusivity right, was signed by GBS S.p.A. and the former Banca Popolare di Pescopagano e Brindisi. The bank, following the 1992 merger with Banca di Lucania, became Banca Mediterranea, which was incorporated in 2000 in Banca di Roma S.p.A., which then became Capitalia S.p.A. (currently UniCredit S.p.A.).

The brokerage relationship with GBS S.p.A., dating back to the 1991 contract, was then governed by (i) an insurance brokerage service agreement signed in 2003 between GBS S.p.A., AON S.p.A. and Capitalia S.p.A., whose validity was extended to May 2007, and (ii) a similar agreement signed in May 2007 between the aforementioned brokers and Capitalia Solutions S.p.A., on its own behalf and as proxy for the banks and in the interest of the companies of the former Capitalia Group, including the holding company.

In July 2007, Capitalia Solutions S.p.A., on behalf of the entire Capitalia Group, exercised its right of withdrawal from the contract in accordance with the terms of the contract (in which it is expressly recognised that, in the event of withdrawal, the banks/companies of the former Capitalia Group should not be obliged to pay the broker any amount for any reason).

At the request of GBS S.p.A., an expert witness report was ordered, whose results, both in terms of method and calculations, have been disputed by UniCredit S.p.A.

In the decision issued on 18 November 2009, UniCredit S.p.A. was sentenced to pay GBS S.p.A. a total amount of Euro 144 million, as well as legal costs and the costs of the expert opinion report.

UniCredit S.p.A. determined that the decision ordered by the arbitrator was groundless, and lodged an appeal requesting a stay of execution.

On 8 July 2010 the Court granted a stay of execution in respect of amounts exceeding Euro 10 million. UniCredit S.p.A. paid such amount, pending the outcome of the appeal. The next hearing is scheduled for 7 June 2011.

Considering the development of the matter, a provision has been made for an amount consistent with what currently appears to be the potential risk resulting from the award issued.

**FinTeam spol s.r.o.**

In March 2009, FinTeam spol s.r.o. ("**FinTeam**"), a Slovakian company, sued UniCredit Bank Slovakia a.s. ("**UniCredit Bank Slovakia**") before a Bratislava Court for transactions involving exchange rates and derivatives (futures transactions and exchange rate options for Euro/Slovakian Corona) carried out as part of the Master Treasury Agreement signed between FinTeam and UniCredit Bank Slovakia in June 2004.

FinTeam alleges that certain transactions executed between the parties are invalid, in that they were not carried out in compliance with the provisions of the Master Treasury Agreement.

Furthermore FinTeam alleges that it incurred losses due to transactions charged on its account by UniCredit Bank Slovakia in connection with the aforementioned transactions.

Therefore FinTeam requests that the UniCredit Bank Slovakia be sentenced to indemnify FinTeam for damages, including loss of profits and legal expenses, allegedly incurred by FinTeam as a result of the alleged breaches of the master agreement made by UniCredit Bank Slovakia and estimates said damages to be equal to € 100 million. At present, no evidence has been provided to prove that the damages were suffered and that they amount to € 100 million.

UniCredit Bank Slovakia duly filed its statement of defence and objected on the basis of the lack of capacity of the Court of Bratislava according to the arbitration clause set forth in the Master Treasury Agreement, which requires the parties to submit any dispute to the Permanent Arbitration Tribunal at the Slovakian Bank Association. Nonetheless, since the arbitration clause can be amended by mutual agreement of the parties, UniCredit Bank Slovakia declared its availability to accept the Court of Bratislava as the competent court.

During the first hearing held on 31 May 2010 FinTeam was ordered by the Court to deliver an expert opinion providing for the due assessment and evaluation of damages and loss of profits allegedly incurred, within a period of sixty days from the date of the hearing. Such period has been extended by an additional sixty days upon FinTeam's request. The second hearing will be scheduled once FinTeam files the expert opinion.

As to the merit, UniCredit Bank Slovakia considers the requests of FinTeam to be groundless and it maintains that it complied with all obligations provided for by the Master Treasury Agreement and duly exercised its rights thereunder.

In the light of the above, UniCredit Bank Slovakia considers the claim and amount claimed to be without merit and has not made any provisions at present.

## ADDITIONAL RELEVANT INFORMATION

The following section sets out further pending proceedings against UniCredit S.p.A. and other companies of the UniCredit Group that UniCredit considers relevant and which, at present, are not characterised by known economic demand or for which the economic request cannot be quantified.

**Voidance action challenging the transfer of shares of Bank Austria Creditanstalt AG (BA) held by HVB to UniCredit S.p.A. (Shareholders' Resolution of 25 October 2006)**

Numerous minority shareholders of HVB have filed petitions challenging the resolutions adopted by HVB's Extraordinary Shareholders' Meeting of 25 October 2006 approving various Sale and Purchase Agreements ("**SPA**") transferring the shares held by HVB in BA to UniCredit and the shares held by HVB in International Moscow Bank and AS UniCredit Bank Riga to BA and the transfer of the Vilnius and Tallin branches to AS UniCredit Bank Riga, asking the Court to declare these resolutions null and void. In the course of this proceeding, certain shareholders asked the Regional Court of Munich to state that the BCA, entered into between HVB and UniCredit S.p.A. should be regarded as a *de facto* domination agreement.

The shareholders filed a lawsuit contesting alleged deficiencies in the formalities relating to the convocation and conduct of the Extraordinary Shareholders' Meeting held 25 October 2006, and alleging that the sale price for the shares was inadequate.

In the judgment of 31 January 2008, the Court declared the resolutions passed at the Extraordinary Shareholders' Meeting of 25 October 2006 to be null and void for formal reasons. The Court did not express an opinion on the issue of the alleged inadequacy of the purchase price but expressed the opinion that the BCA entered into between UniCredit S.p.A. and HVB in June 2005 should have been submitted to HVB's Shareholders' Meeting as it represented a "concealed" domination agreement.

HVB filed an appeal against this judgment since it is believed that the provisions of the BCA would not actually be material with respect to the purchase and sale agreements submitted to the Extraordinary Shareholders' Meeting of 25 October 2006, and that the matter concerning valuation parameters would not have affected the purchase and sales agreements submitted for the approval of the shareholders' meeting. HVB also believes that the BCA is not a "concealed" domination agreement, due in part to the fact that it specifically prevents entering into a domination agreement for five years following the purchase offer.

The HVB shareholder resolution could only become null and void when the Court's decision becomes final. In light of the duration of the appeal phase, which is currently underway, as well as the ability to further challenge the second-instance judgment at the German Federal Court of Justice, UniCredit estimates that it will take between three and four years for the final decision to be issued.

Moreover, it should be noted that in using a legal tool recognised under German law, and pending the aforementioned proceedings, HVB asked the Shareholders' Meeting held on 29 and 30 July 2008 to reconfirm the resolutions that were passed by the Extraordinary Shareholders' Meeting of 25 October 2006 (so-called Confirmatory Resolutions) and contested. If passed, these resolutions would make the alleged improprieties irrelevant.

The Shareholders' Meeting approved these resolutions, which, however, were in turn challenged by several shareholders in August 2008. In February 2009, an additional resolution was adopted that confirmed the adopted resolutions.

In the judgment of 10 December 2009, the Court rejected the voidance action against the first confirmatory resolutions adopted on 29 and 30 July 2008. Appeals filed by several former shareholders against this judgment were rejected by the Higher Regional Court of Munich on 22 December 2010. Such ruling is not yet final and binding.

In light of the above events, the appeal proceedings initiated by HVB against the judgment of 31 January 2008 were suspended until a final judgment is issued in relation to the confirmatory resolutions adopted by HVB's Shareholders' Meeting of 29 and 30 July 2008.

**Squeeze-out of HVB minority shareholders (appraisal proceedings)**

Approximately 300 former minority shareholders of HVB filed a request to revise the price obtained in the squeeze-out (appraisal proceedings). The dispute mainly concerns profiles regarding the valuation of HVB. UniCredit S.p.A. submitted its defence briefs on 23 July 2009. The first hearing took place on 15 April 2010. The proceedings are still pending.

**Squeeze-out of Bank Austria's minority shareholders**

After a settlement was reached on all legal challenges to the transaction in Austria, the resolution passed by the Bank Austria shareholders' meeting approving the squeeze-out of the ordinary shares held by minority shareholders (with the exception of the so-called "golden shareholders") was recorded in the Vienna Business Register on 21 May 2008.

Accordingly, UniCredit S.p.A. became the owner of 99.995 per cent. of the Austrian bank's share capital with the resulting obligation to pay minority shareholders a total amount of € 1,045 million, including interest accrued on the squeeze-out, in accordance with local laws.

The minority shareholders received the squeeze-out payment including the related interest.

Several shareholders have initiated proceedings with the Commercial Court of Vienna claiming that the squeeze-out price was inadequate, and asking the Court to review the adequacy of the amount paid (appraisal proceedings).

UniCredit S.p.A. immediately challenged the competence of the Vienna Court but, on 12 March 2010, the Supreme Court confirmed the jurisdiction of the Commercial Court of Vienna.

Therefore, the proceedings before the Commercial Court of Vienna will deal with the case on the merits.

In addition to the judicial proceeding in front of the Commercial Court of Vienna, a minority shareholder initiated a parallel procedure before an Arbitral Tribunal at the same time. If the outcome is unfavourable for UniCredit S.p.A., a negative impact for the Group cannot be excluded.

**Cirio and Parmalat criminal proceedings**

Between the end of 2003 and the beginning of 2004, criminal investigations of some former Capitalia group (now UniCredit Group) officers and managers were conducted in relation to the insolvency of the Cirio group. The trials resulting from these investigations, related to the Cirio group's insolvency, involved the former Capitalia S.p.A. (now UniCredit S.p.A.), one of the lending banks of said group, and resulted in the certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.) being committed to trial.

Cirio S.p.A.'s extraordinary administration and several bondholders joined the criminal judgment as civil complainants without specifying damages claimed. UniCredit S.p.A., also as the universal successor of UniCredit Banca di Roma S.p.A., was cited as legally liable. The proceedings are in the discussion phase.

The officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.

With respect to these proceedings, also on the basis of legal opinions, although there is a potential risk of civil liability for UniCredit S.p.A. due in part to the complexity of the facts alleged, it is at present not possible to reliably estimate the contingent liability, due to the lack of relevant elements.

With regard to the state of insolvency of the Parmalat group, from the end of 2003 to the end of 2005, investigations were also carried out on certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.), who had been committed for trial within the scope of three distinct criminal proceedings known as "Ciappazzi", "Parmatour" and "Eurolat".

Companies of the Parmalat group in extraordinary administration and numerous Parmalat bondholders are the claimants in the civil suits in the aforementioned proceedings. All of the civil claimants' lawyers have reserved the right to quantify damages at the conclusion of the first instance trials.

In the "Ciappazzi" and "Parmatour" proceedings, several companies of the UniCredit Group have been cited as legally liable. The proceedings are in the discussion phase.

Upon execution of the settlement of 1 August 2008 between UniCredit Group and Parmalat S.p.A., and as Parmalat group companies are in extraordinary administration, all civil charges were either waived or revoked.

The officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.

On 11 June 2010, UniCredit reached an agreement with the Association of Parmalat Bondholders of the Sanpaolo IMI Group (the "**Association**") aimed at settling, without any admission of responsibility, the civil claims brought against certain banks of the UniCredit Group by the approximately 32,000 Parmalat bondholders who are members of the Association.

For these proceedings, a provision has been made for an amount consistent with what currently appears to be the potential risk of liability for the companies of the Group.

**Lehman**

As is widely known, 2008 witnessed periods of considerable instability in financial markets involving all major markets, particularly those in the United States.

Several companies in the Lehman Brothers group were put into receivership in the countries in which they operated. Specifically, in the U.S., Lehman Brothers Holdings Inc., among others, was put into receivership, while in the Netherlands, Lehman Brothers Treasury Co. BV was put into receivership.

As a result, as at 31 December 2010, a certain number of complaints were received concerning transactions involving financial instruments issued by Lehman Brothers group companies or related to them. A careful review of these complaints is being conducted by the companies that received them. The number of pending cases as at 31 December 2010 is not considered material by the Issuer.

**Medienfonds**

Various investors in VIP Medienfonds 4 Gmbh & Co. KG ("**Medienfonds**") brought legal proceedings against the subsidiary HVB. The investors in the Medienfonds fund initially enjoyed certain tax benefits which were later prohibited by the tax authorities. HVB did not sell shares in the Medienfonds fund, but granted loans for investment in said fund, to all investors (for a part of the amount invested); moreover, to collaterise the fund, HVB assumed specific repayment obligations of certain film distributors with respect to the fund. The claimants argue that HVB was aware that the structure of the fund increased the tax risk associated with the investment, particularly in relation to the possible loss of tax benefits and that it would be responsible, together other parties, for presumed errors in the prospectus used to market the fund. The courts of first and second instance passed various sentences, certain of which were unfavourable to HVB, but none of these decisions have yet become final. The District High Court of Munich is dealing with the issue relating to prospectus liability through a specific procedure pursuant to the Capital Markets Test Case Act (*Kapitalanleger-Musterverfahrensgesetz*) including that of HVB. HVB and another German bank involved in said proceedings have proposed a settlement. HVB has made provisions which are, at present, deemed to be appropriate.

**CODACONS Class action**

With a petition served on 5 January 2010, CODACONS (Co-ordination of the associations for the defence of the environment and the protection of consumer rights), on behalf of one of its applicants, submitted a class action to the Court of Rome against UniCredit Banca di Roma S.p.A. (now UniCredit S.p.A.) pursuant to article 140-bis of the Consumer Code (Legislative Decree no. 206 dated 6 September 2005). This action, which was brought for an amount of € 1,250 (plus unspecified non-material damages), is based on the allegations of AGCM (the Italian Competition Authority), according to which Italian banks would have compensed for the abolition of maximum overdraft commission by introducing new and more costly commissions for clients. The applicant asked the Court of Rome to allow the action specifying the criteria for being included in the class action and setting a period of not more than 120 days within which the parties may join the class action. If the Court considers the class action admissible, the amount requested could significantly increase based on the number of adhesions of current account holders of UniCredit Banca di Roma who consider that they have suffered damages as a result of the behaviour at issue.

A hearing was scheduled for 23 September 2010 on the admissibility of the lawsuit, but in the meantime another class action (see below) was filed, together with a request to join the two actions. UniCredit S.p.A. will contest the request.

On 23 December 2010, the hearing of the case took place and the Court reserved its decision.

Another class action was filed on 9 August 2010 by CODACONS on behalf of one of its members, before the Court of Rome based on the same claims and asking for an amount of € 1,110 (including non-material damages). The only difference between the two actions is that this claimant had a credit current account.

The first hearing, scheduled for 15 November 2010, has been postponed. On 23 December 2010 , the hearing of the case took place and the Court reserved its decision.

UniCredit S.p.A. believes it has consistently operated in compliance with the law in relation to its commission policy.

**CORPORATE OBJECTS**

The purpose of UniCredit, as set out in Article 4 of its Articles of Association, is to engage in deposit-taking and lending in its various forms, in Italy and abroad, operating wherever in accordance with prevailing norms and practice, and to execute all permitted transactions and services of a banking and financial nature. In order to achieve its corporate purpose, UniCredit may engage in any activity that is instrumental or in any case related to its banking and financial activities, including the issue of bonds and the acquisition of shareholding in Italy and abroad.

**MAJOR SHAREHOLDERS**

As at 31 December 2010 UniCredit's share capital, fully subscribed and paid-up, amounted to €9,648,790,961.50 and was divided into 19,297,581,923 shares of € 0.50 each, including 19,273,342,940 ordinary shares and 24,238,983 savings shares.

As at 31 December 2010, the main shareholders were as follows:

| **Main Shareholders** | **Ordinary Shares** | **%*** |
|---|---|---|
| Mediobanca S.p.A. – Piazzetta E. Cuccia, 1 – Milan | 991,211,860 | 5.143% |
| *(of which with right of usufruct in favour of UniCredit S.p.A.)* | *967,564,061* | *5.020%* |
| Aabar Luxembourg Sarl | 962,000,000 | 4.991% |
| Central Bank of Libya Group | 961,421,874 | 4.988% |
| Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona, Via Forti Achille, 3/A, Verona, Italy | 894,149,221 | 4.639% |
| BlackRock Inc. | 775,638,495 | 4.024% |
| Fondazione Cassa di Risparmio di Torino, Via XX Settembre, 31, Torino, Italy | 639,734,920 | 3.319% |
| Carimonte Holding S.p.A., Via Indipendenza, 11, Bologna, Italy | 586,289,621 | 3.042% |
| Libyan Investment Authority | 500,000,000 | 2.594% |
| Gruppo Allianz | 395,722,734 | 2.053% |

| | | |
|---|---|---|
| Norges Bank | 385,547,368 | 2.000% |

** As a percentage of ordinary capital. UniCredit's by-laws set a limitation on voting rights at 5 per cent. of voting capital.*

## MATERIAL CONTRACTS

UniCredit has not entered into any contracts which could materially prejudice its ability to meet its obligations under the OBG.

## MANAGEMENT OF UNICREDIT

### Board of Directors

The board of directors (the "**Board**" or the "**Board of Directors**") of UniCredit is responsible for the ordinary and extraordinary management of UniCredit and the Group. The Board may delegate its powers to a Managing Director.

The Board is elected by UniCredit's shareholders at a General Meeting for a term of three years, unless a shorter duration is designated upon appointment, and Directors may be re-elected following the expiration of their terms. The Board consists of nine to 24 Directors.

The current Board is composed of 23 members. The Board has appointed Federico Ghizzoni as Chief Executive Officer for the duration of his term in office. The following table sets out the name and position of the current members of the Board:

| Name | Position |
|---|---|
| Dieter Rampl (2) | Chairman |
| Luigi Castelletti (1) | Deputy Vice Chairman |
| Farhat Omar Bengdara (2) | Vice Chairman |
| Vincenzo Calandra Buonaura (1) | Vice Chairman |
| Fabrizio Palenzona (2) | Vice Chairman |
| Federico Ghizzoni (3) | CEO |
| Giovanni Belluzzi (1) | Director |
| Manfred Bischoff (1) | Director |
| Enrico Tommaso Cucchiani (3) | Director |
| Donato Fontanesi (1) | Director |
| Francesco Giacomin (1) | Director |
| Piero Gnudi (1) | Director |
| Friedrich Kadrnoska (1) | Director |
| Marianna Li Calzi (1) | Director |
| Salvatore Ligresti (1) | Director |
| Luigi Maramotti (1) | Director |

| Name | Position |
| --- | --- |
| Antonio Maria Marocco (1) | Director |
| Carlo Pesenti (1) | Director |
| Lucrezia Reichlin (1) | Director |
| Hans-Jürgen Schinzler (1) | Director |
| Theodor Waigel (1) | Director |
| Anthony Wyand (1) | Director |
| Franz Zwickl (1) | Director |

*(1) Independent Directors pursuant to section 3 of the Corporate Governance Code issued by Borsa Italiana and article148 of the Financial Services Act*

*(2) Not Independent Directors pursuant to section 3 of the Corporate Governance Code*

*(3) Not Independent Director pursuant to section 3 of the Corporate Governance Code and article 148 of the Financial Services Act*

The business address for each of the foregoing Directors is UniCredit S.p.A., Head Office Via San Protaso, 3, 20121, Milan, Italy.

Other principal activities performed by the members of the Board which are significant with respect to UniCredit are listed below:

**Dieter Rampl:**

- Vice Chairman of Mediobanca S.p.A.
- Member of the Board of Directors of A.B.I. – Italian Banking Association
- Chairman of the Supervisory Board of Koenig & Bauer AG
- Member of the Supervisory Board of FC Bayern München AG
- Vice Chairman of I.S.P.I. – Institute for International Political Studies
- Member of the Board of A.I.R.C. – Italian Association for Cancer Research
- Member of the Board of Aspen Institute Italia
- Chairman of the Managing Board of Hypo-Kulturstiftung
- Member of the Board of Directors of ICC International Chamber of Commerce
- Member of the Trilateral Commission – Gruppo Italia
- Member of the Board of Directors, Member of the Audit Committee and Member of the Conflicts Committee of KKR Management LLC (New York)

**Luigi Castelletti:**

- Lawyer, specialised in corporate and bankruptcy law
- Member of the Board of Directors of A.B.I. – Italian Banking Association

- Trustee in bankruptcy, Temporary Receiver and Liquidator in bankruptcy and insolvency proceedings, defence attorney in bankruptcy proceedings and/or arrangements, with direct appointment by the presiding judges on the bankruptcy court

**Farhat Omar Bengdara:**

- Governor of the Central Bank of Libya
- Head of the Constitutive Committee of the African Investment Bank
- Chairman of the Libyan Fund for Internal Investment and Development
- Chairman of the Arab Banking Corporation – London
- Member of the Board of Trustees of the Libyan Investment Authority
- Member of the Supreme Council for Oil and Gas
- Member of the Board of Trustees of the Fund of Economic and Social Development
- Member of the National Planning Council

**Vincenzo Calandra Buonaura:**

- Freelance Lawyer
- Full Professor of Business Law at the Faculty of Law, University "Alma Mater" Bologna
- Member of the Board of Directors of Credito Emiliano S.p.A.
- Member of the Board of Directors of A.B.I. – Italian Banking Association

**Fabrizio Palenzona:**

- Chairman of Gemina
- Chairman of Assaeroporti - Associazione Italiana Gestori Aeroporti
- Member of the Board of Directors of Mediobanca S.p.A.
- Chairman of ADR S.p.A.
- Chairman of AVIVA Italia S.p.A.
- Chairman of FAISERVICE SCARL
- Chairman of AISCAT (Italian Association of Toll Motorways and Tunnels Operators)
- Chairman of AISCAT SERVIZI S.r.l.
- Chairman of CONFTRASPORTO
- Chairman of SLALA Foundation
- Member of the Board of Directors of A.B.I. – Italian Banking Association
- Member of the Board of Directors of Fondazione Cassa di Risparmio di Alessandria
- Member of the Executive Committee of Giunta degli Industriali di Roma

**Federico Ghizzoni:**

- Chairman of the Supervisory Board of UniCredit Banka Slovenija D.D.
- Vice Chairman and Secretary of the Supervisory Board of Bank Pekao SA
- Vice Chairman of the Supervisory Board of Public Joint Stock Company Ukrsotsbank
- Vice Chairman of the Board of Directors of Koc Finansal Hizmetler AS
- Vice Chairman of the Board of Directors and Chairman of the Audit Committee of Yapi Ve Kredi Bankasi AS
- Member of the Board of Directors of JSC ATF Bank
- Member of the Internal Controls and Risk Committee of Bank Pekao SA
- Member of the Board of Directors and the Executive Committee of A.B.I. – Italian Banking Association
- Member of the EFR European Financial Services Round Table - Brussels
- Member of the Steering Committee of the Stockholders' Agreement of Mediobanca S.p.A.
- Chairman of Associazione Filarmonica della Scala
- Member of IMC International Monetary Conference (Washington)

**Giovanni Belluzzi:**

- "Dottore Commercialista" and Auditor
- Chairman of the Board of Statutory Auditors of AIMAG S.p.A.
- Chairman of the Board of Directors of AREL Servizi S.r.l.
- Member of the Board of Directors of Giovanni Carocci Editore S.p.A.
- Member of the Board of Statutory Auditors of Amazzonia 90
- Member of the Board of Statutory Auditors of Banca Emilvenenta S.p.A.
- Chairman of the Board of Statutory Auditors of Centro Editoriale Dehoniano S.p.A.
- Chairman of the Board of Statutory Auditors of CER Consorzio Emiliano Romagnolo a r.l.
- Member of the Board of Statutory Auditors of Consorzio per l'Editoria Cattolica
- Chairman of the Board of Statutory Auditors of Dehoniana Libri S.p.A.
- Chairman of the Board of Statutory Auditors of ENI Trading & Shipping S.p.A.
- Chairman of the Board of Statutory Auditors of Farmacie Comunali di Modena S.p.A.
- Chairman of the Board of Statutory Auditors of Fondazione San Carlo
- Member of the Board of Statutory Auditors of Fondo GIBA
- Member of the Board of Statutory Auditors of Franco Panini Scuola S.p.A.

- Member of the Board of Statutory Auditors of Luisa Spagnoli S.p.A.
- Member of the Board of Statutory Auditors of Mar Plast S.p.A.
- Member of the Board of Statutory Auditors of Raffineria di Gela S.p.A.
- Member of the Board of Statutory Auditors of Salumificio Ferrari Erio S.p.A.
- Chairman of the Board of Statutory Auditors of SIRIA S.p.A.
- Member of the Board of Statutory Auditors of SPAIM S.r.l.
- Member of the Board of Statutory Auditors of SPAMA S.r.l
- Member of the Board of Statutory Auditors of SPAPI S.r.l.
- Member of the Board of Statutory Auditors of Trans Tunisian Pipeline Co. Ltd
- Chairman of the Board of Auditors of the Istituto Serfico per Sordomuti e Ciechi

**Manfred Bischoff:**

- Chairman of the Supervisory Board of Daimler AG
- Member of the Supervisory Board of Fraport AG
- Member of the Supervisory Board of Royal KPN N.V.
- Chairman of the Supervisory Board of SMS GmbH
- Chairman of the Supervisory Board of Voith AG

**Enrico Tommaso Cucchiani:**

- Member of the Management Board of Allianz SE
- Chairman of Allianz S.p.A.
- Member of the Board of Directors of Allianz Holding France SAS
- Chairman of Acif S.p.A.
- Chairman of Acif 2 S.p.A.
- Member of the Board of Directors of Lloyd Adriatico Holding S.p.A.
- Chairman of AGF Ras Holding BV
- Member of the Board of Directors of Allianz Companhia de Seguros Portugal SA
- Vice Chairman of Allianz Sigorta P&C
- Vice Chairman of Allianz Hayat ve Emklilik AS
- Vice Chairman of Allianz Compania de Seguros Spain, SA
- Vice Chairman of Allianz Hellas Insurance Company SA
- Member of the Board of Directors of Pirelli & C. S.p.A.

- Member of the Board of Directors of Illycaffè S.p.A.
- Member of the Board of Directors of Editoriale FVG S.p.A. – Divisione Il Piccolo (L'Espresso Editorial Group)
- Chairman of MIB School of Management
- Member of the Advisory Council of the Stanford University, Palo Alto, California
- Member of The Trilateral Commission, Italy
- Member of the Board of Directors of Aspen Institute Italy
- US – Italy Council - Member of the Executive Committee
- Member of the Board of Directors of ISPI (Institute for Studies of International Politics)
- Chairman of ISPI – Foro Dialogo Italo-Tedesco, Sezione Italiana
- Lifetime Director of Istituto Javotte Bocconi
- Member of the Bocconi International Advisory Council
- Member of the Board of Directors of Associazione di Civita
- Member of the Advisory Board of Intercultura
- Member of the Executive Committee of ANIA
- Member of the Managing Committee of Federazione ABI ANIA

**Donato Fontanesi:**

- Chairman of the Coopsette Foundation
- Member of the Management of Coopsette

**Francesco Giacomin:**

- Chairman of the "Fornace per l'innovazione" Foundation
- Chairman of Industrial Park Sofia AD
- Chairman of Danubio Real Estate Management
- Managing Director of IES. CO. S.r.l.
- Member of the Board of Directors of A.B.I. – Italian Banking Association
- Member of Commissione Amministratrice Fondo di Previdenza "G. Caccianiga"
- Partner of Partimest S.r.l.

**Piero Gnudi**:

- Chairman of the Board of Directors of ENEL S.p.A.
- Chairman of ENEL DISTRIBUZIONE S.p.A.

- Chairman of the Board of Directors of Emittenti Titoli S.p.A.
- Member of the Board of Directors of Alfa Wassermann S.p.A.
- Member of the Board of Directors of D & C Compagnia di Importazione prodotti Alimentari, Dolciari, Vini e Liquori S.p.A.
- Member of the Board of Directors of Galotti S.p.A.
- Chairman of the Board of Auditors of Marino Golinelli & C. S.a.p.a.
- Vice Chairman of Consorzio Alma
- Member of the Board of Directors of ACB Group S.p.A.
- Member of the Board of Directors of Ferrero, Gnudi, Guatri, Uckmar
- Chairman of ENEL Cuore Onlus
- Partner of Simbuleia S.p.A
- Partner of Fingi S.r.l.
- Partner of Castiglione Consulting S.r.l.

**Friedrich Kadrnoska**:

- Member of the Executive Board of Privatstiftung zur Verwaltung von Anteilsrechten
- Chairman of the Supervisory Board of Wienerberger AG
- Chairman of the Supervisory Board of CEESEG AG
- Chairman of the Supervisory Board of Wiener Börse AG (100 % CEESEG AG)
- Chairman of the Supervisory Board of Österreichisches Verkehrsbüro AG (62 % AVZ-Group)
- Chairman of the Supervisory Board of Allgemeine Baugesellschaft – A. Porr AG
- Member of the Supervisory Board of card complete Service Bank AG
- Vice Chairman of conwert Immobilieninvest SE
- Member of the Board of Directors of Wiener Privatbank SE
- Partner of A&I Beteiligung und Management GmbH

**Marianna Li Calzi:**

- Freelance Lawyer
- Member of the Commissione per il Futuro di Roma Capitale – Comune di Roma

**Salvatore Ligresti:**

- Honorary Chairman of Fondiaria-SAI S.p.A.
- Honorary Chairman of Milano Assicurazioni S.p.A.

- Honorary Chairman of Immobiliare Lombarda S.p.A.
- Honorary Chairman of Premafin Finanziaria S.p.A. – Holding di Partecipazioni
- Member of the Board of Fondazione Cerba
- Honorary Chairman of Fondazione Fondiaria-SAI
- Chairman of Fondazione Gioacchino e Jone Ligresti
- Partner of Starlife S.A.
- Partner of Invest S.A.
- Partner of Hike Securities S.A.
- Partner of Canoe Securities S.A.
- Partner of Nautica Sport S.p.A.
- Partner of Gestimarket S.p.A.
- Partner of Sinergia Holding di Partecipazioni S.p.A.

**Luigi Maramotti:**

- Chairman of Max Mara S.r.l.
- Vice Chairman of Max Mara Fashion Group S.r.l.
- Vice Chairman of Credito Emiliano S.p.A.
- Vice Chairman of Credito Emiliano Holding S.p.A.
- Member of the Board of Directors of COFIMAR S.r.l.
- Vice Chairman of Max Mara Finance S.r.l.
- Chairman of Diffusione Tessile S.r.l.
- Sole Director of Dartora S.r.l.
- Chairman of Fintorlonia S.p.A.
- Chairman of Imax S.r.l.
- Chairman of Istituto Immobiliare Italiano del Nord S.p.A.
- Vice Chairman of Manifatture del Nord S.r.l.
- Vice Chairman of Marella S.r.l.
- Vice Chairman of Marina Rinaldi S.r.l.
- Chairman of Maxima S.r.l.
- Chairman of Finca y Comercio de Gratia S.A.
- Chairman of International Fashion Trading S.A.

- Member of the Board of Directors of Max Mara S.a.S.
- Member of the Board of Directors of Max Mara Japan Ltd.
- Chairman of Max Mara Hosiery S.r.l.
- Chairman of Max Mara USA Inc.
- Chairman of Max Mara USA Retail Inc.
- Member of the Board of Directors of Madonna dell'Uliveto Soc. Coop.
- Chairman of Unity R.E. S.p.A.
- Partner of Cams S.r.l.

**Antonio Maria Marocco:**

- Lawyer
- Member of the Board of Directors of Reale Mutua di Assicurazioni S.p.A.
- Member of the Board of Directors of Reale Immobili S.p.A.

**Carlo Pesenti:**

- Member of the Board of Directors of Mediobanca S.p.A.
- General Manager, Member of the Board of Directors and Member of the Executive Committee of Italmobiliare S.p.A.
- Independent Director of Ambienta Sgr
- Managing Director and Member of the Executive Committee of Italcementi S.p.A.
- Member of the Board of Directors and of the Executive Committee of RCS Media Group S.p.A.
- Vice Chairman of Ciments Français S.A.

**Lucrezia Reichlin:**

- Full Professor of Department of Economics, London Business School
- Member of the Scientific Board of over ten international institutions, including universities and banks; various editorial activities on international journals; member of the assessment panel of research projects on social sciences financed by the European Union (ERC); "Fellow" at the Centre for European Policy Research, London; "Fellow" of the European Economic Association

**Hans-Jürgen Schinzler:**

- Chairman of the Supervisory Board of Munich Reinsurance Company
- Member of the Supervisory Board of Metro AG
- Chairman of the Board of Trustees of Münchener Rück Stiftung

- Chairman of Wittelsbacher Ausgleichsfonds
- Treasurer and Member of the Senate of Max-Planck-Gesellschaft zur Förderung der Wissenschaften e.V.
- Member of the Board of Trustees of Jürgen Ponto-Stiftung
- Member of the Board of Trustees of Deutsche Telekom Stiftung
- Member of the Board of Directors of Freundeskreis des Bayerischen Nationalmuseums e.V.
- Member of the Board of Trustees of Gemeinnützige Hertie-Stiftung
- Member of the Board of Trustees of Hypo-Kulturstiftung
- Member of the Board of Trustees for the State of Bavaria of Stifterverband für die Deutsche Wissenschaft
- Member of the Board of Trustees of Stiftung Demoskopie Allensbach
- Member of the Board of Trustees of Stiftung Pinakothek der Moderne

**Theodor Waigel**

- Lawyer in the office of GSK Stockmann & Kollegen – Munich, Germany
- Member of the Supervisory Board of Aachen/Münchener Versicherung AG
- Member of the Supervisory Board of Aachen/Münchener Lebenversicherung AG
- Member of the Supervisory Board of Deutsche Vermögensberatung AG
- Chairman of the Supervisory Board of NSM Lowen Entertainment GmbH
- Member of the Supervisory Board of AGCO Fendt GmbH
- Member of the Supervisory Board of Bayerische Gewerbebau AG
- Member of the European Advisory Board of Eli Lilly and Company
- Member of General Council of Assicurazioni Generali S.p.A.
- Member of the Advisory Board of EnBW Energie Baden Württemberg AG
- Member of the Advisory Board of Deutscher Vermögensberatung AG
- Member of the Advisory Board of LexisNexis Deutschland GmbH

**Anthony Wyand**:

- Member of the Board of Directors of AVIVA France
- Member of the Board of Directors of Société Foncière Lyonnaise SA
- Vice Chairman of Société Générale

**Franz Zwickl**:

- Member of the Executive Board of Privatstiftung zur Verwaltung von Anteilsrechten

- Chairman of the Board of Directors of Wiener Privatbank SE
- Member of the Supervisory Board of Öesterreichische Kontrollbank AG
- Member of the Supervisory Board of Österreichische Verkehrsbüro AG
- Member of the Supervisory Board of card complete Service Bank AG
- Member of the Executive Board of Mischek Privatstiftung
- Member of the Executive Board of Österreichische Gewrkschaftliche Solidarität Privatstiftung
- Member of the Executive Board of Venus Privatstiftung
- Member of the Executive Board of Wiener Wissenchafts- und Tecnologiefonds
- Executive of AVZ GmbH (A&B Banken-Holding GmbH)
- Executive of AVZ Finanz Holding GmbH (A&B Beteilugungsverwaltung drei GmbH)
- Executive of AVZ Holding GmbH (AVZ Holding drei GmbH)
- Executive of LVBG Luftverkehrsbeteiligungs GmbH
- Executive of AV-Z Kapitalgesellschaft GmbH, BRD

**Senior Management**

The Board appoints the top executives who are responsible for managing the day-to-day operations, as directed by the Chief Executive Officer. The senior management of UniCredit is set out below.

| Name | Position |
|---|---|
| Federico Ghizzoni | Chief Executive Officer and General Manager |
| Roberto Nicastro | General Manager – Head of F&SME, PB & CEE SBA |
| Paolo Fiorentino | Deputy General Manager – COO Head of GBS SBA |
| Sergio Ermotti | Deputy General Manager – Head of CIB SBA |
| Nadine Faruque | Head of Legal and Compliance |
| Karl Guha | Chief Risk Officer |
| Marina Natale | Chief Financial Officer |
| Paolo Cornetta | Group Head of HR |

The business address for each of the foregoing members of senior management is UniCredit S.p.A., Piazza Cordusio, 20123 Milan, Italy.

**Board of Statutory Auditors**

The board of statutory auditors (the "**Board of Statutory Auditors**") must monitor the management of UniCredit and its compliance with laws, regulations and by-laws, assess and monitor the adequacy of the company's organisation, internal controls, administrative and accounting systems and disclosure procedures, and must report any irregularities to Consob, the Bank of Italy and the shareholders' meeting called to approve the company's financial statements.

The Board of Statutory Auditors is appointed by UniCredit's shareholders at a general meeting for a term of three years and members may be re-elected under UniCredit's by-laws. The Board of Statutory Auditors consists of five statutory auditors, including a chairman of the Board of Statutory Auditors, and two alternate statutory auditors.

The current members of the Board of Statutory Auditors of UniCredit will hold office until the annual general meeting of UniCredit's shareholders called to approve UniCredit's financial statements for the fiscal year ending 31 December 2012. The following table sets out the name, age, position and year of appointment of the current members of the Board of Statutory Auditors of UniCredit.

| **Name** | **Position** | **Year of appointment** |
|---|---|---|
| Maurizio Lauri | Chairman | 2010 |
| Cesare Bisoni | Statutory Auditor | 2010 |
| Vincenzo Nicastro | Statutory Auditor | 2010 |
| Michele Rutigliano | Statutory Auditor | 2010 |
| Marco Ventoruzzo | Statutory Auditor | 2010 |
| Paolo Domenico Sfameni | Alternate | 2010 |
| Massimo Livatino | Alternate | 2010 |

Other principal activities performed by the Statutory Auditors which are significant with respect to UniCredit are listed below:

**Maurizio Lauri:**

- Statutory Auditor of the Agenzia delle Entrate (Italian Revenue Service)
- Member of the Board of Auditors for the supervision of the political parties' financial statements – XV legislature
- Professor at LUISS Business School
- Statutory Auditor of Sicurglobal S.p.A.
- Alternate Statutory Auditor of Telecom Italia S.p.A.
- Alternate Statutory Auditor of Banca Finnat S.p.A.
- Chairman of the Board of Statutory Auditors of Tirreno Power S.p.A.

- Statutory Auditor of Acea Distribuzione S.p.A.
- Chairman of the Board of Statutory Auditor of Cosmic Blue Team S.p.A.
- Chairman of the Board of Statutory Auditors of Acea Reti e Servizi Energetici S.p.A.
- Chairman of the Board of Statutory Auditors of Roselectra S.p.A.
- Alternate Statutory Auditor of Acque Blu Arno Basso S.p.A.
- Alternate Statutory Auditor of Acque S.p.A.
- Chairman of the Board of Statutory Auditors of Mita Power S.p.A.
- Alternate Statutory Auditor of Eurfacility S.p.A.
- Chairman of the Board of Statutory Auditors of Elektron Sigma Sistemi S.r.l.
- Chairman of the Board of Statutory Auditors of Windco S.p.A.
- Chairman of the Board of Statutory Auditors of Enerflus Roma
- Advisor of Russell Bedford Italia S.r.l.
- Statutory Auditor of Finnat Fiduciaria S.p.A.
- Statutory Auditor of Fedra Fiduciaria S.p.A.
- Chairman of the Board of Statutory Auditors of Rino Immobiliare S.r.l.
- Chairman of the Board of Statutory Auditors of Pratesi Service S.r.l.
- Chairman of the Board of Statutory Auditors of AFP Capital
- Chairman of the Board of Statutory Auditors of Lori SAPA
- Chairman of the Board of Statutory Auditors of Rino Pratesi S.p.A.
- Chairman of the Board of Statutory Auditors of PHD S.r.l.
- Chairman of the Board of Directors of RSM Tax Advisory S.r.l.
- Auditor of the American Academy of Rome
- Member of the Directive Council of NedCommunity
- Member of the Study Group on the Corporate Governance of ANDAF
- Member of the Commission for the redaction of the rules of conduct of the Board of Statutory Auditors of the National Council of the Chartered Accountants and Accounting Experts in Italy

**Cesare Bisoni**

- Full professor of Banking at the "Marco Biagi" Economics Faculty of the University of Modena and Reggio Emilia since 1986
- Member of the Board of Auditors of Fondazione Universitaria Marco Biagi
- Alternate Auditor of Modena Formazione

- Member of the Board of Directors of Profingest
- Chairman of the FIGC Supervisory Commission on Professional Football Teams
- Chairman of First Instance UEFA Licensing Committee
- Chairman of the Degree in Business Administration at “Marco Biagi” Economics Faculty of the University of Modena and Reggio Emilia

**Vincenzo Nicastro**

- Member of the Board of Statutory Auditors of UniCredit Global Leasing S.p.A
- Chairman of the Supervisory Committee Filati Bertrand in A.s.
- Extraordinary Commissioner of Carrozzeria Bertone S.p.A. in A.s.
- Director of Industria ed Innovazione S.p.A.
- Director of Reno de Medici S.p.A.
- Chairman of the Board of Directors of Red.IM S.r.l.
- Chairman of the Board of Statutory Auditors of Chia Hotels & Resorts S.p.A.
- Statutory Auditor of Cosud S.r.l.
- Chairman of the Board of Statutory Auditors of Credit Agricole Private Equity Italia SGR S.p.A.

**Michele Rutigliano**

- Full Professor of Banking and Finance, University of Verona
- Professor at SDA – Bocconi
- Chairman of the Board of Statutory Auditors of Digital Bros S.p.A.
- Chairman of the Board of Statutory Auditors of Pioneer Alternative Investment Management SGR p.A.
- Chairman of the Board of Statutory Auditors of S+R Investimenti e Gestioni SGR p.A.
- Chairman of the Board of Statutory Auditors of Digital Bros S.p.A.
- Chairman of the Board of Statutory Auditors of Dicembre 2007 S.p.A.
- Statutory Auditor of Alerion Clean Power
- Statutory Auditor of Snaidero Rino S.p.A.
- Statutory Auditor of Citifin Citicorp Finanziaria S.p.A.
- Statutory Auditor of European Finance S.r.l.

**Marco Ventoruzzo**

- Associate Professor of Corporate Law at Bocconi University, Milan

- Full Professor of Corporate Law and Securities Regulation, Penn State Dickinson School of Law, USA
- Vice-Director of the Paolo Baffi Research Center on Financial Markets, Bocconi University, Milan
- Statutory Auditor of Kairos Partners SGR

**Compensation**

In the year ended 31 December 2009, the aggregate compensation paid to key management personnel (including the Board of Directors) was approximately € 71.5 million.

**CONFLICT OF INTERESTS**

As at the date of the Prospectus, to the knowledge of UniCredit, no senior manager nor member of the Board of Directors or Board of Statutory Auditors has conflicts of interest with the obligations arising from the office or position held at UniCredit or the Group, except for those that may concern operations put before the relevant bodies of UniCredit and/or companies in the UniCredit Group in accordance with the procedures described below, in full compliance with existing regulations. Members of UniCredit's administrative, managerial and supervisory bodies must comply with the following rules aimed at regulating instances where there exists a specific interest concerning the completion of an operation:

- article 136 of the Banking Act imposes a particular authorisation procedure (a unanimous decision by the administrative body and the favourable vote of all members of the control body, as well as, where applicable, the agreement of the parent company) should a bank or company belonging to a banking group contract obligations of any kind or enter, directly or indirectly, into purchase or sale agreements with the relevant company officers, or should another company or bank from the same banking group contract loans with officers from the same banking group. The same provisions also apply to obligations with companies controlled by the aforementioned officers or at which such persons carry out administrative, managerial or control functions, as well as with subsidiaries or parents of these companies. The interested party is not permitted to vote;
- article 2391 of the Italian civil code obliges directors to notify fellow directors and the Board of Statutory Auditors of any interest that they may have, on their own behalf or on behalf of a third party, in a specific company transaction, with the director unable to carry out this transaction if he is also the CEO;
- article 2391-bis of the Italian civil code and article 9 of the Corporate Governance Code stipulate that companies approaching the risk capital market adopt particular procedures to ensure the transparency and substantial and procedural fairness of operations with related parties. In respect of these rules and in compliance with international accounting standards, the UniCredit Board of Directors has adopted an internal procedure through which the operations with related parties are notified to the UniCredit Board of Directors and Board of Statutory Auditors according to specific criteria, methods and deadlines.

For information on related-party transactions, please see Part H of the Notes to the Consolidated Accounts of UniCredit S.p.A. as at 31 December 2009 and as at 30 June 2010, in each case incorporated by reference herein.

**EXTERNAL AUDITORS**

UniCredit's annual financial statements must be audited by external auditors appointed by its shareholders, under reasoned proposal by UniCredit's Board of Statutory Auditors. The shareholders' resolution and the Board of Statutory Auditors reasoned proposal are communicated to Consob. The external auditors examine UniCredit's annual financial statements and issue an opinion regarding whether its annual financial statements comply with the IAS/IFRS issued by the International Accounting Standards Board as endorsed by the European Union governing their preparation; which is to say whether they are clearly stated and give a true and fair view of the financial position and results of the Group. Their opinion is made available to UniCredit's shareholders prior to the annual general shareholders' meeting.

Since 2007, following a modification of the Financial Services Act, listed companies may not appoint the same auditors for more than nine years. At the annual general shareholders' meeting of UniCredit held on 4 May 2004, KPMG S.p.A. ("**KPMG**") was appointed to act as UniCredit's external auditor for a period of three years and during the general shareholders' meeting of UniCredit held on 10 May 2007 KPMG's engagement was extended for a further six years, to complete the nine-year period allowed by the Financial Services Act.

UniCredit's external auditor KPMG S.p.A. is registered on the roll of chartered accountants held by the Ministry of Justice and in the register of Auditing Firms held by CONSOB.

**RECENT DEVELOPMENTS**

**New Managerial Governance**

On 26 October 2010, the Board of Directors of Unicredit S.p.A., at the request of the CEO Federico Ghizzoni, appointed Roberto Nicastro as General Manager. In this role, Roberto Nicastro will lead the Group's commercial banking business, which is comprised of the Families, Small and Medium-Sized Enterprises and Private Banking segments as well as the Global Transaction Banking. The Board also appointed Paolo Fiorentino as Chief Operating Officer (COO) making him responsible for Operations, IT, Organization, HR and Identity&Communications.

Sergio Ermotti has agreed, until his successor is appointed and in order to assure a smooth transition, to continue to head the Group's Corporate and Investment Banking (CIB), composed by Markets, Financing&Advisory, Financial Institutions Group, Leasing and Factoring.

The General Manager, the COO, the Head of CIB, the Chief Financial Officer and the Chief Risk Officer will all report directly to the CEO. Ghizzoni will also oversee Strategic HR and manage the country chairmen for Germany and Austria. The country chairmen for Italy and Poland, along with the Head of CEE Banking Operations, will report to the General Manager.

**Approval of the Group's Strategic Guidelines**

On 14 December 2010, the Board of Directors of UniCredit approved the Group's strategic guidelines, which are based on four main pillars, to be presented to the financial community by Summer 2011:

- confirmation of the Group's solid strategic platform, which is unique in Europe;
- international positioning enhancement to the benefit of clients and territories
- active management of asset allocation in favour of those areas with greatest expected return;
- recovery of profitability and efficiency, and organisational simplification.

The future development will benefit from the solid strategic platform having unique characteristics in Europe, from the wide European network of commercial banks, from the high number of clients and from the offer of high quality products and services supplied by the Group's product companies.

The guidelines confirm UniCredit's focus on clients and on the territories in which it is present, which will benefit from the relation with a bank having strong international presence and diversified know-how.

UniCredit's positioning in terms of business area composition and geographic presence provides the Group with important opportunities to significantly recover profitability also through an active management of asset allocation and ensures competitive advantage with respect to European competitors, in particular in all cross-border activities.

Central and Eastern Europe will be an important area of growth for UniCredit and will experience a progressive increase of the capital allocated in the following years. In this region, the Group will pay great attention to those countries having greatest expected return. The same selective approach will guide the business reassessment in those countries where UniCredit's positioning does not allow an adequate level of profitability or critical mass.

The Corporate & Investment Banking division proves to be a fundamental pillar in the Group's strategy and the approved strategic lines foresee its consolidation also through significant investments.

The improvement of profitability will also pass through a recovery of efficiency, obtained through an organisational simplification which will render the capacity to meet client requests quicker and will further favour the closeness to territories and the understanding of their needs.

The actions to recover efficiency foresee in particular:

- a strong focus on restructuring and relaunching of activities in Italy and Germany, also by leveraging on the One4C project;
- the increase of productivity of risk weighted assets (RWA), also thanks to the growth of activities, which absorb a low level of capital like in the case of Asset Gathering;
- consolidation of cross-selling activities by paying special attention to cross-border services, aimed at positioning the Group as a European leader in Trade Finance;
- the substantial reduction of cost of risk;

- the Corporate Centres' downsizing, with a greater focus on business service.

In order to simplify the organisational structure, the Board also approved the proposal to include Leasing and Factoring activities under the competences of the General Manager, while Global Transaction Banking will be part of Corporate and Investment Banking.

While moving towards a more coherently defined regulatory framework and a more stable economic and financial environment, the management team will continue to work on a detailed plan, which will quantify the Group's medium-term objectives and which is expected to be presented by Summer 2011.

**Disposal of 100 per cent. of UniCredit MedioCredito Centrale S.p.A.**

On 20 December 2010, UniCredit and Poste Italiane S.p.A. ("**Poste**") signed an agreement for the disposal to Poste of 100 per cent. of UniCredit MedioCredito Centrale S.p.A. ("**MCC**", the bank of the UniCredit Group specialised in providing financing and services for the public sector and in the management of public incentives to private companies), in the context of the project promoted by the Ministry of Economy and Finance. MCC will become, post closing, the vehicle for the creation of the Banca del Mezzogiorno.

The transaction envisages the disposal of MCC for a consideration of €136 million, payable by Poste upon completion of the transfer of the shares which is expected around spring 2011, subject to certain conditions including authorisations to be received by Poste from relevant regulatory authorities. UniCredit will benefit from MCC's result for the financial year 2010 as well as for 2011 up to the date of completion.

## SUMMARY FINANCIAL INFORMATION OF UNICREDIT

Set out below is summary financial information of UniCredit, derived from the audited consolidated financial statements of UniCredit as at and for the years ended 31 December 2008 and 2009 (prepared in accordance with IFRS/IAS), which have been audited by KPMG S.p.A., and the unaudited consolidated financial statements of UniCredit as at and for the six months ended 30 June 2009 and 2010, which were subject to limited review by KPMG. Such financial statements, together with the audit reports of KPMG S.p.A. and the accompanying notes, are incorporated by reference into this Prospectus. The financial information below should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements, reports and the notes thereto. See "*Documents Incorporated by Reference*" above.

**UniCredit consolidated balance sheet**

| (*in thousands of euro*) | As at 31 December | | As at 30 June |
|---|---|---|---|
| | 2009 | 2008 | 2010 |
| | (*Audited*) | | (*Unaudited*) |
| **Balance sheet – Assets** | | | |
| Cash and cash balances | 11,986,797 | 7,652,446 | 7,224,743 |

| | | | |
|---|---|---|---|
| Financial assets held for trading | 133,894,101 | 204,889,888 | 152,099,809 |
| Financial assets at fair value through profit or loss | 15,019,685 | 15,635,822 | 21,745,241 |
| Available for sale financial assets | 34,723,955 | 28,700,290 | 39,958,098 |
| Held-to-maturity investments | 10,662,472 | 16,882,450 | 11,157,727 |
| Loans and receivables with banks | 78,269,437 | 80,826,952 | 80,295,259 |
| Loans and receivables with customers | 564,986,015 | 612,480,413 | 558,769,950 |
| Hedging derivatives | 11,662,110 | 7,050,815 | 14,576,040 |
| Changes in fair value of portfolio hedged items (+/-) | 2,123,451 | 1,659,560 | 2,944,299 |
| Investments in associates and joint ventures | 3,866,437 | 4,003,082 | 3,818,075 |
| Insurance reserves attributable to reinsurers | 195 | 234 | 206 |
| Property, plant and equipment | 12,089,351 | 11,935,451 | 12,148,434 |
| Intangible assets | 25,822,597 | 26,481,917 | 26,020,780 |
| *of which – goodwill* | *20,490,534* | *20,888,714* | *20,807,902* |
| Tax assets | 12,577,082 | 12,391,879 | 12,374,549 |
| *(a) current tax assets* | *2,415,786* | *1,927,915* | *1,846,508* |
| *(b) deferred tax assets* | *10,161,296* | *10,463,964* | *10,528,041* |
| Non-current assets and disposal groups classified as held for sale | 622,297 | 1,030,338 | 852,528 |
| Other assets | 10,453,689 | 13,990,012 | 10,658,207 |
| **Total assets** | **928,759,671** | **1,045,611,549** | **954,643,945** |

## UniCredit consolidated balance sheet (continued)

| (*in thousands of euro*) | **As at 31 December** | | **As at 30 June** |
|---|---|---|---|
| | **2009** | **2008** | **2010** |
| | (*Audited*) | | (*Unaudited*) |
| **Balance sheet – Liabilities** | | | |
| Deposits from banks | 106,800,152 | 177,676,704 | 115,362,958 |
| Deposits from customers | 381,623,290 | 388,830,766 | 390,891,316 |
| Debt securities in issue | 214,772,877 | 202,458,800 | 186,454,227 |
| Financial liabilities held for trading | 114,045,215 | 165,335,178 | 139,487,144 |
| Financial liabilities at fair value through profit or loss | 1,612,475 | 1,659,144 | 1,423,495 |
| Hedging derivatives | 9,918,947 | 7,751,270 | 11,650,147 |
| Changes in fair value of portfolio hedged items (+/-) | 2,759,960 | 1,572,065 | 4,854,542 |

| | | | |
|---|---|---|---|
| Tax liabilities | 6,451,072 | 8,229,156 | 6,229,152 |
| *(a) current tax liabilities* | *1,987,780* | *2,827,262* | *1,383,698* |
| *(b) deferred tax liabilities* | *4,463,292* | *5,401,894* | *4,845,454* |
| Liabilities included in disposal groups classified as held for sale | 311,315 | 536,729 | 402,524 |
| Other liabilities | 18,110,367 | 23,701,333 | 20,784,494 |
| Provision for employee severance pay | 1,317,523 | 1,415,023 | 1,209,236 |
| Provisions for risks and charges | 7,982,431 | 8,048,556 | 7,956,793 |
| *(a) post-retirement benefit obligations* | *4,590,628* | *4,553,022* | *4,589,498* |
| *(b) other provisions* | *3,391,803* | *3,495,534* | *3,367,295* |
| Insurance reserves | 162,135 | 156,433 | 184,124 |
| Revaluation reserves | (1,249,514) | (1,740,435) | (467,403) |
| Reserves | 14,271,165 | 11,978,805 | 15,259,643 |
| Share premium | 36,581,540 | 34,070,282 | 39,322,433 |
| Issued capital | 8,389,870 | 6,684,287 | 9,648,791 |
| Treasury shares (-) | (5,714) | (5,993) | (4,159) |
| Minorities (+/-) | 3,202,240 | 3,241,658 | 3,325,784 |
| Net Profit or Loss (+/-) | 1,702,325 | 4,011,788 | 668,704 |
| **Total liabilities and shareholders' equity** | **928,759,671** | **1,045,611,549** | **954,643,945** |

## UniCredit consolidated income statement

| (*in thousands of euro*) | Year ended 31 December | | Six months ended 30 June | |
|---|---|---|---|---|
| | **2009** | **2008** | **2010** | **2009** |
| | (*Audited*) | | (*Unadudited*) | |
| Interest income and similar revenues | 34,745,987 | 54,112,514 | 14,296,140 | 19,266,778 |
| Interest expense and similar charges | (17,712,471) | (36,068,639) | (6,521,417) | (10,042,822) |
| **Net interest margin** | **17,033,516** | **18,043,875** | **7,774,723** | **9,223,956** |
| Fee and commission income | 9,548,478 | 11,124,905 | 5,274,171 | 4,627,048 |
| Fee and commission expense | (1,767,925) | (2,032,201) | (895,631) | (891,669) |
| **Net fees and commissions** | **7,780,553** | **9,092,704** | **4,378,540** | **3,735,379** |
| Dividend income and similar revenue | 573,644 | 1,665,940 | 602,742 | 490,894 |
| Gains and losses on financial assets and liabilities held for trading | 1,282,864 | (2,522,142) | (27,210) | 548,913 |
| Fair value adjustments in hedge accounting | 23,761 | 16,685 | 11,204 | 25,989 |

| (*in thousands of euro*) | Year ended 31 December | | Six months ended 30 June | |
|---|---|---|---|---|
| | **2009** | **2008** | **2010** | **2009** |
| | (*Audited*) | | (*Unadudited*) | |
| **Gains and losses on disposal of** | **411,490** | **198,135** | **247,740** | **255,408** |
| *(a) loans* | *81,483* | *(6,737)* | *37,291* | *31,619* |
| *(b) available-for-sale financial assets* | *194,845* | *169,603* | *53,532* | *93,360* |
| *(c) held-to-maturity investments* | *6,325* | *(236)* | *(86)* | *(1,790)* |
| *(d) financial liabilities* | *128,837* | *35,505* | *157,003* | *132,219* |
| Gains and losses on financial assets/liabilities at fair value through profit or loss | (31,391) | (349,957) | (15,810) | (143,325) |
| **Operating income** | **27,074,437** | **26,145,240** | **12,971,929** | **14,137,214** |
| Impairment losses on: | (8,933,716) | (4,666,603) | (3,528,510) | (4,380,062) |
| *(a) loans* | *(8,152,152)* | *(3,581,953)* | *(3,389,237)* | *(3,958,378)* |
| *(b) available-for-sale financial assets* | *(629,592)* | *(904,370)* | *(27,325)* | *(293,432)* |
| *(c) held-to-maturity investments* | *(6,497)* | *(76,593)* | *(103)* | *(19)* |
| *(d) other financial assets* | *(145,475)* | *(103,687)* | *(111,845)* | *(128,233)* |
| **Net profit from financial activities** | **18,140,721** | **21,478,637** | **9,443,419** | **9,757,152** |
| Premiums earned (net) | 87,352 | 111,745 | 52,772 | 47,164, |
| Other income (net) from insurance activities | (80,025) | (86,187) | (43,125) | (39,186) |
| **Net profit from financial and insurance activities** | **18,148,048** | **21,504,195** | **9,453,066** | **9,765,130** |
| Administrative costs: | (14,760,930) | (16,084,024) | (7,406,234) | (7,601,481) |
| *(a) staff expense* | *(9,344,481)* | *(10,025,362)* | *(4,664,192)* | *(4,807,754)* |
| *(b) other administrative expense* | *(5,416,449)* | *(6,058,662)* | *(2,742,042)* | *(2,793,727)* |
| Net provisions for risks and charges | (606,817) | (254,425) | (261,592) | (224,625) |
| Impairment/write-backs on property, plant and equipment | (866,912) | (818,577) | (445,303) | (416,203) |
| Impairment/write-backs on intangible assets | (651,104) | (714,554) | (319,557) | (314,016) |
| Other net operating income | 841,143 | 995,232 | 424,337 | 441,800 |
| **Operating costs** | **(16,044,620)** | **(16,876,348)** | **(8,008,349)** | **(8,114,525)** |
| Profit (loss) of associates | 84,005 | 415,912 | 108,142 | 31,838 |
| Gains and losses on tangible and intangible assets measured at fair value | (38,491) | (84,302) | (815) | (29,833) |
| Impairment of goodwill | - | (750,000) | (162,000) | - |
| Gains and losses on disposal of investments | 773,985 | 785,279 | 88,218 | 87,209 |

| (*in thousands of euro*) | Year ended 31 December | | Six months ended 30 June | |
|---|---|---|---|---|
| | **2009** | **2008** | **2010** | **2009** |
| | (*Audited*) | | (*Unadudited*) | |
| **Total profit or loss before tax from continuing operations** | **2,922,927** | **4,994,736** | **1,478,262** | **1,739,819** |
| Tax expense (income) related to profit or loss from continuing operations | (888,307) | (465,434) | (690,950) | (637,143) |
| **Total profit or loss after tax from continuing operations** | **2,034,620** | **4,529,302** | **787,312** | **1,102,676** |
| Total profit or loss after tax from discontinued operations | - | - | - | - |
| **Net Profit or Loss for the year** | **2,034,620** | **4,529,302** | **787,312** | **1,102,676** |
| Minorities | (332,295) | (517,514) | (118,608) | (165,830) |
| **HOLDINGS INCOME (LOSS) OF THE PERIOD** | **1,702,325** | **4,011,788** | **668,704** | **936,846** |
| Earnings per share (€) | 0.099 | 0.256 | 0.033 | 0.056 |
| Diluted earnings per share (€) | 0.099 | 0.256 | 0.033 | 0.056 |

Notes:

In respect of the calculation of the "Earnings Per Share", the main data used are given below (see also the Unaudited consolidated interim financial statements (including review report) of the Issuer in respect of the six months ended 30 June 2010 - Notes to the consolidated acccounts – Part C) Consolidated Income Statement, Section 24).

€76,750,000 was deducted from first half 2010 net profit of €668,704,000 due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the 'CASHES' transaction. €48,030,000 was deducted from first half 2009 net profit of €936,846 due to disbursements charged to equity made in connection with the above mentioned contract.

The number of outstanding shares is net of the average number of treasury shares (and of further 967,564,061 shares held under a contract of usufruct) and increased by the number of new shares issued as a consequence of the bonus issue approved by the Extraordinary Shareholders' Meeting on 29 April 2009, pursuant to article 2442 of the Italian cvil cde. Following the bonus issue, the number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented (IAS 33 §28).

## THE CREDIT AND COLLECTION POLICIES

*Set out below is a summary of the main features of the credit and collection policies adopted by the Seller for the granting and servicing of the Mortgage Loans. Prospective OBG Holders may inspect a copy of the credit and collection policies upon request at the registered office of the OBG Guarantor, the Seller and at the Specified Offices of the Luxembourg Listing Agent. For a description of the obligations undertaken by UniCredit S.p.A. under the Servicing Agreement, see "Description of the Transaction Documents -Description of the Servicing Agreement" below. For a description of the representations and warranties given and the obligations undertaken by UniCredit S.p.A. under the Warranty and Indemnity Agreement, see "Description of the Transaction Documents -Description of the Warranty and Indemnity Agreement" below.*

*Foreword*

Hereunder, in section 1, a general description of the credit policies adopted by the Seller is provided, including those used in the framework of the agreement with Tecnocasa (Kiron – Epicas).

Issuance procedures are described with more details in section 2 of this document.

Collection policies are provided in section 3.

### SECTION 1 - MORTGAGE LOAN ISSUANCE PROCESS

**Business sources**

Mortgage loans granted by the Seller can be originated from the following channels:

a) Covenant Channel with involvement of a partner of the Seller, together with UniCredit has entered into an 'ad hoc' covenant, enabling identification of potential new borrowers. The covenant channel also includes the agreement with Tecnocasa (Kiron – Epicas), bank's main partner;

b) Semi-direct channel, i.e. through individual real estate agencies or loan brokers, who refer to Financial Salesmen of the Seller;

c) Direct Channel, i.e. through branches of the Seller, Financial salesmen of the Seller, CRC or the official website.

The scope of the portfolio subject of securitisation concerns exclusively originators at item a).

**Loan application process**

The first step in the process aimed at assessing loan application is the initial interview with the client, carried out by the Sales Network, where, on the one hand the loan broker provides precise details as to the steps to be taken and documents required for obtaining the loan, on the other hand, an initial general assessment is made of the prospective borrower's suitability (collection of information on the income level of the applicant and guarantors if any, intended use of the loan and location of the property to be mortgaged etc).

**Drafting the application**

If the information collected during the interview produces a positive assessment, the loan broker will accept the loan application, duly completed and subscribed by each subject participating in the loan as borrower or guarantor, also in order to obtain authorisation for the processing of personal data - with specific reference to forwarding of the same to external Credit Bureaux CRIF and EXPERIAN (such personal data will be forwarded to external Credit Bureaux CRIF and EXPERIAN by the Sellerand not by the relevant loan broker)- as required by Law 196/03 (Privacy).

During the application preparation process, information assessed concerns:

- personal master data,
- social/demographic data,
- income details,
- records in public archives (protests, prejudicial recordings),
- contracts present on External Credit Bureaux (Experian, CRIF),
- evidence of delinquent accounts with *Centrale Rischi* (*Risk Sorting House*) (Banca d'Italia and SIA),
- other dealings with the Seller (evidence of Global Position).

Entering of said information into the system is carried out both manually and by querying other data-bases.

In particular, main inputs come from acquisition of:

- information taken from the application form filled in and submitted by the client/potential client,
- information on "global position with the Seller" arising from the sum total of debt positions (i.e. "aggregate global position"),
- information on "Group Global Position" arising from the sum total of the debt position provided by the other Group Companies,
- information provided by external Bureaux (Crif and Experian).

**Rating calculations**

The credit scoring system provides an assessment of the risk profiles of loan applications, based on evaluation of social/demographic information, together with information on the applicant's/guarantor's past behaviour obtained from the Credit Bureaux.

The system is made up of two elements:

1. S.E.M. (Strategic Execution Module), a credit scoring algorithm which, based on social/demographic parameters, provides a final score originating from three different algorithms, depending on whether the application concerns a subject at risk of default or if the subject has an Italian citizenship. This score may be above or below a threshold value (cut off point).
2. Policy rules, a set of credit policy rules non-compliance with which is checked automatically. Credit worthiness assessment rules supplement and complete credit scoring as part of the loan application assessment process. They may be broken down into two categories:
    - o <u>Structural objections</u>, checked together with scoring; they highlight situations requiring manual assessment.

- o Credit rules, checked together with scoring; they highlight situations which as a rule, lead to rejection of the application in the absence of further details, enabling, through manual assessment, reappraisal of the situation.

**Outcome of the procedure**

The outcome of credit scoring and application of credit rules taken together automatically produce a specific result for each application file.

The system can yield the following responses:

- **Submissible White**: the application is submissible since it involves no hazardous credit elements; it is deemed to imply low default risk and will be decided upon by the appointed body and officials based on autonomous decision-making powers defined by the bank.
- **Submissible with structural objections** (aka at the discretion of the Loan Department), the application involves situations concerning the applicants and/or transaction whose assessment rests with the General Credit Department.
- **Non Submissible Black**: the application involves risk aspects that advise against acceptance of the transaction, in the absence of further appraisal elements enabling, through manual assessment, reappraisal of the situation.

Note: The application whose outcome is "black" due to non-compliance with the above mentioned rules, may continue to be processed through the assessment system by submission to experienced staff with decision-making powers in these matters.

**Technical assessment of the mortgaged property**

The mortgaged property is for residential use and located in the territory of Italy.

Cadastral categories for property types for which loans are admissible are as follows:

- A/1: High class residential property;
- A/2: Standard residential property;
- A/3: Economy class residential property;
- A/4: Low class residential property;
- A/5: Very low class residential property;
- A/6: Rural residential property;
- A/7: Small residential independent units;
- A/8: Residential detached units.

Cadastral categories which together with the residential unit can be financed as appurtenances, apart from land plots and associated urban areas are as follows:

- C/2: for basements and attics;
- C/6: for garages and car parking slots;
- C/7: enclosed or non-enclosed porches;

Assessment of the market value of the mortgaged property inclusive of all its appurtenances if any, can be performed through:

- Appraisal by an expert registered in the roll of surveyors or engineers and who, at the time of the appraisal was not an employee of the Seller and at no time has had any direct or indirect interest in the Property and/or the loans under scrutiny and whose fee is not dependent on or influenced by approval of the loan application in question. Said appraisal is deemed valid for the purpose of loan issuance for six months from submission.
- Estimate by the party holding a covenant or by a third party appointed by it, with reference to loans entered into under national covenants of the Seller, where the amount to be issued is not in excess of Euro 100,000.

Note

In particular circumstances it is possible to take as guarantee a property other than the one subject of the specific loan transaction, or in addition to it, when current conditions and/or the value of the property to be mortgaged are not such as to provide adequate capital guarantee for loan issuance.

**Decision, Stipulation And Loan Issuance**

Each file processed is submitted to the judgement (granted\rejected) of a decision-making body, whose selection is based on the decision-making policy in force at the bank.

Once issuance of the loan has been approved, the bank will prepare documents to stipulate the agreement, which may be of two types:

- Unilateral deed (in most cases) in public form by way of acceptance. The contract is finalised by means of notary deed confirming the prior contract proposal, executed at the notary's office without the bank proxy being present. The notary hands over to the borrower the cashier's cheques or the accounting report indicating that the sum has been released - it will subsequently be issued by bank transfer once execution of the deed has been confirmed.
- Bilateral deed: The contract is entered into in the presence of a bank proxy, who hands over to the borrower the cashier's cheques or the accounting report showing the sum has been released - it will subsequently be issued by bank transfer once the execution of the deed has been confirmed.

The property subject of the loan is under:

- Substantial first degree mortgage, with the bank as beneficiary
- Insurance policy against the risk of fire, lightning and explosion, and including an encumbrance (*vincolo*) in favour of the bank.

Issuance can take place concurrently or non-concurrently with deed conclusion.

If the loan is not issued concurrently with deed conclusion, the bank will release the loan amount to the client only after the mortgage has been consolidated according to the Italian law.

***Fondiario* loans**: a loan can be qualified as *fondiario* under article 38 of the Banking Ac,t and the relevant implementing regulations, if the amount disbursed under the loan does not exceed 80% - or 100% whenever there are additional eligible guarantees - – of the value of the property to be mortgaged or of the cost of the work sto be made on the same.

The ratio relating the amount of the loan disbursed by the Seller is detemined, under its internal procedures, as the ratio between the amount of the loan to be disbursed and the lower of (i) the purchase price of the property and (ii) the appraised value of such property.

## SECTION 2 - ISSUANCE PROCESS FOR LOANS

## INTRODUCTION

The issuance of the mortgage applications is carried out by an electronic platform developed by web called European Mortgage Platform (EMP).

The platform is based on a workflow system, whick permits the passage of the application in the different steps of the processing, with different roles in the weaving factory, assuring the safeguard of every channel/ally specifity.

### Chapter 1

### 1. MORTGAGE ISSUANCE PROCESS

The first step in the process is the initial interview, or initial perusal of the documents forwarded by real estate agents with which a covenant is in place, with the aim of collecting and screening all information needed to grant the application, in particular to establish whether:

- the applicant's income is adequate to cover payment of loan instalments;
- there is no counter-indications as to intended use of the loan money and the location of the mortgaged property;
- property value is adequate to allow issuance of the loan amount requested.
- the birth certificate of the applicant and of any joint-owners of the property;
- certificate of civil status or extract of marriage deed;

Once all documents is collected, the file is checked by the credit analyst, who verifies:

- identity of the applicant and of any guarantors;
- the correctness of the documentation;
- the quality of data with a verify of the balance between documentation and system files;
- absence of protested bills, checking, where it is not possible to obtain information from an information agency, the bulletins issued by the Chamber of Commerce.

Checking said information is a necessary step before any further assessment on the credit worthiness of the applicant and any guarantors.

### 2. EVALUATION OF THE PROPERTY

After completing the collection and screening of the information on the subjects involved in the loan application, it is necessary to complete the investigation on the file as regards information on the property.

This stage also included collection of the loan application together with documents needed for subsequent assessments, *inter alia*:

- the ground plan of the property;
- certified true copy of the last purchase deed of the property;
- historical cadastral certificate for the past twenty years, plus an authentic extract of the cadastral map, both issued recently;

- copy of the certificate of suitability for habitation, issued by the competent city office.

The bank uses three kind of assessments of the property:

- Appraisal: an assessment carried out by a surveyor belonging to a list of professionals;
- Pledged appraisal: an assessment carried out by a surveyor not belonging to a list of professionals, but belonging to determined professionals (i.e. architects or engineers).
- Estimate: an assessment carried out by a different subject foreseen for the surveys and that bank accepts only in limited cases.

### 3. APPROVAL OF THE APPLICATION FOR A LOAN

After collection of required documentation, including the appraisal and the first draft of the contract prepared by the notary public, the duly authorised officer in possession of the necessary powers re-examines all the documentation produced and if he detects no grounds for reservations, in particular with regards to full title to the property as well as the same being free and clear from prejudicial registrations and transcriptions he proceeds with the acceptance of the credit/loan application.

### 4. DISBURSEMENT OF THE LOAN

Issuance of the loan, which is as a rule disbursed as a single payment, is subordinate to:

- registration of the mortgage on the pledged property and taking out of an insurance policy:
  - with term equal to the length of the mortgage,
  - for a value equal to the estimate from the property appraisal.

In particular, the mortgaged property has to be covered by an insurance policy including the risk of fire, lightning and explosion and include an encumbrance (vincolo) in favour of the Bank.

## Chapter 2

### 1. APPLICATION DRAFTING PHASE

In the application drafting phase, the data needed for feeding the calculation algorithm are collected.

Information to be analysed is of the following types:

- personal details/master data;
- socio/demographic;
- income;
- records in public archives (protests, prejudicial registrations);
- contracts present on External Credit Bureaux;
- evidence of delinquent accounts with *Centrale Rischi* (BKI, SIA);
- other relations with UCB.

Information is fed into the system :

- manually, as regards information on applicant and guarantor taken from the data contained in the completed application form submitted by the client/prospective client together with personal documents (ID, taxpayer’s code, etc.) and income documents (Mod. Unico (*income tax return*), pay sheet, etc.) making possible an initial check on the correctness of inputted information.

- by querying data-bases:
  - internal: (general master data, request for Chamber of Commerce certificate);
  - external: (Credit Bureaux) subject to authorisation from the subjects named in the application form, respectively as applicant(s) and guarantor(s), as required by privacy legislation. The Credit Bureaux provide for each name being vetted, a summary report of pending contracts and payment status as to pending contracts as well as a summary historical report on payments of paid off contracts.

## 2. INFORMATION ON THE TRANSACTION

To obtain final production of the rating assessment, it is first necessary to also input into the system the parameters of the transaction for which the loan is sought, in particular, the transaction must be recorded in the internal UniClient system in order to identify the financial repayment plan against the catalogue of products offered.

For mortgage loans, it is also necessary to complete, in the designated screens in the system, the fields pertaining to the following informations:

- type of building;
- building’s surface area in square meters;
- province where the building is located;
- Postcode;
- commercial value of the property;
- whether commercial value was established by a reliable expert, estimated by the Director of a Market Agency, Branch etc., or appraised by the partner;
- source of the property (sale and purchase, gift, inheritance/succession, *usucapione*, …);
- presence of any encumbrances on the property (asset fund, habitation right,…).

## 3. RATING CALCULATION

Once this stage of the examination has been reached, the system has obtained all the information it needs to establish a rating score and to identify who within the Seller body can approve the loan application.

The rating score may be:

- “white rating”: i.e. the score is higher than the minimum acceptance threshold;
- “black rating”: i.e. the score is lower than or equal to the minimum acceptance threshold.

Concurrently with calculation of the rating score, if the rating is “white”, the so-called “policy rules” apply; they are divided into:

- “black rules”: these point out the risk/income aspects, which advise against acceptance of the application, unless they are accompanied by appropriate reasons and are subject to the opinion of the Credit Department (*Direzione Crediti*);

- “insufficient income”: a sub-rule of the “black rule” identifying applications that can only be accepted if review of terms of the loan (duration and amount) or addition of a further guarantor enable the applicant(s) to meet the minimum income conditions required.
- “power of Credit Department rules”: these show situations relating to those borrowers and/or transactions, the evaluation of which is the responsibility of the Credit Department (*Direzione Crediti*).

**4. OUTCOME OF THE PROCEDURE**

The outcome of the procedure may be as follows:

- Admissible Outcome: when the application for a loan has obtained a white rating, and no decision-making rules are required. If the credit scoring assesses the application as admissible, concurrent identification takes place of the department empowered to authorise granting of the loan;
- Negative Outcome: this may stem from black rating or white rating plus one or more black policy rules. Decision-making power rests with the Credit Department (*Direzione Crediti*);
- Credit Department Faculty Outcome: this takes place every time even if a “white” credit rating has been issued, a Credit Department Faculty takes place. Decision-making power rests with the Credit Department (*Direzione Crediti*).

**5. PREPARATION OF FINAL DOCUMENTATION AND STIPULATION OF THE MORTGAGE LOAN AGREEMENT**

Together with the detailed technical and identification documentation, appraisal of the property to be mortgaged, and credit worthiness assessment, a notary public is asked to draw up a preliminary report, which should be delivered before the date set for executing the mortgage contract, allowing sufficient time for checking possible doubtful elements which may be included in the report as regards full title to the property by the mortgagor, the existence of liens or charges on the property subject of the mortgage and the inexistence of bankruptcy proceedings against the applicants and the guarantors.

Once property identification and technical details have been obtained, the bank secures, if it has not already done so in the previous phase, the mortgaged property appraisal.

The mortgage loan agreement is then signed with a single bilateral or unilateral deed.

At the time of execution of the loan agreement, an insurance policy covering the property against damage from fire, lightning and explosion must be requested as a mandatory condition; the insurance policy must contain an encumbrance (*vincolo*) in favour of the bank and must be entered into with an insurance company of the group or a leading insurance company.

Any mortgage on the relevant property must be assessed for an amount exceeding the amount of the loan, since also interest accruing, default interest, if any, and all expenses connected with the start of legal proceedings aimed at the recovery of the claim covered by the mortgage must be guaranteed.

**SECTION 3 - COLLECTION POLICIES**

The terms with initial capital below, unless otherwise defined, will have the same meaning as that given them in the Servicing Agreement.

**Methodology of instalments payment**

The payment of the instalments is carried out by direct debit on account, by R.I.D. or by bank transfer.

*Direct debit account*

It's a payment method based on the direct debit ot the instalments on an account opened in a branch belonging to the Retail Division of UniCredit Banking Group.

*R.I.D. (Rimessa Interbancaria Diretta)*

The payment method is based on the transmission by an interbank procedure, of the proceeds of the instalment from the debtor bank to the creditor bank.

*Bank transfer*

The payment is based on the execution of a transfer by the customer to the Seller account.

**Management of credits in the case of arrears**

The credits on the basis of the regularity of the payments are classified in:

*Performing Loans*: no arrears;

*Monitored Loans*: loans with a number of arrears between 1 and 6;

*Default Loans:* (past due loans, *Incagli*, *Sofferenze*).

**Collection**

The procedures of collection are carried out according to the length of default.

For the monitored loans the collection is developed by an IT System managed in "Customer Recovery" an Unicredit Holding Department specialised in collection activities for the whole Retail Division. The collection is splitted in two on the basis of the arrears: from 1 to 3 is carried out a Direct Payment Reminder; from 4 arrears is carried out a Home Collection.

<u>A – Direct Payment Reminder</u>

This can be done by the call-center (as is currently done) or by using other communication technologies, the aim being to identify the reason for the delayed payment and to return to a regular situation (payment of overdue instalments). Direct reminders, in the event of negative outcome, are as a rule stopped within 105 days from maturity of the unpaid instalment.

<u>B – Home Collection</u>

After the terms established for direct reminder have expired, if non-performance persists, outstanding payments are forwarded by the Servicer for collection to the sub-servicer and/or any other specialised credit recovery agency.

Collection Orders are of a pre-established duration that can be extended for a further 30 if there is certainty of collecting at least 50% of the overdue debt; to increase recovery perfomances a Door to Door second trial can be applied.

**Management of Defaulted Receivables**

If the terms established have expired without attempts at recovery without judicial recourse (either direct and/or home collection) having borne fruit, or even before then, if conditions/events occur that, in the Servicer's opinion show a worsening of the debtor's credit worthiness, the positions will be classified by the Servicer as being *Crediti ad Incaglio* or *Crediti in Sofferenza*. In the event of classification of a claim as being *Credito ad Incaglio*, the Servicer shall ask for the payment of the overdue instalments increased by default interest in relation to the original repayment schedule. If the claim is classified as being a *Credito in Sofferenza*, the Servicer shall terminate the loan agreement asking for the full payment of all amounts outstanding.

The doubtful classification is done according to a global evaluation about the total exposure of the customer. If the customer is eligible to doubtful classification due to arrears on consumer loans, but he is regular for a mortgage, the evaluation will be applied considering the customer global exposure and collection activities in place.

A claim shall be classified by the Servicer as *Credito ad Incaglio* when the position of the assigned debtor is assessed as temporary in nature and it is expected that the situation may be corrected within a reasonable period of time.

For the purpose of securitisation and associated reporting, credit classified as defaulting will not be recorded as a performing loan (*in bonis*), even after the borrower has corrected his position.

The Servicer, besides performing correct classification, will assess credit and manage credit protection and recovery in collaboration with the sub-servicer.

In particular, the sub-servicer shall implement any and all out of court and/or judicial initiatives that appear feasible and/or appropriate for the management of the relevant claims in compliance with the procedures described below. The sub-servicer shall analyse in detail the documents relating to the claim received by the Servicer and shall transfer to its claim monitoring system all data relating to the file.

The file will be assigned by the management system to an internal manager on the basis of several criteria, such as, by way of example, the geographic location of the assigned debtor, its sector of activity, type of exposure and amount of the same. The selected Sub-Servicer manager shall attempt to contact the client by phone or letter or other suitable means, including personal contact. In certain cases, an external adviser/third company selected according to certain pre-established criteria may be retained to assist the in-house manager. Any such adviser/third company shall work under close supervision of the internal manager and its appointment shall normally be established in 60 days, which may be extended; upon expiry of the appointment, the external provider shall be replaced by another external adviser/third company.

The Sub-Servicer manager, also via external advisers/third company, shall attempt to settle the relevant file through an out-of-court settlement, based on negotiation of repayment (*rientro*) with the Assigned Debtor.

Proposed settlement of the debt position formulated by the Sub-Servicer manager will be in line with the powers provided for in the Servicing Agreement.

The proposal thus put forward will be submitted for approval to the Sub-Servicer's competent body, based on the delegation system established by the same Sub-Servicer, and the final outcome will be communicated to the Assigned Debtor.

If the proposal is accepted by the competent body, data on the newly agreed repayment plan will be uploaded on the management system, which will automatically flag the manager in the event of irregularity. If the Assigned Debtor fails to effect payments due under the negotiated solution, as reported by the management system the resolution will be annulled.

If the competent body does not accept the proposal and the restructured loan proposal is rejected by the relevant department of the Sub-Servicer and no alternative negotiated solutions are reached, legal action shall be initiated if deemed appropriate or suitable, by means of service of a payment order (*precetto*) to the assigned debtor followed by seizure of the mortgaged property, and by subsequent enforcement process with sale of the mortgaged property in accordance with the legal procedures. For its legal activity, the Sub-Servicer shall use external legal advisers of its choice with proven experience in debt collection judicial proceedings, using the same management system enabling ongoing monitoring of judicial activities.

However, also during legal proceedings, the Sub-Servicer will explore and utilise all options available, including out-of-court settlements, to maximise collections and minimise costs associated with loan recovery.

Once all the activities and attempts to renegotiate the loan with the client have proven unsuccessful and in the Sub-Servicer's opinion no further actions are viable for collection of the overdue amount, the Sub-Servicer may proceed with the sale of the *Credito in Sofferenza*, in compliance with precise conditions established under the Servicing Agreement. After the judicial or out-of-court proceedings have been completed, sums recovered will be collected, or, if no recovery was achieved the mandate will be closed.

In any event, the Sub-Servicer shall notify the Servicer of the successful full or partial collection of the receivable or of the impossibility or inconvenience of conducting any additional judicial or out-of-court activities.

Possible full or partial write-off shall be decided upon by the competent department of the Servicer

**Early Repayment**

Similarly to the provisions in place for the Servicer's clients, under the terms of the mortgage loan agreement, a borrower can fully or partially pre-pay its mortgage loan at any time.

*Full Early Repayment*

If the borrower wishes to pre-pay his/her mortgage loan in full, he/she shall pay the amount of the residual debt on the principal account, after settling any instalments fallen due and unpaid, as well as any interest accrued from the due date of the last instalment up to the date of final settlement. In addition to these sums, a penalty for early repayment, if applicable according to the law, will also be charged, calculated as a percentage of outstanding debt at the time of repayment.

*Partial Early Repayment*

The case of partial early repayment, also called partial reduction, provides for payment of a sum by the borrower as advanced repayment of part of the principal. The partial reduction of the residual debt shall entail recalculation of the repayment schedule, which in turn shall entail, leaving due dates unchanged, a reduction in the instalments to be collected.

Under both full and partial pre-payment, the fee schedule usually, if applicable according to the law, makes provision for the payment of a fixed percentage applied to the amount of residual debt.

One mandatory condition for the borrower to avail him/herself of early full or partial repayment is the inexistence of any outstanding unpaid instalments; moreover, in the event of loans with index-linked rate (if any), any adjustments possibly due by the debtor must have already been paid.

## DESCRIPTION OF THE OBG GUARANTOR

**The OBG Guarantor has been established as a special purpose vehicle for the purpose of guaranteeing the OBG.**

The OBG Guarantor is a limited liability company (*società a responsabilità limitata*) incorporated in the Republic of Italy under article 3 of the Law 130 on 01 March 2007, belonging to the "*Gruppo Bancario UniCredit*" registered with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Banking Act under No. 3135 (the "**UniCredit Banking Group**" or "**UniCredit**").

By way of a shareholders' resolution adopted on 9 May 2008, the bylaws of the company has been amended in order to allow the company to act as special purpose vehicle within covered bonds transactions in accordance with the article 7-bis of the Law 130.

By way of a shareholders' resolution registered on 25 July 2008, the corporate name of the OBG Guarantor was changed from "Keres Finance s.r.l." to "UniCredit BpC Mortgage s.r.l.".

The OBG Guarantor is registered under number 04133390262 with the Register of Enterprises of Verona pursuant to article 7-bis of the Law 130 and registered under No. 39531 in the register held by *Unità di Informazione Finanziaria* established at the Bank of Italy pursuant to article 106 of the Banking Law.

The OBG Guarantor has its registered office at Piazzetta Monte 1, 37121, Verona, Italy; the telephone number of the registered office is +39 045 8678870 and the fax number is +39 045 8678875. The OBG Guarantor has no employees.

The authorised, issued and fully paid in quota capital of the OBG Guarantor is Euro 12,000.

The duration of OBG Guarantor shall be until 31 December 2050.

**Business Overview**

The exclusive purpose of the OBG Guarantor is to purchase from banks, against payment, receivables and notes issued in the context of a securitisation transaction, in compliance with article 7-bis of Law 130 and the relevant implementing provisions, by means of loans granted or guaranteed also by the selling banks, as well as to issue guarantees for the OBG issued by such banks or other entities.

The OBG Guarantor has granted the guarantee to the benefit of the Representative of the OBG Holders (acting on behalf and in the name of the OBG Holders), of the counterparts of derivatives contracts entered into with the purpose to cover the risks inherent the purchased credits and securities and of the counterparts of other ancillary contracts, as well as to the benefit of the payment of the other costs of the transaction, with priority in respect of the reimbursement of the others loans, pursuant to paragraph 1 of article 7-bis of Law 130.

Since the date of its incorporation, the OBG Guarantor has not engaged in any business other than the purchase of the Initial Portfolio, the purchase of the May 2009 New Portfolio, the purchase of the November 2009 New Portfolio and the May 2010 Portfolio, the entering into of the Transaction

Documents and of the relevant transaction documents for the issuance of OBG under the Programme.

So long as any of the OBG remain outstanding, the OBG Guarantor shall not, without the consent of the Representative of the OBG Holders and as provided in the Conditions and the other Transaction Documents, incur any other indebtedness for borrowed moneys or engage in any business except pursuant to the Transaction Documents, pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions or the Transaction Documents) or guarantee any additional quota.

The OBG Guarantor will covenant to observe, *inter alia*, those restrictions which are detailed in the Intercreditor Agreement.

**Administrative, Management and Supervisory Bodies**

The OBG is currently managed by a Board of Directors; pursuant the "Quotaholder's Agreement" it's comprised by 3 directors, 2 of which to be appointed by the Seller and one of which to be appointed by SVM Securitisation Vehicles Management S.r.l.

The directors of the OBG are as follows:

| ***Name*** | ***Appointment*** | ***Address*** | ***Principal Activities*** |
|---|---|---|---|
| Enrico Gambini | Chairman | Piazzetta Monte, 1 - Verona | Manager |
| Pier Luigi Moizo | Director | Piazzetta Monte, 1 - Verona | Manager |
| Riccardo Igne | Director | Piazzetta Monte, 1 - Verona | Manager |

The Company did not appoint a Board of Statutory Auditors, pursuant to Article 2447 of the Italian Civil Code.

**Conflict of Interest**

There are no potential conflicts of interest between the duties of the directors and their private interests or other duties.

**Major Shareholders**

The quotaholders of the OBG Guarantor (hereafter together the "**Quotaholders**") are as follows:

| | |
|---|---|
| UniCredit S.p.A. | € 7.200,00 of the quota capital; |
| SVM Securitisation Vehicles Management S.r.l. | € 4.800,00 of the quota capital. |

The Quotaholders' Agreement contains *inter alia* a call option in favour of the Seller to purchase from SVM and a put option in favour of SVM to sell to the Seller, the quota of the OBG Guarantor held by SVM and provisions in relation to the management of the OBG Guarantor. Each option may only be exercised from the day on which all the OBG have been redeemed in full or cancelled.

In addition the Quotaholders' Agreement provides that no Quotaholder of the OBG Guarantor will approve the payments of any dividends or any repayment or return of capital by the OBG Guarantor prior to the date on which all amounts of principal and interest on the OBG and any amount due to the Secured Creditors (including the OBG Holders) have been paid in full.

Italian company law combined with the holding structure of the OBG Guarantor, the covenants made by the OBG Guarantor, the Seller and SVM Securitisation Vehicles Management S.r.l. in the Quotaholders' Agreement and the role of the Representative of the OBG Holders are together intended to prevent any abuse of control of the OBG Guarantor. The OGB Guarantor is subject to the direct ownership and control of UniCredit S.p.A.

**Special purpose vehicle**

The OBG Guarantor has been established as a special purpose vehicle for the purposes of issuing guarantees in respect of OBG. The OBG Guarantor may carry out other OBG transactions in addition to the one contemplated in this Prospectus, subject to certain conditions.

**Financial Information concerning the OBG Guarantor's Assets and Liabilities, Financial Position, and Profits and Losses as at 31 December 2008 and as at 31 December 2009 (amounts stated in EUR)**

***Balance Sheet***

| | *31/12/2009* | *31/12/2008* |
|---|---|---|
| Loans and receivables | 3,099 | 3,333 |
| Tax assets | 1,058 | 476 |
| Other assets | 80,828 | 38,592 |
| **Total assets** | **84,985** | **42,401** |

| | *31/12/2009* | *31/12/2008* |
|---|---|---|
| Tax liabilities | 0 | 1,172 |
| Other liabilities | 72,985 | 29,229 |
| Capital | 12,000 | 12,000 |
| Reserves | 0 | -3,452 |
| Profit (loss) for the year | 0 | 3,452 |
| **Total liab. & shareholders' equity** | **84,985** | **42,401** |

***Income Statement***

| | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Interest income and similar revenues | 18 | 104 |
| **Net interest income** | **18** | **104** |
| Fee and commission expense | -119 | -175 |
| **Net fees and commissions** | **-119** | **-175** |
| **Operating income** | **-101** | **-71** |
| Administrative expenses | -159,678 | -38,918 |
| Other operating income | 160,099 | 43,745 |
| **Operating profit** | **320** | **4,756** |
| **Profit (loss) from continuing operations before tax** | **320** | **4,756** |
| Income tax for the year on continuing operations | -320 | -1,304 |
| **Profit (loss) on continuing operations after tax** | **0** | **3,452** |
| **Profit (loss) for the year** | **0** | **3,452** |

*Capitalisation and Indebtedness Statement*

The capitalisation of the OBG Guarantor as at the date of this Prospectus is as follows:

*Quota capital Issued and authorised*

UniCredit S.p.A. has a quota of Euro 7.200,00 and SVM has a quota of Euro 4.800,00, each fully paid up.

*Total capitalisation and indebtedness*

Save for the foregoing and for the OBG Guarantee and the Subordinated Loan in accordance with the Subordinated Loan Agreement, at the date of this document, the OBG Guarantor has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

***Financial Statements and Report of the Auditors***

Copy of the financial statements of the OBG Guarantor for each financial year since the OBG Guarantor's incorporation will, when published, be available in physical form for inspection free of charge during usual office hours on any Business Day (excluding public holidays) at the registered office of the OBG Guarantor.

KPMG S.p.A., the address of which is at via Vittor Pisani, 25, I-20124 Milan, Italy, are the independent auditors of the OBG Guarantor, they belong to ASSIREVI – Associazione Italiana Revisori Contabili and are registered in the special register (*albo speciale*) for auditing companies (*società di revisione*) provided for by article 161 of the Financial Services Act. The last Financial Statements of the OBG Guarantor, in respect of the year ended on 31 December 2009, were audited by KPMG S.p.A.

Dott. Lino De Luca (public certified accountant), the address of which is at Via V. Alfieri 1, 31015 Conegliano (TV), Italy, has audited and rendered an unqualified audit report on the financial statements of the OBG Guarantor for the year ended on 31 December 2007 and on the non statutory financial statements from 1 January 2008 to 14 October 2008. Dott. Lino De Luca is registered in the register of accountancy auditors (*Registro dei Revisori Contabili*).

The OBG Guarantor's accounting reference date is 31 December in each year. The current financial period of the OBG Guarantor will end on 31 December 2009.

**Documents on Display**

For the life of the Prospectus the following documents may be inspected at the offices of the Administrative Services Provider, the Representative of the OBG Holders and the Luxembourg Listing Agent in Luxembourg:

(a) the memorandum and articles of association of the OBG Guarantor;

(b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the OBG Guarantor's request any part of which is included or referred to in the registration document;

(c) the historical financial information of the OBG Guarantor or, in the case of a group, the historical financial information of the OBG Guarantor and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.

## DESCRIPTION OF THE ASSET MONITOR

The BoI OBG 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 OBG Guarantee.

Pursuant to the BoI OBG Regulations, the asset monitor must be an independent auditor, enrolled with the special register of accounting firms held by the CONSOB pursuant to article 161 of the Financial Services Act 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 and the OBG Guarantor.

Based upon controls carried out, the asset monitor shall prepare annual reports, to be addressed also to the Board of Statutory Auditors *(collegio sindacale)* of the Issuer.

Mazars S.p.A., a *società per azioni* incorporated under the laws of the Republic of Italy, having its registered office at Corso di Porta Vigentina, 35, 20122, Milan, Italy, fiscal code and enrolment with the companies register of Milan No. 01507630489, and enrolled under No. 97909 with the special register of accounting firms held by the *Commissione Nazionale per le Società e la Borsa* pursuant to article 161 of the Financial Services Act.

Pursuant to an engagement letter entered into on 14 October 2008 as amended on 29 April 2010, 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 eligibility criteria set out under MEF Decree with respect to the Assets and Integration Assets included in the Portfolios; (ii) the compliance with the limits on the transfer of the Assets set out under MEF Decree; and (iii) the effectiveness and adequacy of the risk protection provided by any swap agreement entered into in the context of the Programme.

The engagement letter reflects the provisions of the BoI OBG Regulations in relation to the procedures and proportionality principles applicable to the conduct of the monitoring activities by the Asset Monitor, the 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 14 October 2008, the Issuer, the Calculation Agent, the Asset Monitor, the OBG Guarantor and the Representative of the OBG Holders entered into the Asset Monitor Agreement, as more fully described under "*Description of the Transaction Documents — Asset Monitor Agreement*", below.

## CREDIT STRUCTURE

The OBG will be direct, unsecured, unconditional obligations of the Issuer. The OBG Guarantor has no obligation to pay the Guaranteed Amounts under the OBG Guarantee until the occurrence of an Issuer Event of Default, service by the Representative of the OBG Holders on the Issuer and on the OBG Guarantor of a Notice to Pay or, if earlier, following the occurrence of a Guarantor Event of Default, service by the Representative of the OBG Holders of a Guarantor Acceleration Notice on the OBG Guarantor. The Issuer will not be relying on payments by the OBG Guarantor in respect of the Subordinated Loans or receipt of Interest Available Funds or Principal Available Funds from the Portfolio in order to pay interest or repay principal under the OBG.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to OBG Holders, as follows:

(i) the OBG Guarantee provides credit support to the Issuer;

(ii) the Mandatory Tests are intended to ensure that the Eligible Portfolio is at all times sufficient to repay the OBG;

(iii) the Over-Collateralisation Test is intended to test the asset coverage of the OBG Guarantor’s assets in respect of the OBG for so long the OBG remain outstanding;

(iv) the Amortisation Test is intended to test the asset coverage of the OBG Guarantor’s assets in respect of the OBG following the occurrence of an Issuer Event of Default, and the service of a Notice to Pay on the Issuer and the OBG Guarantor; and

(v) the Reserve Account established to trap, from time to time, any amount of excess spread available to cover any difference, if positive, between (a) any interest amount accrued on the OBG; and (b) any OBG Front Swap Agreement payment to be received by the relevant Hedging Counterparty.

Certain of these factors are considered more fully in the remainder of this section.

### OBG Guarantee

The OBG Guarantee provided by the OBG Guarantor guarantees the payment of Guaranteed Amounts (as defined in the Conditions) on the relevant Scheduled Due for Payment Date (as defined in the Conditions) in respect of all OBG issued under the Programme. The OBG Guarantee will not guarantee any other amount becoming payable in respect of the OBG for any other reason, including any accelerated payment, following the occurrence of an Issuer Event of Default. In this circumstance (and until a Guarantor Event of Default occurs and a Guarantor Acceleration Notice is served), the OBG Guarantor’s obligations will only be to pay the Guaranteed Amounts as they fall Due for Payment.

See further "*Description of the Transaction Documents — OBG Guarantee*", as regards the terms of the OBG Guarantee and see “*Accounts and Cashflows —Priority of Payments*”, as regards the payment of amounts payable by the OBG Guarantor to OBG Holders and the other Secured Creditors following the occurrence of an Issuer Event of Default.

Under the terms of the Portfolio Administration Agreement, UniCredit (as Seller and Issuer), the Additional Seller (if any) must ensure that, on each Calculation Date and on each OC Calculation Date prior to service of a Notice to Pay, the Eligible Portfolio is in compliance with the Mandatory Tests and the Over-Collateralisation Test, respectively. If on any Calculation Date or any OC Calculation Date (as the case may be) the Eligible Portfolio is not in compliance with the Mandatory Tests and the Over-Collateralisation Test, then UniCredit (as Seller and Issuer) and the Additional Seller (if any) shall sell to the OBG Guarantor Assets or Integration Assets in an amount sufficient to allow the Mandatory Tests and the Over-Collateralisation Test to be satisfied, in accordance with, as appropriate, the Master Transfer Agreement and the Portfolio Administration Agreement (including the transfer agreement(s) to be entered into by the Additional Seller (if any), if applicable). To this extent the UniCredit (as Issuer and Seller), the Additional Seller (if any), as the case may be, shall provide, in accordance with the Subordinated Loan or, as the case may be, with any additional subordinated loan, the funds necessary the purposes of funding the purchase of Assets or Integration Assets.

If (i) the breach of Mandatory Tests is not remedied within one calendar month from the service by the Calculation Agent of a Negative Report as confirmed by the Asset Monitor (the "**Mandatory Test Cure Period**"), or (ii) the breach of the Over-Collateralisation Test is not remedied within one calendar month from the service by the Calculation Agent of a Negative Report as confirmed by the Asset Monitor (the "**OC Cure Period**"), an Issuer Event of Default shall occur.

**Mandatory Tests**

Pursuant to he MEF Decree, for so long as the OBG remain outstanding, the Issuer (also as Seller (or the Additional Seller (if any)) shall procure on a continuing basis and on each Calculation Date that:

(a) the Outstanding Principal Balance of the Eligible Portfolio (net of any amount standing to the credit of the Accounts other than the Principal Collection Account) from time to time owned by the OBG Guarantor shall be higher than or equal to the Outstanding Principal Balance of the OBG at the same time outstanding;

(b) the Adjusted Net Present Value of the Eligible Portfolio shall be higher than or equal to the Net Present Value of the outstanding OBG;

(c) the Net Interest Collections from the Eligible Portfolio shall be higher than or equal to the Scheduled Interests;

(the tests above are jointly defined as the "**Mandatory Tests**").

The compliance with the Mandatory Tests will be verified by the Calculation Agent and subsequently checked by the Asset Monitor, and by the internal risk management functions of the UniCredit Banking Group (under the supervision of the management body of the Issuer) on each Calculation Date and on any other date on which the verification of the Mandatory Tests is required pursuant to the Transaction Documents. In addition to the above, following the occurrence of a breach of the Mandatory Tests, the Calculation Agent shall verify the compliance with the Mandatory Tests on the last day of each calendar month starting from the date on which such breach has occurred and until the date on which such breach has been cured.

For the purposes of this section:

"**Adjusted Net Present Value of the Eligible Portfolio**" means at any date the Present Value of the Eligible Portfolio *minus* the Present Value of the payments to be made in priority to or *pari passu* with any amounts to be paid in relation to the OBG in accordance with the relevant Priority of Payments including any mark to market value of any Swap Agreements.

"**Credito ad Incaglio**" means any Mortgage Receivable classified as "*incaglio*" by the Servicer on behalf of the OBG Guarantor in compliance with the Collection Policies following the relevant Evaluation Date.

"**Credito in Sofferenza**" means any Mortgage Receivable classified as "*in sofferenza*" by the Servicer on behalf of the OBG Guarantor in compliance with the Collection Policies, as interpreted and applied in compliance with BoI OBG Regulations and in accordance with principles governing the prudential administration of Mortgage Receivables and with the maximum standard of *diligenza professionale*.

"**Defaulted Receivables**" means Mortgage Receivables which, following the relevant Evaluation Date, have been classified by the Servicer on behalf of the OBG Guarantor as Crediti ad Incaglio or Crediti in Sofferenza or which have been Receivables in Arrears for at leat 360 days.

"**Defaulted Security**" means a Security in respect of which a notice of default has been served and/or a Security which has been accelerated in accordance with the relevant terms and condition.

"**Eligible Portfolio**" means the aggregate amount of Assets and Integration Assets (including any sum standing to the credit of the Accounts) provided that (i) any Defaulted Receivable or Defaulted Securities and those Assets or Integration Assets for which a breach of the representations and warranties granted under Clause 2 of the Warranty and Indemnity Agreement has occurred and has not been remedied will not be considered for the purpose of the calculation and (ii) any Mortgage Receivable in respect of which the Loan to Value Ratio exceed the percentage limit set forth under Article 2, para. 1, of the MEF Decree, will be calculated up to an amount of principal which - taking into account the Market Value of the Real Estate related to the sale of that Mortgage Receivable - allows the compliance with such percentage limit.

"**Euro Equivalent**" means at any date, in relation to a loan, a bond or any other asset the aggregate nominal principal amount outstanding of such loan, bond, or asset at such date denominated in Euro where the exchange rate correspond to (i) the current exchange rate fixed by the Calculation Agent in accordance with its usual practice at that time for calculating that equivalent should any currency hedging agreement be not in place or (ii) the exchange rate indicated in the relevant currency hedging agreement be in place.

"**Expected Income**" means the sum of the interest collection expected to be collected under the Eligible Portfolio, as from time to time outstanding on the basis of the scheduled payments, any interest maturing on the OBG Guarantor's Accounts, any payments due by the Hedging Counterparties under the Swaps Agreements and other additional cash flows expected to be deposited in the Accounts (to the extent that not already included into the above). For the avoidance of doubt such calculation is performed with respect to the Eligible Portfolio as of the immediately preceding Reconciliation Date.

"**Expected Payments**" means any amount to be paid in priority to, or *pari passu* with, any amount to be paid in respect of the OBG in accordance with the relevant Priority of Payments. For the avoidance of doubt, any amounts above will result to be estimated (if relevant) on the basis of the Portfolio or the Eligible Portfolio (as the case may be) being from time to time outstanding on the basis of the scheduled payments. For the avoidance of doubt such calculation is performed with respect to the Eligible Portfolio as of the immediately preceding Reconciliation Date.

"**Loan to Value Ratio**" means on a certain date and with reference to any single Mortgage Receivable, the ratio between: (a) the Outstanding Principal Balance of the specific Mortgage Receivable and (b) the most recent Market Value of the Real Estate related to such Mortgage Receivable.

"**Negative Carry Corrector**" means a percentage calculated by reference to the margin payable on the OBG plus 0.5%.

"**Negative Report**" means each of the report to be delivered by the Calculation Agent under the Portfolio Administration Agreement in case of breach of any of the Mandatory Tests, the Over-Collateralisation Test or the Amortisation Test, as the case may be.

"**Net Interest Collection**" means, at any date, with reference to each following OBG Payment Dates of any outstanding OBG, the difference between the Expected Income during a period minus the Expected Payments on the same period. For the avoidance of doubt such calculation is performed with respect to the Eligible Portfolio as of the immediately preceding Reconciliation Date.

"**OC Calculation Date**" means 4 Business Days before the end of each calendar month, on which the Over-Collateralisation Test is performed with reference to the situation existing on, and on the data as of, the immediately preceding Reconciliation Date.

"**Outstanding Principal Balance**" means, at any date, in relation to a loan, a bond or any other asset the aggregate nominal principal amount outstanding of such loan, bond, or asset at such date.

"**Outstanding Principal Balance of the Eligible Portfolio**" means the Outstanding Principal Balance of the Eligible Portfolio.

"**Outstanding Principal Balance of the OBG**" means the Outstanding Principal Balance of the outstanding OBG.

"**Present Value**" means, as of any date, the value resulting from discounting at a given discount rate a series of future payments or incomes (as the case may be).

"**Random Basis**" means any process which selects Assets on a basis that is not designated to favour the selection of any identifiable class, type or quality of assets over all the Assets forming part of the Portfolio.

"**Receivables in Arrears**" means those Mortgage Receivables which have not been classified as Credito ad Incaglio or Credito in Sofferenza and which have at least one Unpaid Instalment.

"**Reconciliation Date**" means the last day of each calendar month.

"**Required Redemption Amount**" means in respect of any relevant Series or Tranche OBG, the amount calculated as follows:

The Outstanding Principal Balance of the relevant Series or Tranche of OBG

| | |
|---|---|
| *multiplied* | (1+(Negative Carry Corrector * (days to the Maturity Date (or the Extended Maturity Date if applicable) of the relevant Series or Tranche OBG/365)) |

*plus* and any *pro rata* cost expected to be incurred by the OBG Guarantor up to the last Maturity Date (or the Extended Maturity Date if applicable) with respect to the relevant Series or Tranche of OBG.

"**Securities**" the ABS Securities, the Public Securities and the securities mentioned under article, 2, para. 3, point 3, of the MEF Decree.

"**Selected Assets**" means the Assets selected on a Random Basis to be sold by the OBG Guarantor, following the delivery of a Notice to Pay (and prior to the occurrence of a Guarantor Event of Default) pursuant to the terms of the Portfolio Administration Agreement.

"**Unpaid Instalment**" means a due instalment that has not been paid, also partially, within 30 days starting from the date on which it becomes due and payable.

**Over-Collateralisation Test**

The Portfolio and the other assets of the OBG Guarantor shall be also subject, on a monthly basis as at each OC Calculation Date and prior to each issuance, to the following test, intended to ensure that the ratio between the OBG Guarantor's assets and the OBG is maintained at a certain minimum level. UniCredit (as Seller and Issuer) and any Additional Seller (if any) shall procure on a continuing basis and on each OC Calculation Date that the OC Adjusted Eligible Portfolio shall be equal to or higher than the Outstanding Principal Balance of the OBG (the "**Over-Collateralisation Test**").

The "**OC Adjusted Eligible Portfolio**" shall be calculated as follows: (A+B+C) -Z

Where

"A" is the aggregate of the values determined in respect of each Mortgage Receivable as the lower of (i) E, and (ii) F, where

"E" is P*M-T, where,

| | |
|---|---|
| "P" means | (i) VO + J*(VI - VO) if VI results to be higher than or equal to VO, or (ii) VI* 80% or 60% (depending on whether the Mortgage Receivable is a Residential Mortgage Receivable or a Non-Residential Mortgage Receivable) if VI is lower than VO; |
| | "VI" means the Market Value of the Real Estate; |
| | "VO" means the original market value of the Real Estate; |
| | "J" means 70%; |

"M" means (a) in respect of a Residential Mortgage Receivable other than those Mortgage Receivables in respect of which (or in respect of the Loan Agreement from which such Mortgage Receivable arises) any of the representations and warranties set out in the Warranty and Indemnity Agreement have been breached to the extent the OBG Guarantor has not already been indemnified by the Seller (or by any Additional Seller, if applicable) (i) 100% if the Residential Mortgage Receivables is not an Receivable in Arrear or a Defaulted Receivable, or (ii) 65% if the Residential Mortgage Receivables is an Receivable in Arrear or (iii) 0% if the Residential Mortgage Receivable is a Defaulted Receivable, and (b) in respect of Non-Residential Mortgage Receivable, such other percentage determined by the parties in order to maintain the initial rating (if any) assigned to the OBG;

"T" means any financial loss incurred by the OBG Guarantor due to any breach of any other material representation and warranty by the Seller (or by any Additional Seller, if applicable), to the extent the OBG Guarantor has not already been indemnified by the Seller (or by any Additional Seller, if applicable);

"F" is the result of the Outstanding Principal Balance of the Mortgage Receivables other than those Mortgage Receivables in respect of which (or in respect of the Loan Agreement from which such Mortgage Receivable arises) any of the representations and warranties set out in the Warranty and Indemnity Agreement have been breached to the extent the OBG Guarantor has not already been indemnified by the Seller (or by any Additional Seller, if applicable), *multiplied by* the Asset Percentage *minus* T (as described above);

"B" means the balance of the Accounts;

"C" means the balance of the Eligible Investments without duplication with B, where the outstanding amount of the Securities (other than those qualified as Eligible Investments) is weighted according to the Rating Agencies' relevant methodologies;

"Z" means the amount resulting from the multiplication of (i) the weighted average residual maturity of any OBG outstanding expressed in days and divided by 365, (ii) the Euro equivalent amount of the Outstanding Principal Balance of the OBG, and (iii) the Negative Carry Corrector.

For the purpose of this section:

"**Asset Percentage**" means, with reference to each OC Calculation Date 93 per cent or such other lower percentage as the Issuer on behalf of the OBG Guarantor shall procure to be determined in accordance with Rating Agencies' respective methodologies, and to be notified to the Representative of the OBG Holders and to the Calculation Agent provided that the Asset Percentage may not, at any time, be higher than 93 per cent.

If the Asset Percentages that would result from the above calculations from the Rating Agencies for a particular OC Calculation Date are not the same, the lowest percentage will be used as Asset Percentage for the applicable OC Calculation Dates.

Provided that set-off may be raised by the relevant Debtors in respect of any Mortgage Receivable against the OBG Guarantor notwithstanding the transfer of the Mortgage Receivables to the OBG Guarantor, the publication of the notice in the Italian Official Gazette and the deposit in the competent companies registrar, and the rating of the Issuer and Seller (or the Additional Sellers, if any and as the case may be) falls below F1 in respect of short-term debt or A in respect of long term debt by Fitch, P-1 by Moody's or A-2 by S&P, UniCredit (as Seller and Issuer) (or the Additional Sellers) (as the case may be) shall notify the Rating Agencies and the Representative of the OBG Holders of such events and of the amount which may be subject to set-off in respect of any Mortgage Receivable, if applicable; such amounts will have to be communicated by UniCredit (as Seller and Issuer) (or the Additional Sellers, if any, as the case may be) to the Rating Agencies on a quarterly basis. Further to such downgrading, and for so long as the rating is not re-established at least at such levels (or for so long as UniCredit (as Seller and Issuer) and/or the Additional Seller (if any) do not take any action to maintain the initial rating (if any) assigned to the OBG), the determination of the Asset Percentage shall be modified so as to deduct such amounts which may be subject to a set-off by the relevant Debtors, as calculated by UniCredit (as Seller and Issuer) or the Additional Sellers, if any, as the case may be.

If the rating of the Servicer (or the Substitute Servicer, if any) falls below F1 in respect of short-term debt or A in respect of long term debt by Fitch, P-1 by Moody's or A-2 by S&P, the Seller shall notify the Rating Agencies and the Representative of the OBG Holders of such events. Further to such downgrading, and for so long as the rating is not re-established above such levels (or for so long as the Seller and/or the Substitute Servicer (if any) do not take any action to maintain the initial rating (if any) assigned to the OBG), if the measures indicated under Clause 3.2(B) of the Servicing Agreement will not be put in place, the determination of the Asset Percentage shall be modified so as to consider the amounts which may be subject to commingling risk in case of bankruptcy of the Servicer (or the Substitute Servicer, if any).

"**Loan Agreement**" (*Contratto di Finanziamento*) means, collectively, the Non-Residential Loan Agreements and the Residential Loan Agreements.

**Amortisation Test**

The Amortisation Test must ensure that on each Calculation Date following service of a Notice to Pay (but prior to the occurrence of a Guarantor Event of Default) the Amortisation Amount (as defined below) will be an amount at least equal to the Euro equivalent of the aggregate Outstanding Principal Balance of the OBG as calculated on the relevant Calculation Date. Following an Issuer Event of Default and the service of a Notice to Pay, service of a Notice to Pay on the OBG Guarantor, if on any Calculation Date the Amortisation Amount is less than the Euro Equivalent of the aggregate Outstanding Principal Balance of the OBG then outstanding as calculated on the relevant Calculation Date, then the Amortisation Test will be deemed to be breached and aGuarantor Event of Default will occur.

The Amortisation Test will be calculated on each Calculation Date as follows:

(G + B + C) - Z >= Euro equivalent Outstanding Principal Balance of the OBGs

where,

“**Amortisation Amount**” means (G + B + C) - Z;

“G”= Is, the aggregate of the values determined in respect of each Mortgage Loan as the lower of (i) the Outstanding Principal Balance of the Mortgage Receivable * M, and (ii) P * M;

“M” means: (a) in respect of a Residential Mortgage Receivables (i) 100% if the Residential Mortgage Receivable is not a Receivable in Arrear or a Defaulted Receivable, or (ii) 85% if the Residential Mortgage Receivable is a Receivable in Arrear or (iii) 60% if the Residential Mortgage Receivable is a Defaulted Receivable, and (b) in respect of Non-Residential Mortgage Receivable, such other percentages determined by the parties in order to maintain the initial rating (if any) assigned to the OBG;

“P” means (i) VO + J * (VI - VO) if VI results to be higher than or equal to VO, or (ii) VI * 80% or 60% (depending on whether the Mortgage Receivable is a Residential Mortgage Receivable or a Non-Residential Mortgage Receivable) if VI is lower than VO;

“VI” means the Market Value of the Real Estate;

“VO” means the original market value of the Real Estate;

“J” means 70%;

“B” means the balance of the Accounts;

“C” means the balance of the Eligible Investments without duplication with B, where the outstanding amount of the Securities (other than those qualified as Eligible Investments) is weighted according to Rating Agencies’ relevant methodologies;

“Z” means the amount resulting from the multiplication of (i) the weighted average residual maturity of any OBG outstanding expressed in days and divided by 365, (ii) the Euro equivalent amount of the Outstanding Principal Balance of the OBG, and (iii) the Negative Carry Corrector.

**Reserve Account**

The Reserve Account is held in the name of the OBG Guarantor for the purpose of setting aside, on each Guarantor Payment Date, the amount necessary to reach the Total Target Reserve Amount.

In the event that a payment is required to the OBG Guarantor under the OBG Guarantee and not already covered under any Front Swap Agreement, such Total Target Reserve Amount is determined in an amount sufficient to ensure at each Guarantor Payment Date that, the OBG Guarantor would have sufficient funds set aside to pay any difference between (i) any amount of interest accrued on the OBG until that Guarantor Payment Date (inclusive) and not yet paid by the Issuer and (ii) any amount accrued until that Guarantor Payment Date (inclusive) with respect to any payment to be made under any Front Swap Agreement on the subsequent OBG Payment Date.

The Total Target Reserve Amount will be accumulated over time allocating the amount of excess spread available, from time to time, according to the relevant Priority of Payments.

Therefore the Total Target Reserve Amount is expected to increase over time upon each relevant Guarantor Payment Date.

## ACCOUNTS AND CASH FLOWS

## ACCOUNTS

The following accounts (together with any other account to be opened in accordance with the Cash Management and Agency Agreement, the "**Accounts**") shall be established and maintained with the Account Bank and the Paying Agent as separate accounts in the name of the OBG Guarantor.

The Collection Accounts, the Reserve Account and the Expenses Account (in each case as defined below) shall be held with the Account Bank for as long as the Account Bank qualifies as an Eligible Institution.

The Payment Account, the Security Account and the Eligible Investment Account shall be held with the Paying Agent for as long as the Paying Agent qualifies as an Eligible Institution.

The Servicing Agreement provides several actions to be taken by the Servicer if the rating of the Servicer (or the Substitute Servicer, if any) the Servicer (or the Substitute Servicer, if any) shall, *inter alia*, falls below F2 by Fitch, P-1 by Moody's or A-2 by S&P. One of such actions is the notification to all Debtors of the details of a new bank account opened with an Eligible Institution in the name of the OBG Guarantor, on which the Debtors will have to transfer the amounts due under the Assets.

### The Interest Collection Account

*Deposits*. A Euro-denominated current account established and maintained with the Account Bank into which:

(i) on a daily basis by the end of the Business Day immediately following each date of actual collection, the Servicer shall transfer all the amounts received or recovered as interest in relation to the Assets - as they are collected in accordance with the Servicing Agreement by the Servicer - together with all the payments (other than those in respect of principal) deriving from the Transaction Documents;

(ii) on each Collection Date, the OBG Guarantor shall transfer or procure to transfer any net interest amount accrued and liquidated on the Principal Collection Account, the Reserve Account and the Expenses Account during the preceding Collection Period; and

(iii) on each Liquidation Date, the OBG Guarantor shall transfer or procure to transfer (i) all proceeds arising out of the liquidation of the Eligible Investments (if any) purchased using amount standing to the credit of the Interest Collection Account, and (ii) any net interest amount or net yield component of the proceeds arising out of the liquidation of all the other Eligible Investments (if any) and Securities (if any, other than ones already included in the Eligible Investments).

*Withdrawals*.

(i) on each date falling 2 Business Days before each Guarantor Payment Date, the OBG Guarantor shall transfer or procure to transfer all the amounts necessary to meet any payment obligation on the OBG Guarantor under the applicable Priority of Payments (and standing to the credit of the Interest Collection Account on the calendar day immediately preceding the last Collection Date) to the Payment Account, together with any amount transferred to the Interest Collection Account on the immediately preceding Liquidation Date and necessary to meet such obligations; and

(ii) on a weekly basis, upon instruction of the Cash Manager, the OBG Guarantor may transfer or procure to transfer all the amounts standing to the credit from time to time of the Interest Collection Account to the Eligible Investments Account.

(the "**Interest Collection Account**").

**The Principal Collection Account**

*Deposits*. A Euro-denominated current account established and maintained with the Account Bank into which, *inter alia*:

(i) on a daily basis by the end of the Business Day immediately following each date of actual collection, the Servicer shall transfer all the amounts received or recovered as principal in relation to the Assets as they are collected in accordance with the Servicing Agreement by the Servicer, together with all the amounts in respect of principal deriving from the Transaction Documents;

(ii) on each Guarantor Payment Date, the Paying Agent shall transfer any amount paid in accordance with item v of the Pre-Issuer Event of Default Interest Priority; and

(iii) on each Liquidation Date, the OBG Guarantor shall transfer or procure to transfer all principal components of the proceeds arising out of the liquidation of any Eligible Investments (if any) and Securities (if any, other than the ones already included in the Eligible Investments) purchased using amount standing to the credit of the Principal Collection Account and any principal component of Integration Assets and Securities (if any, other than the ones already included in the Eligible Investments).

*Withdrawals*.

(i) on each date falling 2 Business Days before each Guarantor Payment Date, the OBG Guarantor shall transfer or procure to transfer all the amounts necessary to meet any payment obligation on the OBG Guarantor under the applicable Priority of Payments (and standing to the credit of the Principal Collection Account on the calendar day immediately preceding the last Collection Date) to the Payment Account together with any amount transferred from the Eligible Investments Account (if any) to the Principal Collection Account on the immediately preceding Liquidation Date and necessary to meet such obligations;

(ii) on each Collection Date, the OBG Guarantor shall transfer or procure to transfer any net interest amount accrued and liquidated on the Principal Collection Account during the preceding Collection Period to the Interest Collection Account; and

(iii) on a weekly basis, upon instruction of the Cash Manager, the OBG Guarantor shall transfer or procure to transfer all the amounts standing to the credit from time to time to the

Principal Collection Account (other than any net interest amount accrued and liquidated on the Principal Collection Account) to the Eligible Investments Account.

(the "**Principal Collection Account**" and, together with the Interest Collection Account, the "**Collection Accounts**").

**The Reserve Account**

*Deposits*. A Euro-denominated current account established and maintained with the Account Bank into which, *inter alia*:

(i) on each Guarantor Payment Date, in accordance with the applicable Priority of Payments, the Paying Agent shall transfer any amount necessary to reach the Total Target Reserve Amount; and

(ii) on each Liquidation Date, the OBG Guarantor shall transfer or procure to transfer all principal components of the proceeds arising out of the liquidation of any Eligible Investments (if any) purchased using amount standing to the credit of the Reserve Account.

*Withdrawals*.

(i) on each date falling 2 Business Days before each Guarantor Payment Date corresponding to an OBG Payment Date, the OBG Guarantor shall transfer or procure to transfer all the amounts standing to the credit of the Reserve Account and exceeding the Target Reserve Amount (if any) to the Payment Account;

(ii) on each Collection Date, the OBG Guarantor shall transfer or procure to transfer any net interest amount accrued and liquidated on the Reserve Account during the preceding Collection Period to the Interest Collection Account;

(iii) on a weekly basis, upon instruction of the Cash Manager, the OBG Guarantor shall transfer or procure to transfer all the amounts standing to the credit from time to time to the Reserve Account (other than any net interest amount accrued and liquidated on the Reserve Account) to the Eligible Investments Account.

(the "**Reserve Account**").

**The Payment Account**

*Deposits*. A Euro-denominated current account established and maintained with the Paying Agent into which, *inter alia*:

(i) on each date falling 2 Business Days before each Guarantor Payment Date, the OBG Guarantor shall transfer or procure to transfer all the amounts necessary to meet any payment obligation under the OBG Guarantee and in accordance with the applicable Priority of Payments (and standing to the credit of the Interest Collection Account on the calendar day immediately preceding the last Collection Date), together with any amount transferred to the Interest Collection Account on the immediately preceding Liquidation Date;

(ii) on each date falling 2 Business Days before each Guarantor Payment Date, the OBG Guarantor shall transfer or procure to transfer all the amounts necessary to meet any payment obligation under the OBG Guarantee and in accordance with the applicable Priority of Payments (and standing to the credit of the Principal Collection Account on the calendar day immediately preceding the last Collection Date), together with any amount transferred from the Eligible Investments Account (if any) to the Principal Collection Account on the immediately preceding Liquidation Date;

(iii) on each date falling 2 Business Days before each Guarantor Payment Date, the OBG Guarantor shall transfer or procure to transfer all the amounts standing to the credit of the Reserve Account and exceeding the Total Target Reserve Amount (if any); and

(iv) on each Guarantor Payment Date, any amount due by the Portfolio Swap Counterparty, any other hedging counterparty (if any), and under any OBG Swap to the extent that such amounts are more than the amount due by the relevant hedging counterparty shall be credited by the relevant hedging counterparty.

*Withdrawals*. On each Guarantor Payment Date, all the amounts standing to the credit of the Payment Account shall be applied by the Paying Agent to make any payment to be executed in accordance with the relevant Priority of Payments.

(the "**Payment Account**").

**The Eligible Investment Account**

*Deposits*. A Euro-denominated current account established and maintained with the Paying Agent into which, on a weekly basis, all the amounts standing from time to time to the credit of:

(i) the Interest Collection Account;

(ii) the Principal Collection Account (other than any net interest amount accrued and liquidated on the Principal Collection Account), and

(iii) the Reserve Account (other than any net interest amount accrued and liquidated on the Reserve Account)

may be transferred or procured to be transferred by the OBG Guarantor, upon instruction of the Cash Manager.

*Withdrawals*. On each Liquidation Date, the OBG Guarantor shall transfer or procure to transfer:

(i) all proceeds arising out of the liquidation of the Eligible Investments (if any) purchased using amount standing to the credit of the Interest Collection Account, and (ii) any net interest amount or net yield component of the proceeds arising out of the liquidation of all the other Eligible Investments (if any), to the Interest Collection Account;

(ii) all principal components of the proceeds arising out of the liquidation of any Eligible Investments (if any) purchased using amount standing to the credit of the Principal Collection Account to the Principal Collection Account, and

(iii) all principal components of the proceeds arising out of the liquidation of any Eligible Investments (if any) purchased using amount standing to the credit of the Reserve Account to the Reserve Account.

(the “**Eligible Investments Account**” ).

**The Security Account**

A Euro-denominated securities account opened with the Paying Agent into which, *inter alia*, the OBG Guarantor shall keep from time to time (i) the Securities or the Integration Assets (to the extent that they are financial instruments) owned by the OBG Guarantor as a result of investing in Eligible Investments and (ii) the Securities or the Integration Assets (to the extent that they are financial instruments) owned by the OBG Guarantor and purchased from the Seller or the Additional Seller (if any) (the “**Security Account**”).

**The Expenses Account**

*Deposits*. A Euro-denominated current account established and maintained with the Account Bank into which, *inter alia*, the Paying Agent shall transfer, on each Guarantor Payment Date, and in accordance with the applicable Priority of Payments, any amount necessary to reach the Expenses Account Target Amount.

*Withdrawals*.

(i) at any time all the amounts standing to the credit of the Expenses Account shall be applied to pay the expenses due and payable at any time;

(ii) on the date falling 2 Business Days before the Programme Termination Date, the OBG Guarantor shall transfer or procure to transfer all the amounts standing to the credit of the Expenses Account to the Payment Account; and

(iii) on each date falling at the end of each Collection Period, the OBG Guarantor shall transfer or procure to transfer any net interest amount accrued and liquidated on the Expenses Account to the Interest Collection Account.

(the “**Expenses Account**”)

At any time the aggregate of: (i) the amounts mentioned under Payment Account from (i) to (iv) above and (ii) the amounts mentioned under Eligible Investment Account from (i) to (ii) above and (iii). the nominal value of the Security and Integration Assets kept in the Security Account, shall not exceed an amount equal to the Maximum Paying Agent Guaranteed Amount. All the transfer of sums mentioned above shall be effected up to such amount

For the purposes of this section:

“**Eligible Institutions**” means any banks in relation to which the short term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1 by S&P, P-1 by Moody’s, F1 by Fitch in respect of short-term debt and A by Fitch in respect of long-term debt or are guaranteed (on the basis of a guarantee satisfying Rating Agencies’ criteria) by an entity in relation to which the short term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1 by S&P, P-1 by Moody’s, F1 by Fitch in respect of short-term debt and A by Fitch in respect of long-term debt.

“**Expenses Account Target Amount**” means Euro 50,000.

“**Initial Issue Date**” means the date on which the Issuer will issue the first Series of OBG.

"**Liquidation Date**" means the date falling 4 Business Days before a Guarantor Payment Date.

"**Maximum Paying Agent Guaranteed Amount**" means an amount equal to Euro 4,000,000,000.00 or the higher amount set forth as maximum guaranteed amount under the Paying Agent Guarantee.

"**Total Target Reserve Amount**" means, on each Guarantor Payment Date, prior to the occurrence of an Issuer Event of Default and the delivery of a Notice to Pay, the difference, if positive, between (i) the amount of interest accrued on the OBG until that Guarantor Payment Date (inclusive) and not yet paid by the Issuer or the OBG Guarantor and (ii) the amount accrued until that Guarantor Payment Date (inclusive) with respect to any payment to be done by the OBG Hedging Counterparty on the subsequent OBG Payment Date.

## CASH FLOWS

This section summarises the cashflows of the OBG 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.

### Pre-Issuer Event of Default Interest Priority

On each Guarantor Payment Date, prior to the service of a Notice to Pay, the OBG Guarantor will use Interest Available Funds (as defined below) to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof: (a) any OBG Guarantor's documented fees, costs, expenses and taxes to maintain it in good standing, to comply with applicable legislation and to preserve its corporate existence (the "**Expenses**"), to the extent that such costs and expenses have not been already met by utilising the amount standing to the credit of the Expenses Account, and (b) all amounts due and payable to the Seller and/or to the Additional Seller (if any) or the party indicated by the Seller or by the Additional Seller (if any) as the case may be, in respect of the insurance premium element of the instalment (if any) collected by the OBG Guarantor during the preceding Collection Period with respect to the outstanding Asset;

(ii) *second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the OBG Holders, the Account Bank, the Cash Manager, the Calculation Agent, the Paying Agent, the Luxembourg Listing Agent, the Administrative Services Provider, the Asset Monitor, the Portfolio Manager, the Servicer and the Additional Servicer (if any), and to credit the Target Expenses Amount into the Expenses Account;

(iii) *third*, to pay, *pari passu* and *pro rata* according to the respective interest amounts thereof any Hedging Senior Payment due and payable on such Guarantor Payment Date, under (a) the Portfolio Swaps, and (b) the OBG Swap;

(iv) *fourth*, to replenish the Reserve Account up to the Total Target Reserve Amount;

(v) *fifth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount necessary to cover the amounts transferred from the Pre-Issuer Event of Default Principal Priority according to item (i) on any preceding Guarantor Payment Date and not paid yet;

(vi) *sixth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any termination payment due and payable event under any hedging agreement other than the ones paid under item (iii) above provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(vii) *seventh*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(viii) *eight*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(ix) *ninth*, provided that a Programme Suspension Period is not continuing and after the repayment request made by the Subordinated Loan Provider under the Subordinated Loan (or additional subordinated loan provider, if any, under any additional subordinated loan), to pay *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due and payable as determined by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or the relevant additional subordinated loan, if any) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(x) *tenth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Loan Interest Amount (as defined below) due and payable under the Subordinated Loan (or additional subordinated loan, if any) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(the "**Pre-Issuer Event of Default Interest Priority**").

"**Target Expenses Amount**" means at each Guarantor Payment Date the amount of Euro 50,000.

"**Hedging Senior Payment**" means, on any relevant date, any payment due under the relevant Hedging Agreement, including any termination payment arising out of a termination event, other than termination payments where the relevant Hedging Counterparty is the defaulting party or the sole affected party, but including, in any event, the amount of any termination payment due and payable to the relevant Hedging Counterparty in relation to the termination of the relevant swap transactions to the extent of any premium received (net of any costs reasonably incurred by the OBG Guarantor to find a replacement swap counterparty), if any, by the OBG Guarantor from a replacement swap counterparty in consideration for entering into swap transactions with the OBG Guarantor on the same terms as the relevant Hedging Agreement. With respect to the *Additional Provisions* "Mark to Market Payment" in the Portfolio Front Swap, termination payment under this clause will be part of the Hedging Senior Payments for an amount up to the difference on each Guarantor Payment Date between the purchase price paid by any purchaser/s of the Selected Asset and the Principal Amount Outstanding of the Asset and Integrative Asset sold to such purchaser/s.

"**Total Target Reserve Amount**" means, on each Guarantor Payment Date, prior to the occurrence of an Issuer Event of Default and the delivery of a Notice to Pay, the difference, if positive, between (i) the amount of interest accrued on the OBG until that Guarantor Payment Date (inclusive) and not yet paid by the Issuer or the OBG Guarantor and (ii) the amount accrued until that Guarantor Payment Date (inclusive) with respect to any payment to be done by the OBG Hedging Counterparty on the subsequent OBG Payment Date.

**Pre-Issuer Event of Default Principal Priority**

On each Guarantor Payment Date, prior to the service of a Notice to Pay, the OBG Guarantor will use Principal Available Funds (as defined below) to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable under items (i) to (iii) (other than any amount due according to (i) b)) of the Pre-Issuer Event of Default Interest Priority, to the extent that the Interest Available Funds are not sufficient, on such Guarantor Payment Date, to make such payments in full;

(ii) *second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any Hedging Senior Payment amount due and payable on such Guarantor Payment Date in respect of principal under any hedging agreement (including the Swap Agreements);

(iii) *third*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, the purchase price of the Assets and Integration Assets offered for sale by the Seller and/or by the Additional Seller (if any) in the context of a Revolving Assignment;

(iv) *fourth*, if a Programme Suspension Period has occurred and is continuing, to deposit on the Principal Collection Account any residual Principal Available Funds up to the Required Redemption Amount of any Series of OBG outstanding and to comply with the Over-Collateralisation Test and Mandatory Test;

(v) *fifth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any principal amount arising out of any termination event under any Hedging Agreement other than the ones paid under item (ii) above provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(vi) *sixth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment, to the extent not already paid under item (vii) of the Pre-Issuer Event of Default Priority;

(vii) *seventh*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment, to the extent not already paid under item (viii) of the Pre-Issuer Event of Default Priority;

(viii) *eight*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof and after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any), the amount due as principal redemption under the Subordinated Loan (or additional subordinated loan, if any) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(the "**Pre-Issuer Event of Default Principal Priority**").

On each Guarantor Payment Date the "**Interest Available Funds**" shall include (a) any interest received from the Portfolio during the Collection Period immediately preceding such Guarantor Payment Date, (b) any interest amount received by the OBG Guarantor as remuneration of the Accounts during the Collection Period immediately preceding such Guarantor Payment Date, (c) any amount received by the OBG Guarantor on the Guarantor Payment Date as payments under the Portfolio Swaps or the OBG Swaps with respect to the immediately preceding Collection Period, (d) any amount received as interest by the OBG Guarantor from any party to the Transaction Documents (other than amounts already allocated under items (a) and (b)) during the Collection Period immediately preceding such Guarantor Payment Date, (e) any amount deposited in the Reserve Account (other than the amount already allocated under item (b)), (f) any amount deposited in the Interest Collection Account, as at the preceding Guarantor Payment Date, (g) the amount standing to the credit of the Expenses Account (other than amounts already allocated under item (b)) at the end of the Collection Period preceding such Guarantor Payment Date (other than the Programme Termination Date), (h) any net interest amount or income from any Eligible Investments or of the Securities (without duplication with the Eligible Investments) liquidated at the immediately preceding Liquidation Date.

On each Guarantor Payment Date the "**Principal Available Funds**" shall include: (a) any principal payment received during the Collection Period immediately preceding such Guarantor Payment Date; (b) any principal amount received by the OBG Guarantor as reimbursement of the Eligible Investments liquidated on the immediately preceding Liquidation Date arising from investement made using principal collection; (c) any principal amount received by the OBG Guarantor from any party to the Transaction Documents (other than the amounts already allocated under items (a) and (b)) during the Collection Period immediately preceding such Guarantor Payment Date; (d) any amount standing to the credit of the Principal Collection Account (other than the amounts already allocated under item (a)) at the end of the Collection Period preceding such Guarantor Payment Date net of any interest accrued thereon; (e) the amount standing to the credit of the Expenses Account on the Programme Termination Date (f) any principal amount arising out from the liquidation of Securities (without duplication with the (b) above) liquidated at the immediately preceding Liquidation Date arising from investement made using principal collection.

"**Collection Period**" means (a) prior to the occurrence of a Guarantor Event of Default, any period between each Collection Date (included) and the following Collection Date (excluded), save for the first Collection Period, where the Collection Period is comprised between the Evaluation Date (included) in respect to the transfer of the first Portfolio and the 1 January 2009 (excluded) and (b) after the occurrence of a Guarantor Event of Default, any period between two Business Days.

"**Collection Date**" means 1 January, 1 April, 1 July and 1 October of each year and, following an Issuer Event of Default, the first calendar day of each month.

"**Evaluation Date**" means (i) in respect of the Initial Portfolio 1 August 2008 at 00.01 and (ii) in respect of any New Portfolio, the date indicated as such in the relevant offer for the transfer of New Portfolios.

**Post-Issuer Event of Default Priority**

On each Guarantor Payment Date, following an Issuer Event of Default and the service of a Notice to Pay, but prior to the occurrence of a Guarantor Event of Default, the OBG Guarantor will use the Available Funds, to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof (a) the Expenses, to the extent that such costs and expenses have not been already met by utilising the amount standing to the credit of the Expenses Account, (b) all amounts due and payable to the Seller and/or by the Additional Seller (if any) or the party indicated by the Seller or the Additional Seller (if any) as the case may be, in respect of the insurance premium element of the instalment (if any) collected by the OBG Guarantor during the preceding Collection Period with respect to the outstanding Asset still owned by the OBG Guarantor;

(ii) *second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the OBG Holders, the Account Bank, the Cash Manager, the Calculation Agent, the Paying Agent, the Luxembourg Listing Agent, the Administrative Services Provider, the Asset Monitor, the Portfolio Manager, the Servicer and the Additional Servicer (if any), and to credit the Target Expenses Amount into the Expenses Account;

(iii) *third*, to pay, *pari passu* and *pro rata* according to the respective interest amounts thereof any Hedging Senior Payment due and payable on such Guarantor Payment Date under (a) the Portfolio Swaps and (b) the OBG Swaps and (c) as interest on the OBG;

(iv) *fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) any amount due and payable as principal on the OBG on their relevant Payment Dates and (b) any principal amounts due and payable as Hedging Senior Payments on such Guarantor Payment Date in respect any hedging agreement (including the Swap Agreements);

(v) *fifth*, to deposit on the relevant OBG Guarantor's Accounts any residual amount until the Required Redemption Amount for each Series of OBG outstanding has been accumulated and the Amortisation Test and the Mandatory Test would still be satisfied after such payment;

(vi) *sixth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount arising out of any termination event under any hedging agreement (including the Swap Agreements) not provided for under item (iii) above, provided that the Amortisation Test and the Mandatory Tests would still be satisfied after such payment;

(vii) *seventh*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement provided that the Amortisation Test and the Mandatory Tests would still be satisfied after such payment;

(viii) *eight*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments) provided that the Amortisation Test and the Mandatory Tests would still be satisfied after such payment;

(ix) *ninth*, after the repayment request made by the Subordinated Loan Provider under the Subordinated Loan, to pay *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due and payable as determined by the Subordinated Loan Provider under the Subordinated Loan provided that the Amortisation Test and the Mandatory Tests would still be satisfied after such payment;

(x) *tenth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any interest amount due under the Subordinated Loan (or additional subordinated loan, if any), provided that the Amortisation Test and the Mandatory Tests would still be satisfied after such payment;

(xi) *eleventh*, after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due under the Subordinated Loan (or additional subordinated loan, if any) provided that the Amortisation Test and the Mandatory Tests would still be satisfied after such payment;

(the “**Post-Issuer Event of Default Priority**”).

“**Available Funds**” shall include (a) the Interest Available Funds, (b) the Principal Available Funds and (c) following the occurrence of an Issuer Event of Default, the Excess Proceeds.

“**Excess Proceeds**” means the amounts received by the OBG Guarantor as a result of any enforcement taken against the Issuer in accordance with Article 4, Paragraph. 3 of the MEF Decree.

“**Negative Carry Corrector**” means a percentage calculated by reference to margin payable on the OBG plus 0,5%.

“**Required Redemption Amount**” means in respect of any relevant Series of OBG, the amount calculated as follows:

The Outstanding Principal Balance of the relevant OBG

*multiplied*

(1 + (Negative Carry Corrector * (days to the Maturity Date (or the Extended Maturity Date if applicable) of the OBG/365))

*plus* and any *pro rata* cost expected to be incurred by the OBG Guarantor up to the last Maturity Date (or the Extended Maturity Date if applicable) with respect to that OBG.

**Post-Guarantor Event of Default Priority**

On each Guarantor Payment Date, following a Guarantor Event of Default, the OBG Guarantor will use the Available Funds, to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof (a) any Expenses, to the extent that such costs and expenses have not been already met by utilising the amount standing to the credit of the Expenses Account, and (b) all amounts due and payable to the Seller and/or to the Additional Seller (if any) or the party indicated by the Seller or by the Additional Seller (if any) as the case may be, in respect of the insurance premium element of the instalment (if any) collected by the OBG Guarantor during the preceding Collection Period with respect to the outstanding Asset;

(ii) *second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the OBG Holders, the Account Bank, the Cash Manager, the Calculation Agent, the Paying Agent, the Luxembourg Listing Agent, the Administrative Services Provider, the Asset Monitor, the Portfolio Manager, the Servicer and the Additional Servicer (if any) and to credit the Target Expenses Amount into the Expenses Account;

(iii) *third*, to pay, *pari passu* and *pro rata* (a) according to the respective interest amounts thereof any Hedging Senior Payment due and payable on such Guarantor Payment Date under (A) the Portfolio Swaps and (B) the OBG Swaps (b) any interest and principal amount due on the OBG; and (c) any principal amount due and payable under any hedging agreement (including the Swap Agreements);

(iv) *fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount arising out of any termination event under any hedging agreement (including the Swap Agreements) not provided for under item (iii) above;

(v) *fifth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement;

(vi) *sixth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments);

(vii) *seventh*, after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan Agreement (or additional subordinated loan agreement), to pay *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due and payable as determined by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any);

(viii) *eight*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any interest amount due under the Subordinated Loan (or additional subordinated loan, if any);

(ix) *ninth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due under the Subordinated Loan (or additional subordinated loan, if any);

(the "**Post-Guarantor Events of Default Priority**" and, together with the Pre-Issuer Event of Default Principal Priority, the Pre-Issuer Event of Default Interest Priority, the Post-Issuer Event of Default Priority, are collectively referred to as the "**Priority of Payments**").

## USE OF PROCEEDS

The net proceeds to the Issuer from the issue of all OBG will be applied by the Issuer for general funding purposes of the Group (including funding of the mortgage loans business of the Group). If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

## DESCRIPTION OF THE TRANSACTION DOCUMENTS

### Master transfer agreement

Pursuant to a master transfer agreement entered into on 29 August 2008, as subsequently amended and supplemented, (the "**Master Transfer Agreement**"), between the Seller and the OBG Guarantor, the Seller assigned to the OBG Guarantor the Initial Portfolio and the parties thereto agreed that the Seller may assign and transfer Mortgage Receivables satisfying the General Criteria and the Specific Criteria and other Assets and/or Integration Assets to the OBG Guarantor from time to time, in the cases and subject to the limits for the transfer of further Assets and/or Integration Assets, on a revolving basis.

The Initial Purchase Price has been determined pursuant to the Master Transfer Agreement. Under the Master Transfer Agreement the relevant parties thereto have acknowledged that the Initial Purchase Price shall be funded through the proceeds granted in accordance with the Subordinated Loan Agreement.

*Further Assignments*

For the assignment of each New Portfolio comprised of Mortgage Receivables, the OBG Guarantor shall pay the Seller an amount equal to the aggregate of the individual receivable price (equal to the value of each Receivable as it results from the Seller's latest balance sheet) of all the Mortgage Receivables in such New Portfolio.

Each New Portfolio shall be composed exclusively of Assets or Integration Assets, which comply with the General Criteria and (if applicable in relation to the relevant issuance, the Specific Criteria) on the relevant purchase date, provided that, pursuant to the BoI OBG Regulations, the Master Transfer Agreement and the Portfolio Administration Agreement, total Integration Assets shall not exceed the Limit to the Integration.

The Further Assignments shall be aimed at:

(a) collateralising and allowing the issue of further series of OBG by the Issuer, subject to the Limits to the Assignment (the "**Issuance Collateralisation Assignment**");

(b) investing the Principal Available Funds in the purchase of further Assets or Integration Assets, provided that a Programme Suspension Period is not continuing (the "**Revolving Assignment**"); and/or

(c) comply with the Over-Collateralisation Test and the Mandatory Tests in accordance with the Portfolio Administration Agreement (the "**Integration Assignment**"), subject to the limits referred to the Limit to the Integration.

The obligation of the OBG Guarantor to purchase any New Portfolio shall be:

(i) conditional upon (a) the existence of sufficient Principal Available Funds to be applied under item (iii) of the Pre-Issuer Default Principal Priority of Payments for the perfection of Revolving Assignments, or (b) the funding of the requested amounts under the Subordinated Loan Agreement for the perfection of Issuance Collateralisation Assignments or Integration Assignments;

(ii) subject to certain conditions subsequent set out in the Master Transfer Agreement.

*Criteria*

Each of the receivables forming part of the Portfolio shall comply with all the General Criteria, while, in the context of the sale of further portfolios of Mortgage Receivables shall comply also with the relevant Specific Criteria.

*Price Adjustments*

The Master Transfer Agreement provides a price adjustment mechanism pursuant to which:

(i) if, following the relevant Effective Date, any mortgage receivable which is part of the Initial Portfolio or of a New Portfolio does not meet the Criteria, then such mortgage receivable will be deemed not to have been assigned and transferred to the OBG Guarantor pursuant to the Master Transfer Agreement;

(ii) if, following the relevant Effective Date, any Mortgage Receivable which meets the Criteria but it is not part of the Initial Portfolio or of a New Portfolio, then such Mortgage Receivable shall be deemed to have been assigned and transferred to the OBG Guarantor as of the Evaluation Date of the relevant Portfolio, pursuant to the Master Transfer Agreement.

In accordance with the above, the Seller and the OBG Guarantor have set up a proper mechanism to manage the necessary settlements for the substitution or acquisition of the relevant Mortgage Receivables and the increase or decrease, as the case may be, of the amounts already paid as Purchase Price.

*Repurchase of receivables and pre-emption right*

The Seller is granted an option right, pursuant to Article 1331 of Italian Civil Code, to repurchase the Mortgage Receivables and/or Securities individually or in block, also in different tranches. In order to exercise the option right, the Seller is required to pay the OBG Guarantor an amount equal to the sum of: (a) the Initial Purchase Price paid to the Seller with reference to such Mortgage Receivable and/or Security, *less* (b) the total amount of the principal amounts collected in the period between the Evaluation Date (excluded) concerning such Mortgage Receivable and/or Security and the Date of Carve Out, *plus* (d) the possible damages and losses borne by the OBG Guarantor as consequences of any claim raised by third parties and referred to such Mortgage Receivable and/or Security.

The Seller is granted a pre-emption right to repurchase Mortgage Receivables and Securities to be sold by the OBG Guarantor to third parties, at the same terms and conditions provided for such third parties. Such pre-emption rights shall cease if the Seller is submitted to any of the procedures set forth in Title V of the Banking Law.

*Termination of the OBG Guarantor's obligation to purchase and termination of the agreement*

Pursuant to the Master Transfer Agreement, the obligation of the OBG Guarantor to purchase New Portfolios shall terminate upon the occurrence of any of the following: (i) a breach of the undertakings and duties assumed by the Seller pursuant to the Transaction Documents, in the event such breach is not cured within the period specified in the Master Transfer Agreement, or it is otherwise not curable; (ii) a breach of the Seller's representations and warranties given in any of the Transaction Documents; (iii) a Seller's material adverse change; (iv) an enforcement against the Sellers' assets, winding-up of the Seller, opening of a bankruptcy or insolvency proceeding; (v) the Seller being submitted to judicial proceeding which may cause the occurrence of a material adverse change of the Seller; (vi) the Programme Termination Date has occurred. Further to the occurrence of an event described above, the OBG Guarantor shall no longer be obliged to purchase New Portfolios.

*Undertakings*

The Master Transfer Agreement also contains a number of undertakings by the Seller in respect of its activities in relation to the Mortgage Receivables, the Securities, the Guarantees and the Loan Agreements. The Seller has undertaken, *inter alia*, to refrain from carrying out activities with respect to the Mortgage Receivables, the Securities and the Guarantees which may prejudice the validity or recoverability of the same and in particular not to assign or transfer the Mortgage Receivables, the Securities and the Guarantees to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the Mortgage Receivables, the Securities and the Guarantees. The Seller also has undertaken to refrain from any action which could cause any of the Mortgage Receivables or Guarantees to become invalid or to cause a reduction in the amount of any of the Receivables or the Guarantee. The Master Transfer Agreement also provides that the Seller shall waive any set off rights in respect of the Mortgage Receivables, and cooperate actively with the OBG Guarantor in any activity concerning the Mortgage Receivables.

*Main Definitions*

For the purposes of the Master Transfer Agreement:

"**Additional Guarantee**" means any guarantee, establishing a right *in rem* or *in personam*, other than the Mortgages, provided by a Debtor, a Guarantor of a Receivable or Security or by any other person or entity in order to guarantee (i) the payments of the Mortgage Receivables and (ii) the satisfaction of the obligations arising from the Loan Agreements and the Securities.

"**Date of Carve Out**" means 30 Business Days starting from the date on which (i) the Seller or the OBG Guarantor (as the case maybe) has been served with a written notice or (ii) an agreement has been reached between the Seller and the OBG Guarantor or (iii) the date fixed by a third party in accordance with the Clause 9.6 (*Arbitraggio*) of the Master Transfer Agreement.

"**Debtor**" means any person, entity or subject, also different from the Beneficiary, who is liable for the payment of amounts due, as principal and interest, in respect of a Mortgage Receivable or Security.

"**Guarantees**" means jointly or, where the context otherwise requires, severally, the Mortgages and the Additional Guarantees.

"**Guarantor of a Receivable or Security**" means any person, entity or subject, different from the Debtor and including any successor, who has granted a Mortgage or an Additional Guarantee in order to guarantee the payments of a Receivable or Security.

"**Mortgages**" means the mortgages established on Real Estates from the relevant Mortgagor in order to guarantee the payments of the Mortgage Receivables.

"**New Portfolio**" means any portfolio of Assets (which, in respect of Mortgage Receivables complies with the General and the Specific Criteria) which, further to the sale of the Initial Portfolio, the Seller will assign to the OBG Guarantor in accordance with the Master Transfer Agreement.

"**Real Estates**" means the real estates subjected to mortgage as guarantee for Mortgage Receivables.

*Governing Law*

The Master Transfer Agreement is governed by Italian Law.

**Warranty and Indemnity Agreement**

Pursuant to a warranty and indemnity agreement entered into on 29 August 2008 by the Seller and the OBG Guarantor (the "**Warranty and Indemnity Agreement**"), the Seller made certain representations and warranties to the OBG Guarantor.

Specifically, as of the date of execution of the Master Transfer Agreement (and with reference to the representations and warranties concerning the Mortgage Receivables and the Securities, also on any relevant effective transfer date) and, with reference to the representations and warranties concerning the Transaction Documents, as of each relevant Issue Date, the Seller has given and will be deemed to repeat to the OBG Guarantor, *inter alia*, certain representations and warranties about: (i) its status and powers, (ii) the information and the documents provided to the OBG Guarantor, (iii) its legal title on the Assets (iv) the status of the Assets, (v) the terms and conditions of the Assets.

Pursuant to the Warranty and Indemnity Agreement, the Seller has undertaken to fully and promptly indemnify and hold harmless the OBG Guarantor and its officers, directors and agents (each, an "**Indemnified Person**"), from and against any and all damages, losses, claims, liabilities, costs and expenses (including, without limitation, reasonable attorney's fees and disbursements and any value added tax and other tax thereon as well as any Receivable for damages by third parties) awarded against, or incurred by, any of them, arising from any representations and/or warranties made by the Seller under the Warranty and Indemnity Agreement being actually false, incomplete or incorrect and/or failure by the Seller to perform any of the obligations and undertakings assumed by the Seller.

Without prejudice of the foregoing, the Seller has further undertaken that, if any Mortgage Receivable or Security does not exist, in whole or in part, (including where such non existence is based only on a judicial pronouncement that is not definitive), the Seller shall immediately pay the OBG Guarantor any damage, costs, expenses incurred by the OBG Guarantor. In the event that, thereafter, any definitive judicial pronouncement recognises that such Receivable exists, the OBG Guarantor shall repay the amounts mentioned above received by the Seller on the immediately subsequent Guarantor Payment Date, in accordance with the relevant Priorities of Payments.

The parties to the Warranty and Indemnity Agreement agreed that, further to the breach of any of the representations and warranties which have not been indemnified by the Seller within 30 days from the notice of the breach, the Seller is entitled to exercise a call option and the OBG Guarantor a put option, in respect of the Mortgage Receivables and the Securities with reference to which a breach of the representations and warranties occurred.

*Governing Law*

The Warranty and Indemnity Agreement is governed by Italian Law.

**Subordinated Loan Agreement**

Pursuant to a subordinated loan agreement entered into on 14 October 2008, by the Seller and the OBG Guarantor (the "**Subordinated Loan Agreement**"), the Seller granted the OBG Guarantor a subordinated loan (the "**Subordinated Loan**") with a maximum amount equal to Euro 7,500,000,000, save for further increases to be determined by the Seller as subordinated loan provider. Following the determination to that effect by the Seller, the maximum amount of the Subordinated Loan has been increased in connection with the purchase of the May 2009 Portfolio and is currently equal to € 17,500,000,000. Under the provisions of such agreement, upon the relevant disbursement notice being filed by the OBG Guarantor, the Seller shall make advances to the OBG Guarantor in amounts equal to the relevant price of the Initial Portfolio and each New Portfolios transferred from time to time to the OBG Guarantor in view of (a) collateralising the issue of further OBG or (b) carrying out an integration of the Portfolio, through Assets or Integration Assets, in order to prevent a breach of the Over-Collateralisation Test or/and of the Mandatory Tests.

The OBG Guarantor shall pay any amounts due under the Subordinated Loan in accordance with the relevant Priorities of Payments. The OBG Guarantor shall use the proceeds arising from the Subordinated Loan Agreement: (i) as consideration in part for the acquisition of Assets from the Seller pursuant to the terms of the Master Transfer Agreement, as described above, and/or (ii) to invest in Integration Assets in an amount not exceeding the prescribed limit.

The Subordinated Loan shall bear interest in an amount equal to the algebraic sum of:

(i) (+) the amount of interest accrued on the Portfolio during the relevant Interest Period of the Subordinated Loan;

(ii) (-) (a) the sum of any amount paid under items from (i) to (ix) of the Pre-Issuer Event of Default Interest Priority or (b) following the occurrence of an Issuer Event of Default and the service of a Notice to Pay, the sum of any amount paid under items from (i) to (ix) of the Post- Issuer Event of Default Interest Priority or (c) following the occurrence of a Guarantor Event of Default, the sum of any amount paid under items from (i) to (v) of the Post-Guarantor Event of Default Priority;

(the "**Subordinated Loan Interest Amount**").

The OBG Guarantor shall reimburse any amount due as principal under the Subordinated Loan Agreement on a lump sump on the last Maturity Date or the Extended Maturity Date, where applicable. If an interpretation of the Bank of Italy, or other competent authority, confirms the possibility for the OBG Guarantor to partially repay the Subordinated Loan prior to the repayment of all the OBG, subject to certain conditions set out therein, the OBG Guarantor will reimburse the Subordinated Loan upon receipt of a request to that effect from the Seller.

*Governing Law*

The Subordinated Loan Agreement is governed by Italian law.

**OBG Guarantee**

Pursuant to a guarantee entered into on 14 October 2008 between the OBG Guarantor and the Representative of the OBG Holders, the OBG Guarantor issued a guarantee securing the payment obligations of the Issuer under the OBG (the "**OBG Guarantee**"), in accordance with the provisions of Law 130 and of the MEF Decree.

Under the terms of the OBG Guarantee, if the Issuer defaults in the payment on the due date (subject to any applicable grace periods) of any moneys due and payable under or pursuant to the OBG, or if any other Issuer Event of Default occurs, the OBG Guarantor has agreed (subject as described below) to pay, or procure to be paid, following the service by the Representative of the OBG Holders of a Notice to Pay, unconditionally and irrevocably to or to the order of the Representative of the OBG Holders (for the benefit of the OBG Holders), any amounts due under the OBG as and when the same were originally due for payment by the Issuer, as of any Maturity Date or, if applicable, Extended Maturity Date.

Pursuant to Article 7-*bis*, paragraph 1, of Law 130 and Article 4 of the MEF Decree, the guarantee provided under the OBG Guarantee is a first demand (*a prima richiesta*), unconditional, irrevocable (*irrevocabile*) and independent guarantee (*garanzia autonoma*) and therefore provides for direct and independent obligations of the OBG Guarantor vis-à-vis the OBG Holders and with limited recourse to the Available Funds, irrespective of any invalidity, irregularity, unenforceability or genuineness of any of the guaranteed obligations of the Issuer. The provisions of the Italian Civil Code relating to *fideiussione* set forth in articles 1939 (*Validità della fideiussione*), 1941, paragraph 1 (*Limiti della fideiussione*), 1944, paragraph 2 (*Escussione preventiva*), 1945 (*Eccezioni opponibili dal fideiussore*), 1955 (*Liberazione del fideiussore per fatto del creditore*), 1956 (*Liberazione del fideiussore per obbligazione futura*) and 1957 (*Scadenza dell 'obbligazione principale*) shall not apply to the OBG Guarantee.

Following the service of a Notice to Pay on the OBG Guarantor, but prior to the occurrence of a Guarantor Event of Default, payment by the OBG Guarantor of the Guaranteed Amounts pursuant to the OBG Guarantee will be made, subject to and in accordance with the Post-Issuer Event of Default Priority, on the relevant Scheduled Due for Payment Date, provided that, if an Extended Maturity Date is envisaged under the relevant Final Terms and actually applied, any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the OBG Guarantor on any Scheduled Payment Date thereafter, up to (and including) the relevant Extended Maturity Date. In addition, where the OBG Guarantor is required to make a payment of a Guaranteed Amount in respect of a Final Redemption Amount payable on the Maturity Date of the relevant Series of OBG, to the extent that the OBG Guarantor has insufficient moneys available after payment of higher ranking amounts and taking into account amounts ranking *pari passu* therewith in the relevant Priorities of Payments, to pay such Guaranteed Amounts, it shall make partial payments of such Guaranteed Amounts in accordance with the Post-Issuer Event of Default Priority.

If, following the service of a Notice to Pay as a result , the Issuer Event of Default consisting of a resolution pursuant to article 74 of the Banking Law issued in respect of the Issuer that had caused the service of such notice is cured and no other Issuer Event of Default or Guarantor Event of Default has occurred and is continuing, the Representative of the OBG Holders will deliver to the OBG Guarantor a notice (the "**Cure Notice**") informing the OBG Guarantor that the Issuer Event of Default (consisting of a resolution pursuant to article 74 of the Banking Law issued in respect of the Issuer) then outstanding has been revoked and the OBG Guarantor's obligation to make payment of the Guaranteed Amounts in accordance with the OBG Guarantee shall cease to apply until the OBG Guarantee has newly enforced by the Representative of the OBG Holders.

Following the service of a Guarantor Acceleration Notice all OBG of all Series will accelerate, in accordance with the Conditions, against the OBG Guarantor becoming due and payable, and they will rank *pari passu* amongst themselves and the Available Funds shall be applied in accordance with the Post-Guarantor Events of Default Priority.

All payments of Guaranteed Amounts by or on behalf of the OBG Guarantor will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature unless such withholding or deduction of such taxes, assessments or other governmental charges are required by law or regulation or administrative practice of any jurisdiction. If any such withholding or deduction is required, the OBG Guarantor will pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The OBG Guarantor will not be obliged to pay any amount to any OBG Holder in respect of the amount of such withholding or deduction.

*Exercise of rights*

Following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the OBG Guarantor, but prior to the occurrence of any Guarantor Event of Default, and with reference and as of the date of administrative liquidation (*liquidazione coatta amministrativa*) of the Issuer in accordance with the provisions of Article 4, paragraph 3 of the MEF Decree, the OBG Guarantor, shall substitute the Issuer in all obligations of the Issuer towards the OBG Holders in accordance with the terms and conditions originally set out for the OBG, so that the rights of payment of the OBG Holders in such circumstance will only be the right to receive payments of the Scheduled Interest and the Scheduled Principal from the OBG Guarantor on the Scheduled Due for Payment Date. In consideration of the substitution of the OBG Guarantor in the performance of the payment obligations of the Issuer under the OBG, the OBG Guarantor (directly or through the Representative of the OBG Holders) shall exercise, on an exclusive basis and, to the extent applicable, in compliance with the provisions of Article 4, paragraph 3 of the MEF Decree, the rights of the OBG Holders vis-à-vis the Issuer and any amount recovered from the Issuer will be part of the Available Funds.

As a consequence and as expressly indicated in the Conditions, the OBG Holders have irrevocably delegated to the OBG Guarantor (also in the interest and for the benefit of the OBG Guarantor) the exclusive right to proceed against the Issuer to enforce the performance of any of the payment obligations of the Issuer under the OBG including any rights of enforcing any acceleration of payment provisions provided under the Conditions or under the applicable legislation. For this purpose the OBG Holders upon request of the OBG Guarantor, shall provide the OBG Guarantor with any powers of attorney and/or mandates as the latter may deem necessary or expedient for taking all necessary steps to ensure the timely and correct performance of its mandate.

For the purposes of the OBG Guarantee:

"**Due for Payment Date**" means: (i) a Scheduled Due for Payment Date or (ii) following the occurrence of a Guarantor Event of Default, the date on which the Guarantor Acceleration Notice is served on the OBG Guarantor. If the Due for Payment Date is not a Business Day, the Due for Payment Date will be the next following Business Day. For the avoidance of doubt, Due for Payment Date does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the guaranteed obligations, by reason of prepayment, mandatory or optional redemption or otherwise.

"**Guaranteed Amounts**" means: (i) prior to the service of a Guarantor Acceleration Notice, with respect to any Guarantor Payment Date, the sum of amounts equal to the Scheduled Interest and the Scheduled Principal, in each case, payable on that Guarantor Payment Date and all amounts payable by the OBG Guarantor under the Transaction Documents ranking senior to any payment due in respect to the OBG according to the applicable Priority of Payments, or (ii) after the service of a Guarantor Acceleration Notice, an amount equal to the relevant Early Redemption Amount (as defined and specified in the Conditions) plus all accrued and unpaid interest and all other amounts due and payable in respect of the OBG, including all Excluded Scheduled Interest Amounts and all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the OBG Guarantor under the Transaction Documents ranking senior to any payment due in respect to the OBG according to the applicable Priority of Payments, provided that any Guaranteed Amounts representing interest paid after the Maturity Date (or Extended Maturity, as the case may be) shall be paid on such dates and at such rates as specified in the relevant Final Terms. The Guaranteed Amounts include any Guaranteed Amount that was timely paid by or on behalf of the Issuer to the OBG Holders to the extent it has been clawed back and recovered from the OBG Holders by the receiver or liquidator, in bankruptcy or other insolvency or similar official for the Issuer named or identified in the order, and has not been paid or recovered from any other source (the "**Clawed Back Amounts**").

"**Scheduled Due for Payment Date**" means:

(a) (A) the date on which the Scheduled Payment Date in respect of such Guaranteed Amounts is reached, and (B) only with respect to the first Scheduled Payment Date immediately after the occurrence of an Issuer Event of Default, the later of (i) the day which is two Business Days following service of the Notice to Pay on the OBG Guarantor in respect of such Guaranteed Amounts and (ii) the relevant Scheduled Payment Date; or

(b) if the applicable Final Terms specified that an Extended Maturity Date is applicable to the relevant series of OBG, the OBG Payment Date that would have applied if the Maturity

Date of such series of OBG had been the Extended Maturity Date or such other OBG Payment Date(s) as specified in the relevant Final Terms.

"**Scheduled Interest**" means in respect of each OBG Payment Date (i) following an Issuer Event of Default and the service of a Notice to Pay on the OBG Guarantor, an amount equal to the amount in respect of interest which would have been due and payable under the OBG on such OBG Payment Date as specified in the Conditions falling on or after service of a Notice to Pay on the OBG Guarantor (but excluding any additional amounts relating to premiums, default interest or interest upon interest, which are hereinafter referred to as the "**Excluded Scheduled Interest Amounts**") payable by the Issuer and (ii) following the service of a Guarantor Acceleration Notice, an amount equal to the amount in respect of interest which would have been due and payable under the OBG on each OBG Payment Date as specified in the Conditions falling on or after the service of a Guarantor Acceleration Notice and including such Excluded Scheduled Interest Amounts (whenever the same arose), less any additional amounts the Issuer would be obliged to pay as result of any gross-up in respect of any withholding or deduction made under the circumstances set out in the Conditions.

"**Scheduled Payment Date**" means, in relation to payments under the OBG Guarantee, each OBG Payment Date.

"**Scheduled Principal**" means in respect of each OBG Payment Date (i) following an Issuer Event of Default and the service of a Notice to Pay on the OBG Guarantor, an amount equal to the amount in respect of principal which would have been due and repayable under the OBG on such OBG Payment Dates or the Maturity Date (as the case may be) as specified in the Conditions (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties or premiums, which are hereinafter referred to as the "**Excluded Scheduled Principal Amounts**") payable by the Issuer and (ii) following the service of a Guarantor Acceleration Notice, an amount equal to the amount in respect of principal which would have been due and repayable under the OBG on each OBG Payment Dates or the Maturity Date (as the case may be) as specified in the Conditions and including such Excluded Scheduled Principal Amounts (whenever the same arose).

*Governing Law*

The OBG Guarantee is governed by Italian law.

**Servicing Agreement**

Pursuant to a servicing agreement entered into on 29 August 2008, between the Servicer and the OBG Guarantor, as subsequently amended and supplemented, (the "**Servicing Agreement**"), the Servicer has agreed to administer and service the Mortgage Receivables, on behalf of the OBG Guarantor. The appointment to the Servicer is not a mandate *in rem propriam* and, therefore, the OBG Guarantor is entitled to revoke or terminate the same in accordance with the provisions set forth in the Servicing Agreement.

As consideration for the activity performed and reimbursement of expenses, the Servicing Agreement provides that the Servicer will receive certain fees payable by the OBG Guarantor on each Guarantor Payment Date in accordance with the applicable Priorities of Payments.

*Servicer's activities*

In the context of the appointment, the Servicer has undertaken to perform, with its best diligence and highest ethical standards, *inter alia*, the activities specified below:

(i) administration, management and collection of the Mortgage Receivables in accordance with the Collection Policies; management and administration of enforcement proceedings and insolvency proceedings;

(ii) to perform certain activities with reference to the data processing pursuant to Legislative Decree no. 196 of 30 June 2003 (the "**Privacy Law**");

(iii) to keep and maintain updated and safe the documents relating to the transfer of the Mortgage Receivables from the Seller to the OBG Guarantor; to consent to the OBG Guarantor and the Representative of the OBG Holders to examine and inspect the Documents and to draw copies;

(iv) upon the occurrence of an Issuer Events of Default, the Servicer may or, in certain case, must, in the name and on behalf of the OBG Guarantor, in accordance with the terms and conditions set forth in the Portfolio Administration Agreement, selling or offer to sell to third parties one or more Assets.

The Servicer is entitled to delegate the performance of certain activities to third parties, except for the supervisory activities in accordance with Bank of Italy Regulations of August 5, 1996, No. 216, as amended and supplemented. Notwithstanding the above, the Servicer shall remain fully liable for the activities performed by a party so appointed by the Servicer, and shall maintain the OBG Guarantor fully indemnified for any losses, costs and damages incurred for the activity performed by a party so appointed by the Servicer.

*Servicer Reports*

The Servicer has undertaken to prepare and submit reports to the OBG Guarantor, the Administrative Services Provider, the Representative of the OBG Holders and the Calculation Agent, in the form set out in the Servicing Agreement, containing information about the Collections made in respect of the Portfolio during the preceding Collection Period. The reports will provide the main information relating to the Servicer's activity during the period, including without limitation: a description of the Portfolio (outstanding amount, principal and interest), information relating to delinquencies, defaults and collections during the Collection Period.

On an annual basis, an audit firm agreed with between the parties will be instructed to issue an audit report on the activities (including monitoring activities) performed by the Servicer throughout the last year.

*Successor Servicer*

According to the Servicing Agreement, upon the occurrence of a termination or withdrawal event, the OBG Guarantor shall have the right to withdraw the appointment of the Servicer and, subject to the approval in writing of the Representative of the OBG Holders, to appoint a different entity (the "**Successor Servicer**"). The Successor Servicer shall undertake to carry out the activity of administration, management and collection of the Mortgage Receivables, as well as all other activities provided for in the Servicing Agreement by entering into a servicing agreement having substantially the same form and contents as the Servicing Agreement and accepting the terms and conditions of the Intercreditor Agreement.

The OBG Guarantor may terminate the Servicer's appointment and appoint a Successor Servicer following the occurrence of any of the termination event (each a "**Servicer Termination Event**"). The Servicer Termination Events include:

(i) failure to transfer, deposit or pay any amount due by the Servicer within 10 Business Days from the date on which such amount has been required to be transferred, paid or deposited;

(ii) failure to observe or perform duties under specified clauses of the Servicing Agreement and the continuation of such failure for a period of 10 Business Days following receipt of written notice from the OBG Guarantor;

(iii) an insolvency, liquidation or winding up event occurs with respect to the Servicer;

(iv) failure to observe or perform duties under the Transaction Documents and the continuation of such failure for a period of 10 Business Days following receipt of written notice from the OBG Guarantor where such breach prejudiced the reliance of the OBG Guarantor on the Servicer;

(v) amendments of the functions and services involved in the management of the Mortgage Receivables and in the recovery and collection procedures, if such amendments may individually or jointly, prevent the Servicer from fulfilling the obligations assumed under the Servicing Agreement;

(vi) inability of the Servicer to meet the legal requirements and the Bank of Italy's regulations for entities acting as servicer.

*Back-Up Servicer*

In case of loss by the Servicer of the minimum required ratings provided for under the Servicing Agreement, the OBG Guarantor shall appoint within 60 Business Days from the date on which such loss has been notified by the Servicer, a financial intermediary or a bank, having the requirements provided for in relation to the Successor Servicer, recommended by the Servicer within 30 Business Days and which will take the place of the Servicer in case of termination of the Servicing Agreement (the "**Back-Up Servicer**"). The Back-Up Servicer shall enter into, *inter alia*, a servicing agreement having substantially the same form and contents as the Servicing Agreement and accepting the terms and conditions of the Intercreditor Agreement.

*Governing Law*

The Servicing Agreement is governed by Italian law.

**Administrative Services Agreement**

Pursuant to an administrative services agreement entered into on 29 August 2008 (the "**Administrative Services Agreement**"), between the Administrative Services Provider and the OBG Guarantor, the Administrative Services Provider has agreed to provide the OBG Guarantor with a number of administrative services, including the keeping of the corporate books and of the accounting and tax registers.

*Governing Law*

The Administrative Services Agreement is governed by Italian law.

**Intercreditor Agreement**

Pursuant to an intercreditor agreement entered into on 14 October 2008 (the "**Intercreditor Agreement**") among, *inter alia*, the OBG Guarantor, the Representative of the OBG Holders (in its own capacity and as legal representative of the Organisation of the OBG Holders), the Issuer, the Seller, the Subordinated Loan Provider, the Servicer, the Administrative Services Provider, the Account Bank, the Paying Agent, the Cash Manager, the Asset Monitor and the Calculation Agent, the parties agreed that all the Available Funds of the OBG Guarantor will be applied in or towards satisfaction of the OBG Guarantor's payment obligations towards the OBG Holders as well as the other Secured Creditors, in accordance with the relevant Priorities of Payments provided in the Intercreditor Agreement.

According to the Intercreditor Agreement, the Representative of the OBG Holders will, subject to a Guarantor Events of Default having occurred and the service of a Guarantor Acceleration Notice, ensure that all the Available Funds are applied in or towards satisfaction of the OBG Guarantor's payment obligations towards the OBG Holders as well as the other Secured Creditors, in accordance with the Post-Guarantor Default Priority of Payments provided in the Intercreditor Agreement.

The obligations owed by the OBG Guarantor to each of the OBG Holders and each of the other Secured Creditors will be limited recourse obligations of the OBG Guarantor. The OBG Holders and the other Secured Creditors will have a claim against the OBG Guarantor only to the extent of the Available Funds, in each case subject to and as provided for in the Intercreditor Agreement and the other Transaction Documents.

The OBG Guarantor has granted a general irrevocable mandate to the Representative of the OBG Holders, in the interest of the OBG Holders and the other Secured Creditors, to act in the name and on behalf of the OBG Guarantor on the terms and conditions specified in the Intercreditor Agreement, in exercising the rights of the OBG Guarantor under the Transaction Documents to which it is a party, other than the rights related to the collection and recovery of the Mortgage Receivables and to cash and payment services (save, in this respect, as provided otherwise therein).

*Governing Law*

The Intercreditor Agreement is governed by Italian law.

**Cash Management and Agency Agreement and Calculation Agency Agreement**

Pursuant to a cash management and agency agreement entered into on 14 October 2008, between, *inter alia*, the OBG Guarantor, the Cash Manager, the Account Bank, the Paying Agent, the Servicer, the Administrative Services Provider, the Calculation Agent and the Representative of the OBG Holders (the "**Cash Management and Agency Agreement**"):

(i) the Account Bank has agreed to establish and maintain the Collection Accounts, the Reserve Account and the Expenses Account and to provide, *inter alia*, the OBG Guarantor, prior to each Calculation Date, with a report together with account handling services in relation to moneys from time to time standing to the credit of the accounts above mentioned;

(ii) the Cash Manager will provide, *inter alia*, the OBG Guarantor, on or prior to each Calculation Date, with a report together with certain cash management services in relation to moneys standing to the credit of the Accounts;

(iii) the Calculation Agent (with the cooperation of the Additional Calculation Agent) will provide, *inter alia*, the OBG Guarantor: (i) with a payments report (the "**Payments Report**") which will set out the Available Funds and the payments to be made on the following OBG Payment Date and (ii) with an investors report (the "**Investors Report**") which will set out certain information with respect to the Portfolio and the OBG;

(iv) the Paying Agent will provide the Issuer and the OBG Guarantor with certain payment services in respect of the OBG and has agreed to establish and maintain the Payment Account, the Eligible Investments Account and the Security Account. Following the delivery of a Notice to pay or a Guarantor Acceleration Notice, the Paying Agent shall make payments of principal and interest in respect of the Guaranteed Amounts on behalf of the OBG Guarantor upon being so instructed.

Upon the occurrence of certain events with the reference to the Account Bank, the Cash Manager, the Calculation Agent or the Paying Agent, including:

(i) the default to perform their own duties and obligations under the Cash Management and Agency Agreement;

(ii) the cessation or threatens to cease to carry on their business or a substantial part of their business or stop payment or threatens to stop payment of their debts;

(iii) the inability to perform their obligations under such agreement for a period of sixty days by circumstances beyond its reasonable control;

either the Representative of the OBG Holders or the OBG Guarantor, provided that (in the case of the OBG Guarantor) the Representative of the OBG Holders consents in writing to such termination, may terminate the appointment of the relevant Agent under the terms of the Cash Management and Agency Agreement. Notwithstanding the above, none of the Agents shall be released from its respective obligations under the Cash Management and Agency Agreement until the relevant substitute has been appointed by the Representative of the OBG Holders and/or the OBG Guarantor and has accepted the Deed of Pledge, the Deed of Charge and has entered into the Intercreditor Agreement, the Master Definitions Agreement and an agreement on the same terms *mutatis mutandis* as the Cash Management and Agency Agreement.

Pursuant to the terms of the Cash Management and Agency Agreement, the OBG Guarantor has appointed, in accordance with a calculation agency agreement entered into on 14 May 2009 (the "**Calculation Agency Agreement**"), the Additional Calculation Agent for the purposes of carrying out certain calculation, notification and reporting services. The Additional Calculation Agent will carry out its services under the supervision of the Calculation Agent which will assume responsibility for the activities delegated to the Additional Calculation Agent. Pursuant to the terms of the Calculation Agency Agreement, the commissions and fees of the Additional Calculation Agent will be a portion of the commissions and fees payable to the Calculation Agency (and the corresponding amount thereof is deducted accordingly from the commissions and fees payable to the Calculation Agent) and shall be payable according to item (ii) of the Pre-Issuer Event of Default Interest Priority or item (ii) of the Post-Issuer Event of Default Priority or item (ii) of the Post-Guarantor Event of Default Priority, as the case may be, in each case *pro rata* and *pari passu* with the amounts payable to the Calculation Agent. Pursuant to the Calculation Agency Agreement, the obligations owed by the OBG Guarantor to the Additional Calculation Agent will be limited recourse obligations of the OBG Guarantor limited to the Available Funds. The Additional Calculation Agent will have a claim against the OBG Guarantor only to the extent of the Available Funds, in each case subject to and as provided for in the Calculation Agency Agreement and the other Transaction Documents.

*Governing Law*

Each of the Cash Management and Agency Agreement and the Calculation Agency Agreement are governed by Italian law.

**Portfolio Administration Agreement**

Pursuant to a portfolio administration agreement entered into on 14 October 2008, as subsequently amended, between the OBG Guarantor, the Issuer, the Seller, the Asset Monitor, the Representative of the OBG Holders and the Calculation Agent (the "**Portfolio Administration Agreement**"), the Seller, the Issuer and the OBG Guarantor have undertaken certain obligations for the replenishment of the Portfolio in order to cure a breach of the Mandatory Tests or the Over-Collateralisation Test and the purchase and sale by the OBG Guarantor of the assets included in Portfolios.

Pursuant to the terms and conditions of the Portfolio Administration Agreement, the Calculation Agent has agreed to verify the compliance of the Mandatory Tests and the Over-Collateralisation Test and, in the event of a breach, to immediately notify in writing the Representative of the OBG Holders, the Issuer, the Seller, any Additional Seller (if any), the Asset Monitor and OBG Guarantor of such breach. Respectively on each Calculation Date and each OC Calculation Date, moreover, the Calculation Agent shall deliver an asset cover report including the relevant calculations in respect of the Mandatory Tests and the Over Collateralisation Test to the Issuer, the Seller, any Additional Seller (if any), the Representative of the OBG Holders and the Asset Monitor.

Following the delivery of a Notice to Pay (and prior to the occurrence of any Guarantor Events of Default), the OBG Guarantor shall (if necessary in order to effect timely payments under the OBG as originally scheduled in the relevant Final Terms, as determined by the Calculation Agent in consultation with the Portfolio Manager), direct the Servicer to sell Selected Assets all or part of the Portfolio in accordance with the Portfolio Administration Agreement, subject to any pre-emption right of the Seller and any Additional Seller (if any) pursuant to the Master Transfer Agreement or any other Transaction Documents. The proceeds of any such sale shall be credited to the Principal Collection Account and invested in accordance with the terms of the Cash Management and Agency Agreement.

For so long as there are OBG outstanding, following service of a Notice to Pay (but prior to the occurrence of a Guarantor Event of Default) UniCredit (as Seller and Issuer) and the Additional Seller (if any) shall procure to verify on a continuing basis, and on each Calculation Date, the compliance of the Amortisation Test. If the Amortisation Test is breached a Guarantor Event of Default shall occur.

Following the delivery of a Guarantor Acceleration Notice, the Representative of the OBG Holders shall, in the name and on behalf of the OBG Guarantor, direct the Servicer to sell Selected Assets in accordance with the Portfolio Administration Agreement, subject to any pre-emption right of UniCredit (as Seller and Issuer) or any Additional Servicer (if any) pursuant to the Master Transfer Agreement or any other Transaction Documents. The proceeds of any such sale shall be credited to the Principal Collection Account and applied in accordance with the relevant Priority of Payments.

If the OBG Guarantor is required to sell Selected Assets following the occurrence of a Guarantor Event of Default, the Representative of the OBG Holders shall (i) in the name and on behalf of the OBG Guarantor (so authorised by means of the execution of the Portfolio Administration Agreement) instruct the Servicer or Substitute Servicer (if any) to sell a portfolio of Selected Assets in respect of all the Series of OBG and (ii) instruct the Portfolio Manager to use all reasonable endeavours to procure that Selected Assets are sold as quickly as reasonably practicable taking into account the market conditions at that time.

*Governing Law*

The Portfolio Administration Agreement is governed by Italian law.

**Asset Monitor Agreement**

Pursuant to an asset monitor agreement entered into on 14 October 2008, among, *inter alios*, the Asset Monitor, the OBG Guarantor, the Calculation Agent, the Issuer, the Seller and the Representative of the OBG Holders (the "**Asset Monitor Agreement**"), the Asset Monitor will perform certain tests and procedures and carry out certain monitoring and reporting services with respect to the Issuer and the OBG Guarantor.

Pursuant to the Asset Monitor Agreement, the Asset Monitor has agreed to the Issuer and, upon delivery of a Notice to Pay, to the OBG Guarantor, subject to due receipt of the information to be provided by the Calculation Agent, to conduct independent tests in respect of the calculations performed by the Calculation Agent for the Mandatory Tests, the Over-Collateralisation Test and the Amortisation Test, as applicable with a view to verifying the compliance by the OBG Guarantor with such tests.

The Asset Monitor will be required to conduct such tests no later than the relevant Asset Monitor Report Date (as defined under the Asset Monitor Agreement). On each Asset Monitor Report Date, the Asset Monitor shall deliver to the OBG Guarantor, the Calculation Agent, the Representative of the OBG Holders, the Issuer and the Rating Agencies a report substantially in the form set forth under the Asset Monitor Agreement.

Other than in relation to the verification of the Mandatory Tests, the Over-Collateralisation Test and the Amortisation Test, the Asset Monitor is entitled, in the absence of manifest error, to assume that all information provided to it under this Agreement is true and correct and is complete and not misleading. The results of the tests conducted by the Asset Monitor will be delivered to the Cash Manager, the OBG Guarantor, the Issuer, the Representative of the OBG Holders and the Rating Agencies.

In the Asset Monitor Agreement, the Asset Monitor has acknowledged to perform its services also for the benefit and in the interests of the OBG Guarantor (to the extent it will carry out the services under the appointment of the Issuer) and the OBG Holders and accepted that upon delivery of a Notice to Pay, it will receive instructions from, provide its services to, and be liable *vis-à-vis* the OBG Guarantor or the Representative of the OBG Holders on its behalf.

The OBG Guarantor will pay to the Asset Monitor a fee per test for the tests to be performed by the Asset Monitor in the amount set out in the Asset Monitor Agreement from time to time.

The Issuer and (upon delivery of a Notice to Pay) the OBG Guarantor may, subject to the prior written consent of the Representative of the OBG Holders, revoke the appointment of the Asset Monitor by giving not less than six 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 OBG Holders). If termination of the appointment of the Asset Monitor would otherwise take effect less than 30 days before or after any Calculation Date immediately after which an Asset Monitor Report shall be delivered, then such termination shall not take effect until the tenth day following such Calculation Date. In any case, no revocation of the appointment of the Asset Monitor shall take effect until a successor, approved by the Representative of the OBG Holders, has been duly appointed.

The Asset Monitor may, at any time, resign by giving not less than six months (or such shorter period as the Representative of the OBG Holders may agree) prior written notice of termination to the Issuer, the OBG Guarantor and the Representative of the OBG Holders, provided that such resignation will not take effect unless and until, *inter alia*: (i) a substitute Asset Monitor being appointed by the Issuer and (upon delivery of a Notice to Pay) the OBG Guarantor, with the prior written approval of the Representative of the OBG Holders, on substantially the same terms as those set out in this Agreement; (ii) the Asset Monitor being not released from its obligations under the Asset Monitor Agreement until a substitute Asset Monitor has entered into such new agreement and it has become a party to the Intercreditor Agreement; and (iii) the then current ratings of each Series of OBG by the Rating Agencies not being adversely affected as a result of such resignation.

*Governing Law*

The Asset Monitor Agreement is governed by Italian law.

**Quotaholders' Agreement**

Pursuant to a quotaholders' agreement entered into on 14 October 2008 between the OBG Guarantor, the Seller, SVM and the Representative of the OBG Holders (the "**Quotaholders' Agreement**") the parties have undertaken certain provisions in relation to the management of the OBG Guarantor. In addition, pursuant to the Quotaholders' Agreement, SVM granted a call option in favour of the Seller to purchase from SVM and the Seller granted a put option in favour of SVM to sell to the Seller the quota of the OBG Guarantor quota capital held by SVM.

*Governing Law*

The Quotaholders' Agreement is governed by Italian law.

**Dealer Agreement**

Pursuant to a dealer agreement entered into on 14 October 2008, between the Issuer, the Seller, the OBG Guarantor, the Representative of OBG Holders and the Dealers (the "**Dealer Agreementt**"), the parties have agreed certain arrangements under which the OBG may be issued and sold, from time to time, by the Issuer to any one or more of the Dealers.

The Issuer will indemnify the Dealers for costs, liabilities, charges, expenses and claims incurred by or made against the Dealers arising out of, in connection with or based on breach of duty or misrepresentation by the Issuer.

The Dealer Agreement contains provisions relating to the resignation or termination of appointment of existing Dealers and for the appointment of additional or other dealers acceding as new dealer: (i) generally in respect of the Programme or (ii) in relation to a particular issue of OBG.

The Dealer Agreement contains stabilisation provisions.

Pursuant to the Dealer Agreement, the Issuer, the OBG Guarantor and the Seller gave certain representations and warranties to the Dealers in relation to, *inter alia*, theirselves and the information given respectively by each of them in connection with this Prospectus.

*Governing Law*

The Dealer Agreement is governed by Italian law.

**Subscription Agreement**

The Dealer Agreement also contains the *pro forma* of the Subscription Agreement to be entered into in relation to each issue of OBG issued on a syndicated basis.

On or prior to the relevant Issue Date, the Issuer, the Dealers who are parties to such Subscription Agreement (the "Relevant Dealers") will enter into a subscription agreement under which the Relevant Dealers will agree to subscribe for the relevant Tranche of OBG, subject to the conditions set out therein.

Under the terms of the Subscription Agreement, the Relevant Dealers will confirm the appointment of the Representative of the OBG Holders.

A simplified procedure is provided for the issuance of OBG on a non-syndicated basis.

*Governing Law*

The Subscription Agreement is governed by Italian law.

**Deed of Pledge**

Pursuant to a deed of pledge entered into on 14 October 2008 between the OBG Guarantor, the Representative of the OBG Holders and the other Secured Creditors (the "**Deed of Pledge**"), which the OBG Guarantor pledged in favour of the OBG Holders and the Secured Creditors all the monetary claims and rights and all the amounts payable from time to time (including payment for Mortgage Receivables, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled pursuant or in relation to the Transaction Documents (other than the English Law

Documents, the Deed of Pledge and the Conditions), including the monetary claims and rights relating to the amounts standing to the credit of the Accounts and any other account established by the OBG Guarantor in accordance with the provisions of the Transaction Documents.

*Governing Law*

The Deed Pledge is governed by Italian law.

**Deed of Charge**

Pursuant to the terms of and English law deed of charge entered into between the OBG Guarantor and the Representative of the OBG Holders on 14 October 2008 and the English law deed of charge subsequently executed for the purposes of verification on 28 November 2008 by the OBG Guarantor and the Representative of the OBG Holders (the "**Deed of Charge**") the OBG Guarantor has assigned by way of security to, and charged in favour of, the Representative of the OBG Holders (acting in its capacity as Security Trustee for itself and on trust for the OBG Holders and the Secured Creditors), all of its rights, title, interest and benefit from time to time in and to the Swap Agreements.

*Governing Law*

The Deed of Charge is governed by English law.

**Portfolio Swaps**

In order to hedge the interest rate and/or currency risks related to the transfer of each Portfolio, the OBG Guarantor will enter into one or more swap transactions with the Portfolio Hedging Counterparty, on the date of each transfer, subject to a 1992 International Swaps and Derivatives Association Inc. (ISDA) Master Agreement (Multicurrency - Cross Border), including Schedule and Credit Support Annex (each a "**Portfolio Swap**" and together the "**Portfolio Swaps**").

With respect to a swap transaction (herein referred to as a "**Portfolio Front Swap Agreement**"), the respective Portfolio Hedging Counterparty will, *inter alia*, be required to have the Minimum Required Hedging Counterparty Rating provided for under the Transaction Documents. If the rating of a Portfolio Hedging Counterparty falls below such Minimum Required Hedging Counterparty Rating or if the Portfolio Hedging Counterparty fails to perform its obligations under the respective Portfolio Front Swap Agreement resulting in the OBG Guarantor being entitled to terminate such Portfolio Front Swap Agreement, the Portfolio Hedging Counterparty will be required to either (a) transfer all of its rights and obligations with respect to the Portfolio Front Swap Agreement to a replacement swap counterparty with appropriate ratings; or (b) activate an appropriate mark-to-market collateral agreement; or (c) obtain a guarantee from a third party with appropriate ratings in relation to its obligations under the Portfolio Front Swap Agreement.

A Portfolio Front Swap Agreement may also be terminated upon the occurrence of any Event of Default, Termination Event or Additional Termination Event, each as defined in the respective Portfolio Swap (each such event a "**Portfolio Swap Early Termination Event**").

Upon the termination of such Portfolio Swap, the OBG Guarantor or the Portfolio Hedging Counterparty may be liable to make a termination payment to the other in accordance with the provisions of the respective Portfolio Swap.

In order to match the respective cash flows to be exchanged between the OBG Guarantor and the respective Portfolio Hedging Counterparty, each such Portfolio Front Swap Agreement will be replicated by a swap transaction which mirrors the economic terms of the Portfolio Front Swap Agreement but with reversed payment flows (herein referred to as a "**Portfolio Mirror Swap Agreement**"). The Portfolio Hedging Counterparty for such Portfolio Mirror Swap Agreement, however, is not, *inter alia*, required to have the Minimum Required Hedging Counterparty Rating. In addition, a Portfolio Mirror Swap Transaction terminates at zero cost following to occurrence of (i) the substitution of the Portfolio Hedging Counterparty under the Portfolio Front Swap Agreement, (ii) the service of a Notice to Pay following an Issuer Event of Default or (iii) a redemption for tax reasons pursuant to Condition 9(c).

*Governing Law*

The Portfolio Swaps are governed by English law.

**OBG Swaps**

In order to hedge the currency and/or interest rate exposure in relation to its floating or fixed rate obligations under the OBG, the OBG Guarantor will enter into one or more swap transactions with the OBG Hedging Counterparty on each Issue Date subject to a 1992 International Swaps and Derivatives Association Inc. (ISDA) Master Agreement (Multicurrency - Cross Border), including Schedule and Credit Support Annex (each a "**OBG Swap**" and jointly the "**OBG Swaps**"). In addition, a confirmation will be executed in respect of each tranche, as applicable, of OBG whose Specified Currency is different to then applicable currency in respect of the Loans in the respective Portfolio, to hedge certain interest rate, currency and/or other risks in respect of amounts received by the OBG Guarantor under the Loans, the Portfolio Swaps and amounts payable by the OBG Guarantor under the Subordinated Loan Agreement (prior to the occurring of a Guarantor Events of Default) and under the OBG Guarantee in respect of OBG (after the service of a Guarantor Events of Default). Where required to hedge such risks, there will be one (or more) OBG Swap(s) in relation to each tranche, as applicable, of OBG.

With respect to swap transaction (herein referred to as an "**OBG Front Swap Agreement**") the OBG Hedging Counterparty will, *inter alia*, be required to have the Minimum Required Hedging Counterparty Rating provided for under the Transaction Documents. If the rating of a OBG Hedging Counterparty falls below such Minimum Required Hedging Counterparty Rating or if the OBG Hedging Counterparty fails to perform its obligations under the respective OBG Front Swap Agreement resulting in the OBG Guarantor being entitled to terminate such OBG Front Swap Agreement, the OBG Hedging Counterparty will be required to either (a) transfer all of its rights and obligations with respect to the OBG Front Swap Agreement to a replacement swap counterparty with appropriate ratings; or (b) activate an appropriate mark-to-market collateral agreement; or (c) obtain a guarantee from a third party with appropriate ratings in relation to its obligations under the OBG Front Swap Agreement.

An OBG Front Swap Agreement may also be terminated upon the occurrence of any Event of Default, Termination Event or Additional Termination Event, each as defined in the respective OBG Swap (each such event a "**OBG Swap Early Termination Event**").

In order to match the respective cash flows to be exchanged between the OBG Guarantor and the respective OBG Hedging Counterparty, each such OBG Front Swap Agreement will be replicated by a swap transaction which mirrors the economic terms of the OBG Front Swap Agreement but with reversed payment flows (herein referred to as an "**OBG Mirror Swap Agreement**"). The OBG Hedging Counterparty for such OBG Mirror Swap Agreement, however, is not, *inter alia*, required to have the Minimum Required Hedging Counterparty Rating. In addition, an OBG Mirror Swap Transaction terminates at zero cost following to occurrence of (i) the substitution of the OBG Hedging Counterparty under the OBG Front Swap Agreement, (ii) the service of a Notice to Pay following an Issuer Event of Default, (iii) a redemption for tax reasons pursuant to Condition 9(c), or (iv) a redemption pursuant to Condition 9(d).

*Governing Law*

The OBG Swaps are governed by English law.

**Master Definition Agreement**

Pursuant to a master definition agreement entered into on 14 October 2008 between the OBG Guarantor and the other parties to the Transaction Documents (the "**Master Definition Agreement**"), the definitions of certain terms used in the Transaction Documents have been agreed.

*Governing Law*

The Master Definition Agreement is governed by Italian law.

## SELECTED ASPECTS OF ITALIAN LAW

*The following is a summary only of certain aspects of Italian law that are relevant to the transactions described in this Prospectus and of which prospective OBG Holders should be aware. It is not intended to be exhaustive and prospective OBG Holders should also read the detailed information set out elsewhere in this Prospectus.*

### Law 130 and article 7-bis thereof - General remarks

Law 130 was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy.

Law Decree of 14 March 2005, No. 35, converted with amendments into law by law 14 May 2005, No. 80, added articles 7-*bis* and 7-*ter* to the Law 130, which regulate the issuance of covered bonds (*obbligazioni bancarie garantite*).

Pursuant to article 7-*bis*, certain provisions of the Law 130 apply to transactions involving the "true" sale (by way of non-gratuitous assignment) of receivables meeting certain eligibility criteria set out in article 7-*bis* and in the MEF Decree, where the sale is to a special purpose vehicle incorporated pursuant to article 7-*bis* and all amounts paid by the debtors are to be used by the special purpose vehicle exclusively to meet its obligations under a guarantee to be issued by it, in view of securing the payment obligations of the selling bank or of other banks in connection with the issuance of covered bonds (the "**Covered Bonds Guarantee**").

Pursuant to Article 7-*bis*, the purchase price of the assets to be comprised in the cover pool shall be financed through the taking of a loan granted or guaranteed by the bank selling the assets. The payment obligations of the special purpose vehicle under such loan shall be subordinated to the payment obligations of the issuing bank *vis-à-vis* the covered bonds holders, the counterparties of any derivative contracts hedging risks in connection with the assigned receivables and securities, the counterparties of any other ancillary contract and counterparties having a claim in relation to any payment of other costs of the transaction.

The OBG are further regulated by the BoI OBG Regulations, under which the covered bonds may be issued also by banks which are member of banking groups meeting certain requirements relating to the consolidated regulatory capital and the consolidated solvency ratio at the group's level. Such requirements must be complied with also by banks selling the assets, where the latter are different from the bank issuing the covered bonds.

### Eligibility criteria of the assets and limits to the assignment of assets

Under the MEF Decree, the following assets, *inter alia*, may be assigned to the purchasing company, together with any ancillary contracts aimed at hedging the financial risks embedded in the relevant assets: (i) residential mortgage receivables, where the relevant amount outstanding added to the principal amount outstanding of any previous mortgage loans secured by the same property by the seller, does not exceed 80 per cent. of the value of the mortgaged property (the "**Residential Mortgage Receivables**"), (ii) non residential mortgage receivables, where the relevant amount outstanding added to the principal amount outstanding of any previous mortgage loans secured by the same property by the seller, does not exceed 60 per cent. of the value of the property (the "**Non-**

**Residential Mortgage Receivables**" and, together with the Residential Mortgage Receivables, the "**Mortgage Receivables**"), (iii) securities satisfying the requirements set forth under article 2, paragraph 1, letter c) of the MEF Decree (as define below) (the "**Public Securities**") and (iv) securities issued in the framework of securitisations with 95% of the underlying assets of the same nature as in (i) and (ii) above and having a risk weighting non higher than 20% under the standardised approach (the "**ABS Securities**" and, together with the Mortgage Receivables and the Public Securities, the "**Assets**"), and, within certain limits, Integration Assets.

The BoI OBG Regulations set out certain limits to the possibility for banks to assign eligible assets, which are based on the level of the consolidated solvency ratio ("**CSR**") and the "tier 1 ratio" (the "**T1R**"), in accordance with the following table, contained in the BoI OBG Regulations:

| Capital adequacy condition | | Limits to the assignment |
|---|---|---|
| Group "a" | CSR > 11% and T1R > 7% | No limits |
| Group "b" | CSR > 10% and < 11% and T1R > 6,5% | Assignment allowed up to 60% of the eligible assets |
| Group "c" | CSR > 9% and < 10% and T1R > 6% | Assignment allowed up to 25% of the eligible assets |

The relevant CSR and T1R set out in the table relate to the aggregate of the OBG transactions launched by the relevant banking group.

The Limits to the Assignment do not apply in case of Integration (as defined below) of the cover pool, provided that Integration is allowed exclusively within the limits set out by the BoI OBG Regulations.

**Ring-Fencing of the Assets**

Under the terms of article 3 of the Law 130, the assets relating to each transaction will by operation of law be segregated for all purposes from all other assets of the special purpose vehicle which purchases the receivables. On a winding up of the special purpose vehicle such assets will only be available to holders of the covered bonds in respect of which the special purpose vehicle has issued a guarantee and to the other secured creditors of the SPV. In addition, the assets relating to a particular transaction will not be available to the holders of OBG issued in relation to any other transaction or to general creditors of the special purpose vehicle.

However, under Italian law, any other creditor of the special purpose vehicle would be able to commence insolvency or winding up proceedings against the special purpose vehicle in respect of any unpaid debt.

**The Assignment**

The assignment of the receivables under the Law 130 will be governed by article 58 paragraph 2, 3 and 4, of the Legislative Decree No. 385 of 1 September 1993 (the "**Banking Law**"). The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Law 130, is that the assignment can be perfected against the selling bank, assigned debtors and third party creditors by way of publication of a notice in the Italian Official Gazette and by way of registration of such notice in the register of enterprises (*registro delle imprese*) at which the special purpose vehicle is registered, so avoiding the need for notification to be served on each debtor.

As from the latest to occur between the date of publication of the notice of the assignment in the Italian Official Gazette and the date of registration of such notice with the competent Register of Enterprises, the assignment becomes enforceable against:

(a) the debtors and any creditors of the selling bank who have not, prior to the date of publication of the notice, commenced enforcement proceedings in respect of the relevant receivables;

(b) the liquidator or any other bankruptcy officials of the debtors (so that any payments made by a debtor to the SPV may not be subject to any claw-back action according to article 67 of Royal Decree no. 267 of 16 March 1942 (*Legge Fallimentare*); the "**Bankruptcy Law**");

(c) other permitted assignees of the seller who have not perfected their assignment prior to the date of publication.

Upon the completion of the formalities referred to above, the benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned receivables will automatically be transferred to and perfected with the same priority in favour of the special purpose vehicle, without the need for any formality or annotation.

As from the latest to occur between the date of publication of the notice of the assignment in the Italian Official Gazette and the date of registration of such notice with the competent Register of Enterprises, no legal action may be brought against the receivables assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the holders of the OBG and to meet the costs of the transaction.

However, article 7-*bis*, paragraph. 4, also provides that where the functions of servicer (*soggetto incaricato della riscossione dei crediti*) are attributed, in the context of covered bonds transaction, to an entity other than the assigning bank (whether from the outset or eventually), notice of such circumstance shall be given notice by way of publication in the Italian Official Gazette and registered mail with return receipt to the relevant public administrations.

**Exemption from claw-back**

Assignments executed under the Law 130 are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the transaction is entered into within three months of the adjudication of bankruptcy of the relevant party or in cases where paragraph 1 of article 67 applies, within six months of the adjudication of bankruptcy.

The subordinated loan to be granted to the special purpose vehicle and the Covered Bonds Guarantee are subject to the provisions of article 67, paragraph 4, of the Bankruptcy Law, pursuant to which the provisions of article 67 relating to the claw back of for-consideration transactions, payments and guarantees do not apply to certain transactions.

**Tests set out in the MEF Decree**

Pursuant to article 3 of the MEF Decree the issuing bank and the assigning bank (to the extent different from the issuer), will have to ensure that, in the context of the transaction, the following tests are satisfied on an ongoing basis:

(i) the outstanding aggregate nominal amount of the cover pool shall be higher than, or equal to, the aggregate nominal amount of the outstanding covered bonds;

(ii) the net present value of the cover pool, net of the transaction costs to be borne by the special purpose vehicle, including therein the expected costs and the costs of any hedging arrangement entered into in relation to the transaction, shall be higher than, or equal to, the net present value of the outstanding covered bonds;

(iii) the amount of interests and other revenues generated by the assets included in the portfolio, net of the costs borne by the special purpose vehicle, shall be higher than the interests and costs due under the outstanding covered bonds, taking also into account any hedging arrangements entered into in relation to the transaction;

(the above tests are jointly defined as the "**Mandatory Tests**").

For the purpose of ensuring compliance with the tests described above and pursuant to article 2 of the MEF Decree, in addition to eligible assets which are generally eligible, the following assets may be used for the purpose of the integration of the cover pool:

(a) the creation of deposits with banks incorporated in public administrations of States comprised in the European Union, the European Economic Space and the Swiss Confederation (the "**Admitted States**" or in a State which attract a risk weight factor equal to 0% under the "**Standardised Approach**" to credit risk measurement;

(b) the assignment of securities issued by the banks referred to under (a) above, having a residual maturity not exceeding one year.

(the "**Integration Assets**").

Integration through Integration Assets shall be allowed within the limits of 15% of the nominal value of the assets included in the portfolio.

In addition, pursuant to article 7-bis and the MEF Decree, integration of the cover pool-whether through assets or through Integration Assets - (the "**Integration**") shall be carried out in accordance with the modalities, and subject to the limits, set out in the BoI OBG Regulations.

More specifically, under the BoI OBG Regulations, the Integration is allowed exclusively for the purpose of (a) complying with the Mandatory Tests; (b) complying with any contractual overcollateralisation requirements agreed by the parties to the relevant agreements or (c) complying with the 15% maximum amount of Integration Assets within the portfolio. Limits to the Assignment do not apply to the Integration Assignment.

The Integration is not allowed in circumstances other than as set out in the BoI OBG Regulations. In any event, Integration Assets may be replaced at any time without any limitation with Eligible Assets.

**The features of the OBG Guarantee**

According to Article 4 of the MEF Decree the Covered Bonds Guarantee shall be limited recourse to the cover pool, irrevocable, first-demand, unconditional and autonomous from the obligations assumed by the issuer of the covered bonds. Accordingly, such obligations shall be a direct, unconditional, unsubordinated obligation of the special purpose vehicle, limited recourse to the special purpose vehicle's available funds, irrespective of any invalidity, irregularity or unenforceability of any of the guaranteed obligations of the issuer of the covered bonds.

In order to ensure the autonomous nature of the Covered Bonds Guarantee, article 4 of the MEF Decree provides that the following provisions of the Italian Civil Code, generally applicable to personal guarantees (*fideiussioni*), shall not apply to the Covered Bonds Guarantee (a) article 1939, providing that a *fideiussione* shall not generally be valid where the guaranteed obligation is not valid; (b) article 1941, paragraph. 1, providing that a *fideiussione* cannot exceed the amounts due by the guaranteed debtor, nor can it be granted for conditions more onerous than those pertaining to the main obligation; (c) article 1944, paragraph. 2, providing, *inter alia*, that the parties to the contract pursuant to which the *fideiussione* is issued may agree that the guarantor shall not be obliged to pay before the attachment is carried out against the guaranteed debtor; (d) article 1945, providing that the guarantor can raise against the creditor any objections (*eccezioni*) which the guaranteed debtor is entitled to raise, except for the objection relating to the lack of legal capacity on the part of the guaranteed debtor; (e) article 1955, providing that a *fideiussione* shall become ineffective (*estinta*) where, as a consequence of acts of the creditor, the guarantor is prevented from subrogating into any rights, pledges, mortgages, and liens (*privilegi*) of the creditor; (f) article 1956, providing that the guarantor of future receivables shall not be liable where the creditor - without the authorisation of the guarantor - has extended credit to a third party, while being aware that the economic conditions of the principal obligor were such that recovering the receivable would have become significantly more difficult; (g) article 1957, providing, *inter alia*, that the guarantor will be liable also after the guaranteed obligation has become due and payable, provided that the creditor has filed its claim against the guaranteed debtor within six months and has diligently pursued them.

**The obligations of the OBG Guarantor following a liquidation of the Issuer**

The MEF Decree set out also certain principles which are aimed at ensuring that the payment obligations of the special purpose vehicle are isolated from those of the issuer of the OBG. To that effect it requires that the Covered Bonds Guarantee contains provisions stating that the relevant obligations thereunder shall not accelerate upon the issuer's default, so that the payment profile of the covered bonds shall not automatically be affected thereby.

More specifically, article 4 of the MEF Decree provides that in case of breach by the issuer of its obligations *vis-à-vis* the covered bonds holders, the special purpose vehicle shall assume the obligations of the issuer - within the limits of the cover pool - in accordance with the terms and conditions originally set out for the covered bonds. The same provision applies where the issuer is subjected to mandatory liquidation procedures (*liquidazione coatta amministrativa*).

In addition, the acceleration (*decadenza dal beneficio del termine*) provided for by article 1186 of the Civil Code and affecting the issuer shall not affect the payment obligations of the special purpose vehicle under the Covered Bonds Guarantee. Pursuant to article 4 of the MEF Decree, the limitation in the application of article 1186 of the Civil Code shall apply not only to the events expressly mentioned therein, but also to any additional event of acceleration provided for in the relevant contractual arrangements.

In accordance with article 4, paragraph. 3, of the MEF Decree, in case of *liquidazione coatta amministrativa* of the issuer, the special purpose vehicle shall exercise the rights of the covered bonds holders *vis-à-vis* the issuer in accordance with the legal regime applicable to the issuer. Any amount recovered by the special purpose vehicle as a result of the exercise of such rights shall be deemed to be included in the cover pool.

The Bank of Italy shall supervise on the compliance with the aforesaid provisions, within the limits of the powers vested with the Bank of Italy by the Banking Law.

**Controls over the transaction**

The BoI OBG Regulations lay down rules on controls over transactions involving the issuance of OBG.

*Inter alia*, the resolutions of the selling banks approving the assignment of portfolios to the special purpose vehicle are passed in relation to each transfer of assets on the basis of appraisal reports on the assets prepared by an auditing firm. Such report are not required where the assignment is carried out at the book values set out in the most recent approved financial statements of the selling bank, or in its most recent six month report (*situazione patrimoniale semestrale*).

The management body of the issuing bank must ensure that the structures delegated to the risk management verify at least every six months and for each transaction, *inter alia*:

(i) the quality and integrity of the assets sold to the SPV securing the obligations undertaken by the latter;

(ii) compliance with the maximum ratio between covered bonds issued and the cover pool sold to the SPV for purposes of backing the issue, in accordance with the MEF Decree;

(iii) compliance with the Limits to the Assignment and the on, and Limits to the Integration set out by the BoI OBG Regulations;

(iv) the effectiveness and adequacy of the coverage of risks provided under derivative agreements entered into in connection with the transaction.

The bodies with management responsibilities of issuing banks and banking groups ensure that an assessment is carried out on the legal aspects of the activity on the basis of specially issued legal reports setting out an in-depth analysis of the contractual structures and schemes adopted, with a particular focus on, *inter alia*, the characteristics of the Covered Bonds Guarantee.

The BoI OBG Regulations also contain certain provisions on the asset monitor, who is delegated to carry out controls over the regularity of the transaction (*regolarità dell'operazione*) and the integrity of the Covered Bonds Guarantee (*integrità della garanzia*) (the "**Asset Monitor**"). Pursuant to the BoI OBG Regulations the Asset Monitor shall be an auditing firm having adequate professional experience in relation to the tasks entrusted with the same and independent from (a) the audit firm entrusted with the auditing of the issuing bank, (b) the issuing bank and (c) the other entities taking part to the transaction.

The Asset Monitor shall prepare annual reports on controls and assessments on the performance of transactions, to be addressed, *inter alia*, to the body entrusted with control functions of the bank which appointed the Asset Monitor. The BoI OBG Regulations refer to the provisions (art. 52 and 61, paragraph 5, of the Banking Law), which impose on persons responsible for conducting controls specific obligations to report to the Bank of Italy. Such reference appears to be aimed at ensuring that any irregularities found are reported to the Bank of Italy.

In order to ensure that the special purpose vehicle can perform, in an orderly and timely manner, the obligations arising under the Covered Bonds Guarantee, the issuing banks shall use asset and liability management techniques for purposes of ensuring, including by way of specific controls at least every six months, that the payment dates of the cash-flows generated by the cover pool match the payments dates with respect to payments due by the issuing bank under the covered bonds issued and other transaction costs.

Finally, in relation to the information flows, the parties to the covered bonds transactions shall assume contractual undertakings allowing the issuing and the assigning bank also acting as servicer (and any third party servicer, if appointed) to hold the information on the cover pool which are necessary to carry out the controls described in the BoI OBG Regulations and for the compliance with the supervisory reporting obligations, including therein the obligations arising in connection with the membership to the central credit register (*Centrale dei Rischi*).

**Insolvency proceedings**

Insolvency proceedings (*procedure concorsuali*) conducted under Italian law may take the form of, *inter alia*, a forced liquidation (*fallimento*) or creditors' agreements (*concordato preventivo* and *accordi di ristrutturazione dei debiti*) or a restructuring under a court supervised administration (*amministrazione controllata*). Insolvency proceedings are only applicable to businesses (*imprese*) either run by companies, partnerships or by individuals. An individual who is not a sole entrepreneur or an unlimited partner in a partnership is not subject to insolvency.

A debtor can be declared bankrupt (*fallito*) and subject to *fallimento* (at its own initiative, or at the initiative of any of its creditors or the public prosecutor) if it is not able to fulfil its obligations in a timely manner. The debtor loses control over all its assets and of the management of its business, which is taken over by a court appointed receiver (*curatore fallimentare*). Once judgment has been made by the court and the creditors' claims have been approved, the sale of the debtor's property is conducted in accordance with a liquidation plan (approved by the delegated judge and the creditors' committee) which may provide for the dismissal of the whole business or single business units, even through competitive procedures.

A qualifying insolvent debtor may avoid being subject to *fallimento* by proposing to its creditors a creditors' agreement (*concordato preventivo*). Such proposal must contain, *inter alia*: (i) an updated statement of the financial and economic situation of the insolvent company (ii) a detailed list of the creditors and their respective credit rights and related security interest and (iii) a detailed evaluation of the assets of the insolvent company. The offer may be structured as an offer to transfer all of the assets of the insolvent debtor to the creditors or an offer to undertake other restructuring plan such as, *inter alia*, the allocation to the creditors of shares, quotas, and other debt instruments of the company. The feasibility of the proposal must be accompanied by an expert's report. An entrepreneur may also execute with the creditors representing almost the 60% of the credits a settlement providing for debt rescheduling (*accordo di ristrutturazione dei debiti*). A report of an expert certifying the feasibility of the settlement shall be attached to the latter and the settlement shall be approved by the Court.

After insolvency proceedings are commenced, no legal action can be taken against the debtor and no foreclosure proceedings may be initiated. Moreover, all action taken and proceedings already initiated by creditors are automatically stayed.

**Description of *Amministrazione Straordinaria* delle Banche**

A bank may be submitted to the *amministrazione straordinaria delle banche* where (a) serious administrative irregularities, or serious violations of the provisions governing the bank's activity provided for by laws, regulations or the bank's bylaws activity are found; (b) serious capital losses are expected to occur; (c) the dissolution has been the object of a request by the administrative bodies or an extraordinary company meeting providing the reasons for the request.

According to the Banking Law, the procedure is initiated by decree of the Minister of economy and finance, acting on a proposal by the Bank of Italy, which shall terminate the board of directors and the board of statutory auditors of the bank. Subsequently the Bank of Italy shall appoint (a) one or more special administrator (*commissari straordinari*); (b) an oversight committee composed of between three and five members (*comitato di sorveglianza*). The *commissari straordinari* are entrusted with the duty to assess the situation of the bank, remove the irregularities which may have been found and promote solutions in the best interest of the depositors of the bank. The *comitato di sorveglianza* exercises auditing functions and provides to the *commissari straordinari* the opinions requested by the law or by the Bank of Italy. However, it should be noted that the Bank of Italy may instruct in a binding manner the *commissari straordinari* and the *comitato di sorveglianza* providing specific safeguards and limits concerning the management of the bank.

In exceptional circumstances, the *commissari straordinari*, in order to protect the interests of the creditors, in consultation with the *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.

The *amministrazione straordinaria delle banche* shall last for one year from the date of issue of the decree of the Minister of the economy and finance. In exceptional cases, the procedure may be extended for a period of up to six months. The Bank of Italy may extend the duration of the procedure for periods of up to two months, in connection with the acts and formalities related to the termination of the procedure, provided that the relevant acts to be executed have already been approved by the Bank of Italy.

At the end of the procedure, the *commissari straordinari* shall undertake the necessary steps for the appointment of the bodies governing the bank in the ordinary course of business. After the appointment, the management and audit functions shall be transferred to the newly appointed bodies. It should however be noted that, should at the end of the procedure or at any earlier time the conditions for the declaration of the *liquidazione coatta amministrativa* (described in the following section) be met, then the bank may be subject to such procedure.

**Description of *Liquidazione Coatta Amministrativa delle Banche***

According to the Banking Law, when the conditions for the *Amministrazione straordinaria delle banche* and described in the preceding paragraph are exceptionally serious (*di eccezionale gravità*), or when a court has declared the state of insolvency of the bank, the Minister of economy and finance, acting on a proposal from the Bank of Italy, by virtue of a decree, may revoke the authorisation for the carrying out of banking activities and submit the bank to the compulsory winding up (*liquidazione coatta amministrativa*).

From the date of issue of the decree the functions of the administrative and control bodies, of the shareholders meetings and of every other governing body of the bank shall cease. The Bank of Italy shall appoint (a) one or more liquidators (*commissari liquidatori*); (b) an oversight committee composed of between three and five members (*comitato di sorveglianza*).

From the date the *commissari liquidatori* and the *comitato di sorveglianza* have assumed their functions and in any case from the third day following the date of issue of the aforesaid decree of the Minister of economy and finance, the payment of any liabilities and the restitution of assets owned by third parties shall be suspended.

The *commissari liquidatori* shall act as legal representatives of the bank, exercise all actions that pertain to the bank and carry out all transactions concerning the liquidation of the bank's assets. The *comitato di sorveglianza* shall (i) assist the *commissari liquidatori* in exercising their functions, (ii) control the activities carried out by *commissari liquidatori*; and (iii) provide to the *commissari straordinari* the opinions requested by the law or by the Bank of Italy. The Bank of Italy may issue directives concerning the implementation of the procedure and establish that some categories of operations and actions shall be subject to its authorisation and to preliminary consultation with the *comitato di sorveglianza*.

The Banking Law regulates the procedure for the assessment of the bank's liabilities (*accertamento del passivo*), and the procedures which allow creditors whose claims have been excluded from the list of liabilities (*stato passivo*) to challenge the list of liabilities.

The liquidators, with the favourable opinion of the *comitato di sorveglianza* and subject to authorisation by the Bank of Italy, may assign assets and liabilities, going concerns, assets and legal relationships identifiable *en bloc*. Such assets may be assigned at any stage of the procedure, even before the *stato passivo* has been deposited. The assignor shall however be liable exclusively for the liabilities included in the *stato passivo*. Subject to prior authorisation of the Bank of Italy and for the purpose of maximising profits deriving from the liquidation of the assets, the *commissari liquidatori* may continue the banks' activity or of specific going concerns of the bank, in compliance with any indications provided for by the *comitato di sorveglianza*. In such case the provision of the Bankruptcy Law concerning the termination of legal relationships shall not apply.

Once the assets have been realised and before the final allotment to the creditors or to the last restitution to customers, the *commissari liquidatori* shall present to the Bank of Italy the closing statement of accounts of the liquidation, the financial statement and the allotment plan, accompanied by their own report and a report by the oversight committee.

*Certain Aspects of Italian Law relevant to mortgage loans*

Italian Law Decree number 7 of 31 January 2007, as converted into law by Italian Law number 40 of 2 April 2007 (the "**Bersani Decree**") and amended by Italian Law number 244 of 24 December 2007 (the "**2008 Budget Law**"), provides for certain 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 prepayment of the 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 Italian 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 assignee bank's request of interbank cooperation procedures, the original bank shall indemnify the relevant borrower for an amount equal to 1 per cent. of the mortgage value for each month or portion of 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 the indemnity paid to the borrower from the assignee bank.

In addition, the 2008 Budget Law provided for the right of borrowers, under mortgage loans related to the purchase of the first house 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.

Pending the enactment of the implementing regulation referred to above, 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 number 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 Banking Law, including special purpose companies incorporated under the Law 130, such as the OBG Guarantor. The Seller adhered to the Convention on 30 July 2008.

The banks and financial intermediaries who adhered to the Convention were required, within 29 August 2008, to 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 OBG Guarantor may experience.

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):

(i) 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 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.

**Renegotiations of floating rate Mortgage Loans**

Law Decree No. 93 of 27 May 2008 ("**Law Decree 93**"), converted into law No. 126 of 24 July 2008 ("**Law 126**") which came into force on 29 May 2008, regulates the renegotiation of floating rate mortgage loans granted for the purposes of purchasing, building or refurbishing real estate assets used as main houses.

According to Law 126, the *Ministero dell'Economia e delle Finanze* (*Minister of Economy and Finance*) and the ABI (Italian Banking Association) entered into a convention providing for the procedures for the renegotiation of such floating rate mortgage loans (the "**Convention**").

The Convention applies to floating rate mortgage loan agreements entered into or taken over (*accollati*), also further to the parcelling (*frazionamento*) of the relevant mortgages, before 29 May 2008. Pursuant to the Convention, the instalments payable by a borrower under any of such mortgage loan agreements will be recalculated applying (a) a fixed interest rate (equal to the average of the floating rate interest rates applied under the relevant mortgage loan agreement during

2006) on the initial principal amount and for the original final maturity date of the relevant mortgage loan, or (b) if the mortgage loan has been entered into, renegotiated or taken over (*accollato*) after 31 December 2006, the parameters used for the calculation of the first instalment due after the date on which the mortgage loan has been entered into, renegotiated or taken over (*accollato*). The difference between the amount to be paid by the borrower as a result of such recalculation and the amount that the borrower would have paid on the basis of the original instalment plan will be (a) if negative, debited to a bank account on which interest will accrue in favour of the lender at the lower of (i) the rate equal to 10 (ten) IRS (interest rate swap) plus a spread of 0.50, and (ii) the rate applicable pursuant to the relevant mortgage loan, each of them calculated, in a fixed amount, on the renegotiation date, or (b) if positive, credited to such bank account. After the original final maturity date of the mortgage loan, the outstanding debt on the bank account will be repaid by the borrower through constant instalments equal to the ones resulting from the renegotiation, and the amortisation plan will be determined on the basis of the lower of (a) the rate applicable on the bank account, and (ii) the rate applicable pursuant to the relevant mortgage loan, as calculated, in a fixed amount, on the original final maturity date of the mortgage loan.

The Seller has adhered to the Convention sending to its clients a renegotiation proposal in accordance with the Convention. Borrowers eligible for the renegotiation who have received the renegotiation proposal can accept the proposal by way of a written notification to be sent not later than 28 November 2008 (the "**Final Adhesion Term**").

The renegotiation becomes effective on the third month following the date when such proposal has been accepted by the relevant client, with reference to the instalments which fall due after 1 January 2009.

**Interest cap in relation to floating rate Mortgage Loans**

Article 2 of Law Decree No. 185 of 29 November 2008, converted into law No. 2 of 28 January 2009 ("**Article 2**") provides for an interest cap in relation to floating rate mortgage loans granted for the purposes of purchasing, building or refurbishing real estate assets used as main houses before 31 October 2008. Article 2 applies also to those floating rate mortgage loans renegotiated in accordance with the Convention.

In particular, the interest component of any instalment falling due during the year 2009 will be recalculated by applying the higher of (i) four per cent. (excluding any spread, ancillary expenses or any other additional costs) and (ii) the interest rate provided by the relevant loan agreement as of the relevant execution date (the "**Interest Cap**").

The positive difference between the amount which would have been payable under the original terms of the relevant floating rate mortgage loan and the amount to be paid by the relevant borrower by applying the Interest Cap (the "**Δ Amount**") will be initially paid by the relevant lender and ultimately borne by the Republic of Italy. Article 2 requires the Italian tax authority (*Agenzia delle Entrate*) to implement specific regulations setting out, amongst other, the terms for payment of the Δ Amount to the banks by the Republic of Italy.

Regulation No. 117852 issued on 29 December 2008 by the Italian Ministry of Economy and Finance has clarified that, in case of mortgage loans which have subject to a securitisation or covered bonds transaction, such Δ Amount shall be paid by the relevant seller or by the entity appointed as "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" (which, in the context of the Programme, is the Servicer) pursuant to Law 130. Regulation No. 11434 issued on 13 February 2009 by the Italian Ministry of Economy and Finance has further clarified that the Δ Amount shall be paid on the date falling on the scheduled instalment date of the relevant mortgage loan.

## TERMS AND CONDITIONS OF THE OBG

*The following is the text of the terms and conditions of the OBG (the "***Conditions***" and, each of them, a "***Condition***"). For the avoidance of doubt, the following Conditions do not apply to the Registered OBG. In these Conditions, references to the "holder" of OBG and to the "OBG Holders" are to the ultimate owners of the OBG. The OBG will be held by Monte Titoli (as defined below) on behalf of the OBG Holders until redemption and cancellation for the account of each relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream, Luxembourg and Euroclear. The OBG will at all times be in book entry form and title to the bonds will be evidenced by book entries with Monte Titoli in accordance with the provisions of (i) the Financial Services Act 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.*

*In addition, the relevant Final Terms in relation to any Series or Tranche of OBG may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purpose of such Series or Tranche.*

*In relation to the OBG issued in registered form also as German law governed registered covered bonds (the* "**Registered OBG**"*), the terms and conditions of such Series of Registered OBG will be as set out in the Registered OBG (and the relevant terms and conditions of the Registered OBG (the* "**Registered OBG Conditions**"*) attached thereto) together with the Registered OBG Agreement relating to such Registered OBG. Any reference to a "Registered OBG Condition" other than in this section shall be deemed to be, as applicable, a reference to the relevant provision of the Registered OBG, the Registered OBG Conditions attached thereto or the provisions of the Registered OBG Agreement relating to such Registered OBG.*

*Any reference to the Conditions or a Condition shall be a reference to the Conditions and/or the Registered OBG Conditions as the context may require. Any reference to the OBG Holders shall be referred to the holders of the OBG and/ or the registered holder for the time being of a Registered OBG as te context may require.*

*Any reference to the OBG will be construed as to including the OBG issued under the Conditions and/or theRegistered OBG as the context may require.*

**1** Introduction

(a) *Programme*

Unicredit S.p.A. (the "**Issuer**") has established an OBG Programme (the "**Programme**") for the issuance of up to € 20,000,000,000 in aggregate principal amount of *obbligazioni bancarie garantite* (the "**OBG**") guaranteed by UniCredit BpC Mortgage S.r.l. (the "**OBG Guarantor**"). OBG are issued pursuant to Article 7-bis of Law No. 130 of 30 April 1999 (as amended, the "**Law 130**"), Decree of the Ministry for the Economy and Finance of 14 December 2006 No. 310 ("**MEF Decree**") and the supervisory instructions of the Bank of Italy of 17 May 2007 (the "**BoI OBG Regulations**").

(b) *Final Terms*

OBG are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of OBG. The Tranches are the subject of final terms (the "**Final Terms**") which supplement these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche or more Tranches of OBG are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail. References to the "**relevant Final Terms**" are to the Final Terms (or the relevant provisions thereof) pursuant to which the relevant Tranches are issued.

(c) *OBG Guarantee*

Each Series of OBG is the subject of a guarantee dated on or about the Initial Issue Date (the "**OBG Guarantee**") entered into by the OBG Guarantor for the purpose of guaranteeing the payments due from the Issuer in respect of the OBG of all Series issued under the Programme. The OBG Guarantee will be collateralised by a portfolio constituted by certain assets assigned from time to time to the OBG Guarantor pursuant to the Master Transfer Agreement (as defined below) and in accordance with the provisions of the Law 130, the MEF Decree and the BoI OBG Regulations.

(d) *Dealer Agreement and Subscription Agreement*

In respect of each Tranche of OBG issued under the Programme, the Relevant Dealer(s) (as defined below) has or have agreed to subscribe for the OBG and pay the Issuer the Issue Price for the OBG on the Issue Date under the terms of a Dealer Agreement dated on or about the Initial Issue Date (the "**Dealer Agreement**") between the Issuer, the OBG Guarantor and the dealer(s) named therein (the "**Dealers**"), as supplemented (if applicable) by a subscription agreement entered into between the Issuer, the OBG Guarantor and the Relevant Dealer(s) (as defined below) on or around the date of the relevant Final Terms (the "**Subscription Agreement**"). In the Dealer Agreement or such other document as may be agreed between the Issuer, the OBG Guarantor and the Relevant Dealer(s), the Relevant Dealer(s) has or have appointed Securitisation Services S.p.A. as representative of the OBG Holders (in such capacity, the "**Representative of the OBG Holders**"), as described in Condition 14 (*Representative of the OBG Holders*).

(e) *Master Definitions Agreement*

In a master definitions agreement dated on or about the Initial Issue Date (the "**Master Definitions Agreement**") between all the parties to each of the Transaction Documents (as defined below), the definitions of certain terms used in the Transaction Documents have been agreed.

(f) *The OBG*

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

(g) *Rules of the Organisation of OBG Holders*

The Rules of the Organisation of OBG Holders are attached to, and form an integral part of, these Conditions. References in these Conditions to the "**Rules of the Organisation of the OBG Holders**" 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. The OBG Holders 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 the OBG Holders. The rights and powers of the Representative of the OBG Holders and the OBG Holders may be exercised in accordance with these Conditions and the Rules of the Organisation of the OBG Holders.

(h) *Summaries*

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

## 2 Interpretation

(a) *Definitions*

In these Conditions the following expressions have the following meanings:

"**Account Bank**" means UniCredit S.p.A., and any successor thereof appointed in accordance with the Cash Management and Agency Agreement;

"**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;

"**Administrative Service Provider**" means UniCredit Credit Management Bank S.p.A., having its registered office at Piazzetta Monte 1, Verona, Italy, in its capacity as servicer under the Administrative Services Agreement;

"**Administrative Services Agreement**" means an administrative services agreement dated on or about the Initial Issue Date between UniCredit Credit Management Bank S.p.A. as corporate servicer and the OBG Guarantor;

"**Amortisation Test**" means such test provided for under the Portfolio Administration Agreement;

"**Asset Monitor**" means Mazars S.p.A., acting as such pursuant to the Asset Monitor Agreement;

"**Asset Monitor Agreement**" means the Asset Monitor Agreement entered into on or about the Initial Issue Date between, *inter alios*, the Asset Monitor and the Issuer;

"**Asset Monitor Report**" means the results of the tests conducted by the Asset Monitor in accordance with the Asset Monitor Agreement to be delivered in accordance therewith;

"**Banking Law**" means Legislative Decree No. 385 of 1 September 1993, as amended;

"**Business Day**" means:

(i) in relation to any sum payable in euro, a TARGET 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 Luxembourg, 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) "**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

(iii) "**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;

(iv) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means UniCredit Bank AG, acting as such pursuant to the Cash Management and Agency Agreement and the Portfolio Administration Agreement;

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

"**Cash Management and Agency Agreement**" means the cash management and agency agreement entered into on or about the Initial Issue Date between, *inter alios*, the OBG Guarantor, the Cash Manager, the Account Bank, the Servicer, the Administrative Servicer Provider, the Representative of the OBG Holders, the Calculation Agent and the Paying Agent;

"**Cash Manager**" means UniCredit S.p.A. acting as such pursuant to the Cash Management and Agency Agreement;

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

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

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any OBG for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an OBG Interest Period, 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:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins 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) 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 (2) 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:

"**$Y_1$**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**$Y_2$**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$M_1$**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**$M_2$**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**$D_1$**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case $D_1$ will be 30; and

"**$D_2$**" 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 $D_1$ is greater than 29, in which case $D_2$ 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:

"**$Y_1$**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**$Y_2$**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$M_1$**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$M_2$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$D_1$**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case $D_1$ will be 30; and

"**$D_2$**" 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 $D_2$ 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:

"**$Y_1$**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**$Y_2$**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$M_1$**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**$M_2$**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$D_1$**" 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 $D_1$ will be 30; and

"**$D_2$**" 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 $D_2$ will be 30;

"**Deed of Pledge**" means the Italian law deed of pledge dated on or about the Initial Issue Date between the OBG Guarantor, the Representative of the OBG Holders and the Secured Creditors;

"**Deed of Charge**" means the English law deed of charge dated on or about the Initial Issue Date and the English law deed of charge subsequently executed for the purposes of verification on 28 November 2008 in each case between the OBG Guarantor and the Representative of the OBG Holders;

"**Early Redemption Amount**" means, in respect of any Series of OBG, 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 Redemption Amount (Tax)**" means, in respect of any Series of OBG, 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 Redemption Date**" means, as applicable, the Optional Redemption Date (Call), the Optional Redemption Date (Put) or the date on which any Series of OBG is to be redeemed pursuant to Condition 9(c) (*Redemption for tax reasons*);

"**Euroclear**" means Euroclear Bank S.A./N.V.;

"**Extension Determination Date**" means the date falling 4 Business Days prior to the Maturity Date;

"**Extended Maturity Date**" means, in relation to any Series of OBG, the date if any specified as such in the relevant Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred pursuant to Condition 9(b) (*Extension of maturity*), which cannot fall more than 12 months after the relevant Maturity Date;

"**Extendable Maturity**" has the meaning given to such expression under Condition 9(b) (*Extension of maturity*);

"**Extraordinary Resolution**" has the meaning given in the Rules of the Organisation of OBG Holders attached to these Conditions;

"**Final Redemption Amount**" means, in respect of any Series of OBG, 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 Series**" means the first Series of OBG issued by the Issuer under the Programme; "Fixed Coupon Amount" has the meaning given in the relevant Final Terms;

"**Guaranteed Amounts**" means, (i) prior to the service of a Guarantor Acceleration Notice, with respect to any Guarantor Payment Date, the sum of amounts equal to the Scheduled Interest and the Scheduled Principal, in each case, payable on that Guarantor Payment Date and all amounts payable by the OBG Guarantor under the Transaction Documents ranking senior to any payment due in respect to the OBG according to the applicable Priority of Payments, or (ii) after the service of a Guarantor Acceleration Notice, an amount equal to the relevant Early Redemption Amount plus all accrued and unpaid interest and all other amounts due and payable in respect of the OBG, including all Excluded Scheduled Interest Amounts and all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the OBG Guarantor under the Transaction Documents ranking senior to any payment due in respect to the OBG according to the applicable Priority of Payments, provided that any Guaranteed Amounts representing interest paid after the Maturity Date (or the Extended Maturity Date, as the case may be) shall be paid on such dates and at such rates as specified in the relevant Final Terms. The Guaranteed Amounts include any Guaranteed Amount that was timely paid by or on behalf of the Issuer to the OBG Holders to the extent it has been clawed back and recovered from the OBG Holders by the receiver or liquidator, in bankruptcy or other insolvency or similar official for the Issuer named or identified in the

Order, and has not been paid or recovered from any other source (the "**Clawed Back Amounts**");

"**Guarantor Acceleration Notice**" means the notice to be served by the Representative of the OBG Holders on the OBG Guarantor upon occurrence of a Guarantor Event of Default;

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

"**Guarantor Payment Dates**" means (i) before the occurrence of an Issuer Event of Default, 31 January, 30 April, 31 July and 31 October of each year, (ii) following the occurrence of an Issuer Event of Default, the last day of each month starting from the calendar month immediately following the calendar month in which the Issuer Event of Default has occurred, subject in all instances to adjustment in accordance with the Modified Following Business Day Convention and (iii) following the occurrence of a Guarantor Event of Default, each Business Day;

"**Hedging Counterparty**" or "**Hedging Counterparties**" means collectively the OBG Hedging Counterparty, Mirror Hedging Counterparties and the Portfolio Hedging Counterparties;

"**Initial Issue Date**" means the date on which the Issuer will issue the first Series of OBG;

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

(i) such company or corporation has become subject to any applicable bankruptcy, liquidation, receivership, administration, insolvency, composition or reorganisation (including, without limitation, *fallimento, liquidazione coatta amministrativa, concordato preventivo, accordi di ristrutturazione* and *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, winding-up, reorganisation, dissolution, administration, receivership, arrangement, adjustment, protection or relief of debtors)) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than, in the case of the OBG Guarantor, any portfolio of assets purchased by the OBG Guarantor for the purposes of further programme of issuance of OBG), unless in the opinion of the Representative of the OBG Holders (who may rely on the advice of legal advisers 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 or corporation and, in the opinion of the Representative of the OBG Holders (who may rely on the advice of legal advisers 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 or corporation takes any action for a re-adjustment of 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 OBG 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; 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 or corporation or any of the events under Article 2448 of the Italian Civil Code occurs with respect to such company 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 OBG Holders); or

(v) such company 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 agreement entered into on or about the Initial Issue Date between, *inter alios*, the OBG Guarantor, the Representative of the OBG Holders, the Seller, the Servicer, the Issuer, the Subordinated Loan Provider, the Account Bank, the Administrative Servicer Provider, the Asset Monitor, the Hedging Counterparties, the Cash Manager and the Paying Agent;

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

"**Interest Commencement Date**" means the Issue Date of the relevant Series of OBG 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;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as amended, supplemented and updated as at the date of issue of the first Tranche of the OBG 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 given in the relevant Final Terms;

"**Issue Price**" the issue price specified, in respect of any Tranche, in the relevant Final Terms;

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

"**Mandatory Tests**" means such tests provided for under the MEF Decree as set out in the Portfolio Administration Agreement;

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

"**Master Transfer Agreement**" means the master transfer agreement entered into between the OBG Guarantor and the Seller on 29 August 2008;

"**Maturity Date**" means, with reference to each Series of OBG, the OBG Payments Date, indicated in the relevant Final Terms, on which such Series or Tranche of OBG will be redeemed at their principal amount outstanding, unless otherwise extended in accordance with the Conditions;

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

"**Mirror Hedging Counterparties**" means UniCredit and any other entity that, from time to time, will enter into the Mirror Swaps in order to match the cash flows to be exchanged under the Portfolio Front Swap Agreements or OBG Front Swap Agreement;

"**Mirror Swaps**" means jointly the OBG Mirror Swap Agreements and the Portfolio Mirror Swap Agreements;

"**Monte Titoli**" means Monte Titoli S.p.A.;

"**Monte Titoli Account Holders**" means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System);

"**Negative Report**" means each of the report to be delivered by the Calculation Agent under the Portfolio Administration Agreement in case of breach of the Mandatory Tests, the Over-Collateralisation Test or the Amortisation Test, as the case may be;

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

"**OBG Front Swap Agreement**" means the agreement between the relevant OBG Hedging Counterparty and the OBG Guarantor to be entered into for the hedging of currency risk and/or interest rate risk on the OBG;

"**OBG Hedging Counterparty**" means UniCredit and any other parties that, from time to time, will enter into the OBG Swaps for the hedging of interest rate risk on the OBG;

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

"**OBG Interest Period**" means each period beginning on (and including) an Interest Commencement Date or, in respect of any OBG Interest Period other than the first OBG Interest Period of each Series or Tranche, any OBG Payment Date and ending on (but excluding) the next OBG Payment Date, provided that the initial OBG Interest Period of the First Series or Tranche shall begin on (and include) the Initial Issue Date and end on (but exclude) the first OBG Payment Date;

"**OBG Mirror Swap Agreements**" means the agreement between the relevant Mirror Hedging Counterparty and the OBG Guarantor to be entered into to match the cash flows to be exchanged under the OBG Front Swap Agreements;

"**OBG Payment Date**" means any date specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and confirmed by the Rating Agencies as not adversely affecting the rating of the then outstanding OBG, subject in each case, to the extent provided in the relevant Final Terms, to adjustment in accordance with the applicable Business Day Convention and provided however that each OBG Payment Date must also be a Guarantor Payment Date;

"**OBG Swaps**" means jointly OBG Front Swap Agreements and OBG Mirror Swap Agreements;

"**Official Gazette**" means *Gazzetta Ufficiale della Repubblica Italiana*;

"**Optional Redemption Amount (Call)**" means, in respect of any Series of OBG, 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 OBG, 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, in respect of the relevant Series of OBG;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms, in respect of the relevant Series of OBG;

"**Organisation of the OBG Holders**" means the organisation of the OBG Holders created by the issue and subscription of OBG and regulated by the Rules of the Organisation of the OBG Holders;

"**Over-Collateralisation Test**" means the test providing a minimum level of over collateralisation as defined and calculated pursuant to the Portfolio Administration Agreement;

"**Paying Agent**" BNP Paribas Securities Services S.A., Milan branch, acting as such pursuant to a letter of appointment entered into with the Issuer and pursuant to the Cash Management and Agency Agreement;

"**Paying Agent Guarantee**" means the deed of guarantee entered into on or about the Initial Issue Date between BNP Paribas S.A., as guarantor, and the OBG Guarantor in respect of the obligations of the Paying Agent under the Cash Management and Agency Agreement (including the obligation of the Paying Agent in respect of the Accounts held with it).

"**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 OBG Holders, the place at which such OBG Holder receives payment of interest or principal on the OBG;

"**Portfolio**" means the whole portfolio of Assets and the Integration Assets, which include the Initial Portfolio and any New Portfolio, transferred to the OBG Guarantor pursuant to the Master Transfer Agreement;

"**Portfolio Administration Agreement**" means the portfolio administration agreement dated on or about the Initial Issue Date between the Issuer, the OBG Guarantor, the Seller, the Representative of the OBG Holders, the Cash Manager, the Calculation Agent and the Asset Monitor;

"**Portfolio Hedging Counterparties**" means UniCredit and any other entity that, from time to time, will enter into Portfolio Swaps for the hedging of interest rate risk on the Portfolio;

"**Portfolio Front Swap Agreements**" means the agreement between the relevant Portfolio Hedging Counterparty and the OBG Guarantor to be entered into for the hedging of currency risk and/or interest rate risk on the Portfolio;

"**Portfolio Mirror Swap Agreements**" means the agreement between the relevant Mirror Hedging Counterparty and the OBG Guarantor to be entered into to match the cash flows to be exchanged under the Portfolio Front Swap Agreements;

"**Portfolio Swaps**" means jointly Portfolio Front Swap Agreements and Portfolio Mirror Swap Agreements;

"**Post-Guarantor Event of Default Priority**" has the meaning ascribed to such expression in the Intercreditor Agreement;

"**Post-Issuer Event of Default Priority**" has the meaning ascribed to such expression in the Intercreditor Agreement;

"**Pre-Issuer Event of Default Interest Priority**" has the meaning ascribed to such expression in the Intercreditor Agreement;

"**Pre-Issuer Event of Default Principal Priority**" has the meaning ascribed to such expression in the Intercreditor Agreement;

"**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 Paying 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 Paying Agent;

"**Priority of Payments**" means, collectively, the Pre-Issuer Event of Default Principal Priority of Payment, the Pre-Issuer Event of Default Interest Priority of Payment, the Post-Issuer Event of Default Priority of Payment and the Post-Guarantor Event of Default Priority of Payments or any one of them as the context requires;

"**Put Option Notice**" means a notice which must be delivered to an Paying Agent by any OBG Holder wanting to exercise a right to redeem OBG at the option of the OBG Holder;

"**Put Option Receipt**" means a receipt issued by the Paying Agent to a depositing OBG Holder upon deposit of OBG with such Paying Agent by any OBG Holder wanting to exercise a right to redeem OBG at the option of the OBG Holder;

"**Quotaholders' Agreement**" means the agreement entered into on or about the Initial Issue Date between SVM Securitisation Vehicles Management S.r.l. (as quotaholder of the OBG Guarantor, holding 40% of the share capital) and UniCredit S.p.A. (as quotaholder of the OBG Guarantor, holding 60% of the share capital);

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

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), 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 Paying 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" has the meaning given in the relevant Final Terms;

"**Regular Period**" means:

(i) in the case of OBG 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 OBG Payment Date and each successive period from and including one OBG Payment Date to but excluding the next OBG Payment Date;

(ii) in the case of OBG where, apart from the first OBG 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 OBG Payment Date falls; and

(iii) in the case of OBG where, apart from one OBG Interest Period other than the first OBG 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 OBG Payment Date falls other than the OBG Payment Date falling at the end of the irregular OBG 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 OBG 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 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 OBG Holders;

"**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 OBG Guarantor for the issue by the Issuer and the subscription by such Dealer(s) of such Tranche pursuant to the Dealer 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;

"**Scheduled Due for Payment Date**" means:

(a) (A) the date on which the Scheduled Payment Date in respect of such Guaranteed Amounts is reached, and (B) only with respect to the first Scheduled Payment Date immediately after the occurrence of an Issuer Event of Default, the later of (i) the day which is two Business Days following service of the Notice to Pay on the OBG Guarantor in respect of such Guaranteed Amounts and (ii) the relevant Scheduled Payment Date; or

(b) if the applicable Final Terms specified that an Extended Maturity Date is applicable to the relevant series of OBG, the OBG Payment Date that would apply if the Maturity Date of such series of OBG had been the Extended Maturity Date or such other OBG Payment Date(s) as specified in the relevant Final Terms;

"**Scheduled Interest**" means in respect of each OBG Payment Date (i) following an Issuer Event of Default and the service of a Notice to Pay on the OBG Guarantor, an amount equal to the amount in respect of interest which would have been due and payable under the OBG on such OBG Payment Date as specified in the Conditions falling on or after service of a Notice to Pay on the OBG Guarantor (but excluding any additional amounts relating to premiums, default interest or interest upon interest, which are hereinafter referred to as the "**Excluded Scheduled Interest Amounts**") payable by the Issuer and (ii) following the service of a Guarantor Acceleration Notice, an amount equal to the amount in respect of interest which would have been due and payable under the OBG on each OBG Payment Date as specified in the Conditions falling on or after the service of a Guarantor Acceleration Notice and including such Excluded Scheduled Interest Amounts (whenever the same arose), less any additional amounts the Issuer would be obliged to pay as result of any gross-up in respect of any withholding or deduction made under the circumstances set out in the Conditions;

"**Scheduled Payment Date**" means, in relation to payments under the OBG Guarantee, each OBG Payment Date;

"**Scheduled Principal**" means in respect of each OBG Payment Date (i) following an Issuer Event of Default and the service of a Notice to Pay on the OBG Guarantor, an amount equal to the amount in respect of principal which would have been due and repayable under the OBG on such OBG Payment Dates or the Maturity Date (as the case may be) as specified in the Conditions (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties or premiums, which are hereinafter referred to as the "**Excluded Scheduled Principal Amounts**") payable by the Issuer and (ii) following the service of a Guarantor Acceleration Notice, an amount equal to the amount in respect of principal which would have been due and repayable under the OBG on each OBG Payment Dates or the Maturity Date (as the case may be) as specified in the Conditions and including such Excluded Scheduled Principal Amounts (whenever the same arose);

"**Seller**" means UniCredit S.p.A. in its capacity as such pursuant to the Master Transfer Agreement;

"**Servicer**" means UniCredit S.p.A. in its capacity as such pursuant to the Servicing Agreement;

"**Servicing Agreement**" means the servicing agreement entered into on 29 August 2008, as amended on or about the Initial Issue Date, between the OBG Guarantor and the Servicer;

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

"**Specified Denomination(s)**" means € 100,000 and integral multiples of €1,000 in excess thereof or such other higher denomination as may be specified in the applicable Final Terms (or its equivalent in another currency as at the date of issue of the OBG);

"**Specified Office**" means:

(i) in the case of the Paying Agent, Via Ansperto 5, 20123, Milan, Italy; or

(ii) in the case of the Luxembourg Listing Agent, any Calculation Agent or the Representative of the OBG Holders, the offices specified in the relevant Final Terms,

or, in each case, such other office in the same city or town as such Agent may specify by notice to the Issuer and the other parties to the Agency Agreement in the manner provided therein;

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

"**Subordinated Loan Agreement**" means the subordinated loan agreement entered into on or about the Initial Issue Date between the Subordinated Loan Provider and the OBG Guarantor;

"**Subordinated Loan Provider**" means the Seller, in its capacity as Subordinated Loan Provider pursuant to the Subordinated Loan Agreement;

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

"**Swap Agreement**" or "**Swap Agreements**" means jointly the Portfolio Swaps and the OBG Swaps;

"**TARGET Settlement Day**" means any day on which TARGET2 (the Trans-European Automated Real-time Gross Settlement Express Transfer system) is open for the settlement of payments in Euro;

"**Transaction Documents**" means, in respect of each Tranche, these Conditions, the relevant Final Terms, the OBG Guarantee, the Dealer Agreement, the relevant Subscription Agreement (if any), the Master Transfer Agreement, the Warranty and Indemnity Agreement, the Subordinated Loan Agreement, the Servicing Agreement, the Cash Management and Agency Agreement, the Portfolio Administration Agreement, the Asset Monitor Agreement, the Intercreditor Agreement, the Administrative Services Agreement, the Swap Agreements, the Quotaholder's Agreement, the Deed of Pledge, the Deed of Charge and any document or agreement which supplement, amend or restate the content of any of the above mentioned documents and any other document designated as such by the Issuer, the OBG Guarantor and the Representative of the OBG Holders;

"**Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered into between the Seller and the OBG Guarantor on 29 August 2009; and

"**Zero Coupon OBG**" means an OBG specified as such in the relevant Final Terms.

(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 OBG 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 OBG;

(iv) any reference to a Transaction Document shall be construed as a reference to such Transaction Document, as amended and/or supplemented;

(v) any reference to a party to a Transaction Document (other than the Issuer and the OBG 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 OBG 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 OBG will be issued in bearer form and in dematerialised form (*emesse in forma dematerializzata*) and will be wholly and exclusively deposited with Monte Titoli in accordance with article article 83-*bis* of Italian legislative decree No. 58 of 24 February 1998, as amended, through the authorised institutions listed in article 83-*quater* of such legislative decree. The OBG 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, as amended, 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 OBG will be held by Monte Titoli on behalf of the OBG Holders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream, Luxembourg and Euroclear. No physical documents of title will be issued in respect of the OBG. The rights and powers of the OBG Holders may only be exercised in accordance with the Rules of the Organisation of the OBG Holders.

Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Representative of the OBG Holders, the OBG Guarantor and the Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the Monte Titoli Account Holder, whose account is at the relevant time credited with an OBG, as the absolute owner of such OBG for the purposes of payments to be made to the holder of such OBG (whether or not the OBG is overdue and notwithstanding any notice to the contrary, any notice of ownership or writing on the OBG or any notice of any previous loss or theft of the OBG) and shall not be liable for doing so.

**4 Status and Guarantee**

(a) *Status of the OBG*

The OBG 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 OBG Holders will be collected by the OBG Guarantor on their behalf.

(b) *Status of the OBG Guarantee*

The payment of Guaranteed Amounts in respect of each Series of OBG when due for payment will be unconditionally and irrevocably guaranteed by the OBG Guarantor in accordance with the OBG Guarantee and these Conditions.

(c) *Priority of Payments*

Amounts due from the OBG 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 OBG only if the "Fixed Rate Provisions" are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest*

The OBG bear interest on their outstanding nominal principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest payable, such interest being payable in arrear on each OBG Payment Date, subject as provided in Condition 10 (*Payments*). Each OBG 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 until whichever is the earlier of (i) the day on which all sums due in respect of such OBG up to that day are received by or on behalf of the relevant OBG Holder and (ii) the day which is seven days after the Paying Agent has notified the OBG Holders that it has received all sums due in respect of the OBG 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 OBG for any OBG Interest Period shall be the relevant Fixed Coupon Amount and, if the OBG 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 OBG 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 OBG 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 and Index-Linked or Other Variable-Linked Interest Provisions

(a) *Application*

This Condition 6 is applicable to the OBG only if the "Floating Rate Provisions" or the "Index-Linked" or "Other Variable-Linked Interest Provisions" are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest*

The OBG bear interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each OBG Payment Date, subject as provided in Condition 10 (*Payments*). Each OBG 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 6 until whichever is the earlier of (i) the day on which all sums due in respect of such OBG up to that day are received by or on behalf of the relevant OBG Holder and (ii) the day which is seven days after the Paying Agent has notified the OBG Holders that it has received all sums due in respect of the OBG 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 OBG for each OBG Interest Period will be determined by the Paying Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Paying 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 Paying 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 Paying 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 Paying Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Paying Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Paying 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 OBG Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant OBG 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 OBG 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 Paying 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 OBG Interest Period, the Rate of Interest applicable to the OBG during such OBG 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 OBG in respect of a preceding OBG 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 OBG for each OBG Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any OBG Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Paying Agent under an interest rate swap transaction if the Paying Agent were acting as Paying 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 OBG Interest Period or (B) in any other case, as specified in the relevant Final Terms.

(e) *Index-Linked or Other Variable-Linked Interest*

If the Index-Linked or Other Variable- Linked Interest Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the OBG for each OBG Interest Period will be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an index or formula as specified in the relevant Final Terms.

(f) *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.

(g) *Calculation of Interest Amount*

The Paying Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each OBG Interest Period, calculate the Interest Amount payable in respect of each OBG for such OBG Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such OBG 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 OBG 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.

(h) *Calculation of other amounts*

If the relevant Final Terms specifies that any other amount is to be calculated by the Paying Agent, then the Paying 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 Paying Agent in the manner specified in the relevant Final Terms.

(i) *Publication*

The Paying Agent shall cause each Rate of Interest and Interest Amount determined by it, together with the relevant OBG 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 Paying Agent and each competent authority, stock exchange and/or quotation system (if any) by which the OBG 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 OBG Payment Date) in any event not later than the first day of the relevant OBG Interest Period. Notice thereof shall also promptly be given to the OBG Holders. The Paying 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 OBG Interest Period, provided that it shall immediately notify the Paying Agent thereof. If the Paying Amount is less than the minimum Specified Denomination, the Paying 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 OBG having the minimum Specified Denomination.

(j) *Notifications etc*

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

(k) *Failure by the Paying Agent*

If the Paying Agent fails to make the relevant calculations in accordance with this Condition, the Representative of the OBG Holders shall make the relevant calculation in place of the Calculation Agent and shall notify the same to all the relevant parties in accordance with these Conditions.

## 7 Zero Coupon Provisions

(a) *Application*

This Condition 7 is applicable to the OBG only if the "Zero Coupon Provisions" are specified in the relevant Final Terms as being applicable.

(b) *Late payment on Zero Coupon OBG*

If the Redemption Amount payable in respect of any Zero Coupon OBG is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such OBG up to that day are received by or on behalf of the relevant OBG Holder and (ii) the day which is seven days after the Paying Agent has notified the OBG Holders that it has received all sums due in respect of the OBG up to such seventh day (except to the extent that there is any subsequent default in payment).

## 8 Dual Currency Provisions

(a) *Application*

This Condition 8 is applicable to the OBG only if the "Dual Currency Provisions" are specified in the relevant Final Terms as being applicable.

(b) *Rate of Interest*

If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

## 9 Redemption and Purchase

(a) *Scheduled redemption*

Unless previously redeemed, purchased and cancelled as provided below, the OBG will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 9(b) (*Extension of maturity)* and Condition 10 (*Payments*).

(b) *Extension of maturity*

Without prejudice to Condition 12 (*Events of Default*), if an Extended Maturity Date is specified as applicable in the relevant Final Terms for a Series of OBG and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the relevant Final Terms and, the OBG Guarantor or the Calculation Agent on its behalf determines that the OBG 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 OBG on the date falling on the Extension Determination Date, then (subject as provided below), payment of the unpaid amount by the OBG Guarantor under the OBG 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

OBG Guarantor on any OBG Payment Date thereafter up to (and including) the relevant Extended Maturity Date (the "**Extendable Maturity**").

The Issuer shall confirm to the 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 of the Final Redemption Amount in respect of the relevant Tranche of OBG will or will not be made in full on that Maturity Date. Any failure by the Issuer to notify the Paying Agent shall not affect the validity or effectiveness of the extension.

The OBG Guarantor shall notify the relevant holders of the OBG (in accordance with Condition 17 (*Notices*), any relevant Hedging Counterparties, the Rating Agencies, the Representative of the OBG Holders and the Paying Agent as soon as reasonably practicable and in any event at least four Business Day prior to the Maturity Date of any inability of the OBG Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the OBG pursuant to the OBG Guarantee. Any failure by the OBG 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 OBG Guarantor shall on the Extension Determination Date, pursuant to the OBG 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 part payment of an amount equal to the Final Redemption Amount in respect of the OBG and shall pay the Guaranteed Amounts constituting interest in respect of each such OBG on such date. The obligation of the OBG 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 during such extended period and be payable on each Guarantor Payment Date following the Maturity Date up to the Extended Maturity Date (inclusive).

(c) *Redemption for tax reasons*

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

(i) at any time (if neither the Floating Rate Provisions nor the Index-Linked or Other Variable-Linked Interest Provisions are specified in the relevant Final Terms as being applicable); or

(ii) on any OBG Payment Date (if the Floating Rate Provisions or the Index-Linked or Other Variable-Linked Interest 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 OBG Holders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued but unpaid (if any) to the date fixed for redemption, if:

(A) the Issuer gives satisfactory evidence to the Representative of the OBG Holders immediately before the giving of such notice that it 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 OBG; 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 OBG 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 OBG were then due; or

(2) where the OBG may be redeemed only on an OBG Payment Date, 60 days prior to the OBG 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 OBG were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Paying Agent and the Representative of the OBG Holders (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 and (C) a certificate signed by two directors of the Issuer stating that the Issuer shall have the amounts necessary in order to effect the early repayment at the date fixed for the redemption. Upon the expiry of any such notice as is referred to in this Condition 9(c), the Issuer shall be bound to redeem the OBG 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 OBG 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) together with interest accrued but unpaid (if any) on the Issuer's giving (i) not less than 15 nor more than 30 days' notice to the OBG Holders and (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Representative of the OBG Holders and the Paying Agent, (which notices shall be irrevocable and shall oblige the Issuer to redeem the OBG on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued (but unpaid) interest (if any) to such date). Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Paying Agent and the Representative of the OBG Holders a certificate signed by two directors of the Issuer stating that the Issuer shall have the amounts necessary in order to effect the early repayment at the date fixed for the redemption.

(e) *Partial redemption*

If the OBG are to be redeemed in part only on any date in accordance with Condition 9(d) (*Redemption at the option of the Issuer*), the OBG to be redeemed in part shall be redeemed in the principal amount specified by the Issuer and the OBG 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 OBG have then been admitted to listing, trading and/or quotation. The notice to OBG Holders referred to in Condition 9(d) (*Redemption at the option of the Issuer*) shall specify the proportion of the OBG 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 OBG Holders*

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of any OBG Holder redeem such OBG 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, but unpaid, to such date. In order to exercise the option contained in this Condition 9(f), the OBG Holder must, not less than 15 or more than 30 days before the relevant Optional Redemption Date (Put), deposit with the Paying Agent a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Put Option Notice is so deposited shall deliver a duly completed Put Option Receipt to the depositing OBG Holder. Once deposited in accordance with this Condition 7(f), no duly completed Put Option Notice, may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any OBG become immediately due and payable or, upon due presentation of any such OBG on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall notify thereof the OBG Holder at such address as may have been given by such OBG Holder in the relevant Put Option Notice and shall hold such OBG blocked in the records of the relevant Monte Titoli Account Holder, relevant clearing system or relevant custodian (as applicable), against surrender of the relevant Put Option Receipt. For so long as any outstanding OBG are held blocked by the Paying Agent in accordance with this Condition 9(f), the OBG Holder and not the Paying Agent shall be deemed to be the holder of such OBG for all purposes.

(g) *No other redemption*

The Issuer shall not be entitled to redeem the OBG otherwise than as provided in Conditions 9(a) (*Scheduled redemption*) to (f) (*Redemption at the option of OBG Holders*) above.

(h) *Early redemption of Zero Coupon OBG*

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon OBG at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the OBG become due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(h) or, if none is so specified, a Day Count Fraction of 30E/360.

(i) *Cancellation*

All OBG so redeemed by the Issuer shall be cancelled and may not be reissued or resold.

(j) *Purchase*

The Issuer or any of its Subsidiaries (other than the OBG Guarantor) may at any time purchase OBG in the open market or otherwise and at any price. The OBG Guarantor shall not purchase any OBG at any time.

## 10 Payments

(a) *Payments through clearing systems*

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

(c) *Payments on business days*

If the due date for payment of any amount in respect of any OBG is not a Payment Business Day in the Place of Payment, the OBG Holder 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 OBG 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 by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as shall be necessary in order that the net amounts received by the OBG Holders after such withholding or deduction of such amounts shall be equal to the respective amounts which would otherwise have been receivable by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any OBG:

(i) in respect to any payment or deduction of any interest or principal for or on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Legislation Decree No. 239 of 1 April 1996, as amended ("**Decree No. 239**") with respect to any OBG and in all circumstances in which the procedures set forth in Decree No 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) in respect of any OBG having an original maturity of less that eighteen months where such withholding or deduction is required pursuant to Presidential Decree No. 600 of 29 September 1973, as amended; or

(iii) held by or on behalf of an OBG Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such OBG by reason of it 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 OBG; or

(iv) held by or on behalf of an OBG Holder who is entitled to avoid such withholding or deduction in respect of such OBG by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non/residence or other similar claim for exemption; or

(v) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or any other amount is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or

(vi) in all circumstances in which the procedures set forth in Decree No. 239 have not been met or complied with, except where such requirements and procedures have not been met or complied with due to the action or omissions of the Issuer or its agents; or

(vii) where the OBG Holder who would have been able to lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complies, with any statutory requirements; or

(viii) 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 or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(ix) held by or on behalf of an OBG Holder who would have been able to avoid such withholding or deduction by presenting the relevant OBG to another Paying Agent in a Member State of the EU.

(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.

(c) *No Gross-up by the OBG 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 OBG Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the OBG Holders, as the case may be, and shall not be obliged to pay any additional amounts to the OBG Holders.

## 12 Events of default

(a) *Issuer Event of Default*

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

(i) *Non-payment*: Default is made by the Issuer for a period of 7 days or more in the payment of any principal or redemption amount, or for a period of 14 days or more in the payment of any interest on the OBG of any Series when due; or

(ii) *Breach of other obligation*: The Issuer has incurred into a material default in the performance or observance of any of its obligations under or in respect of the OBG (of any Series outstanding) or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the OBG) and (except where, in the opinion of the Representative of the OBG Holders, such default is not capable of remedy in which case no notice will be required), such default remains unremedied for 30 days after the Representative of the OBG Holders has given written notice thereof to the Issuer, certifying that such default is, in its opinion, materially prejudicial to the interests of the OBG Holders and specifying whether or not such default is capable of remedy; or

(iii) *Insolvency*: An Insolvency Event occurs with respect to the Issuer; or

(iv) *Tests*: Mandatory Tests or Over-Collateralisation Test are breached and not cured within 1 month following the delivery by the Calculation Agent of a Negative Report as confirmed by the Asset Monitor Report;

(v) *Suspension of Payments*: A resolution pursuant to Article 74 of the Banking Law is issued in respect of the Issuer

(b) *Effect of an Issuer Event of Default*

If an Issuer Event of Default occurs the Representative of the OBG Holders will promptly serve the Notice to Pay on the OBG Guarantor, declaring that an Issuer Event of Default has occurred and specifying, in case of the Issuer Event of Default referred to under point (v) above, that the Issuer Event of Default may be of temporary nature.

(c) *Effect of a Notice to Pay*

Upon service of a Notice to Pay to the Issuer and the OBG Guarantor:

(i) *No further Series of OBG*: the Issuer may not issue any further Series of OBG;

(ii) *Acceleration against the Issuer*: Each series of OBG will accelerate against the Issuer and they will rank *pari passu* amongst themselves against the Issuer, provided that (i) such events shall not trigger an acceleration against the OBG Guarantor, (ii) in accordance with Article 4, Para. 3, of the MEF Decree, the OBG Guarantor shall be solely responsible for the exercise of the rights of the OBG Holders *vis-à-vis* the Issuer and (iii) in case of the Issuer Event of Default referred to under point (iv) above (x) the OBG Guarantor, in accordance with the MEF Decree, shall be responsible for the payments of the amounts due and payable under the OBG within the suspension period and (y) upon the end of the suspension period the Issuer shall be responsible for meeting the payment obligations under the OBG (and for the avoidance of doubts, the OBG then outstanding will not be deemed to be accelerated against the Issuer);

(iii) *Enforcement*: in accordance with Article 4, Para. 3, of the MEF Decree, the OBG Guarantor shall be solely responsible, at its discretion and without further notice, to take such steps and/or institute such proceedings (also acting through the Representative of the OBG Holders) against the Issuer 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 an Extraordinary Resolution of the OBG Holders;

(iv) *OBG Guarantee*: Without prejudice to paragraph (i) above, interest and principal falling due on the OBG will be payable by the OBG Guarantor at the time and in the manner provided under these Conditions, subject to and in accordance with the terms of the OBG Guarantee and the relevant Priority of Payments to creditors set out in the Intercreditor Agreement;

(v) *Tests*: The Mandatory Tests shall continue to be applied and the Amortisation Test shall apply;

(vi) *Disposal of Assets*: the OBG Guarantor shall sell the Assets and Integration Assets included in the portfolio in accordance with the provisions of the Portfolio Administration Agreement;

provided that, in case of the Issuer Event of Default referred to under item (v) (Suspension of payments) above, the effects listed in items (i) (No further Series of OBG), (iv) (OBG Guarantee) and (vi) (Disposal of Assets) above will only apply for as long as the suspension of payments pursuant to Article 74 of the Banking Law will be in force and effect (the "**Suspension Period**"). Accordingly (A) the OBG Guarantor, in accordance with MEF Decree, shall be responsible for the payments of the amounts due and payable under the OBG 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 OBG (and for the avoidance of doubts, the OBG then outstanding will not be deemed to be accelerated against the Issuer).

(d) *Guarantor Events of Default*

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

(i) *Non-payment*: non payment of principal and interest due in respect of the relevant Series of OBG in accordance with the OBG Guarantee, subject to a period of 8 days cure period in respect of principal or redemption amount and a 15 days cure period in respect of interest payment;

(ii) *Non-payment to the Hedging Counterparties*: non payment of costs or amount due to any Hedging Counterparty, if ranking senior or *pari passu* to the OBG by the following Calculation Date in accordance with the relevant Priority of Payments; or

(iii) *Insolvency*: An Insolvency Event occurs with respect to the OBG Guarantor; or

(iv) *Breach of other obligation*: A breach of the obligations of the OBG Guarantor under the Transaction Documents (other than (d)(i) above) occurs which breach is incapable of remedy or, if in the opinion of the Representative of the OBG Holders capable of remedy, is not in the opinion of the Representative of the OBG Holders remedied within 30 days after notice of such breach shall have been given to the OBG Guarantor by the Representative of the OBG Holders; or

(v) *Breach of Amortisation Test*: The Amortisation Test is breached according to a Negative Report issued by the Calculation Agent as confirmed by the Asset Monitor Report;

then the Representative of the OBG Holders

(a) in cases under (i), (ii), (iii) and (v) above, may but shall, if so directed by an Extraordinary Resolution of the OBG Holders, and

(b) in case under (iv) above, shall, if so directed by an Extraordinary Resolution of the OBG Holders serve a Guarantor Acceleration Notice on the OBG Guarantor.

(e) *Effect of a Guarantor Acceleration Notice*

Upon service of a Guarantor Acceleration Notice upon the OBG Guarantor:

(i) *Acceleration of OBG*: The OBG shall become immediately due and payable at their Early Redemption Amount together, if appropriate, with any accrued interest;

(ii) *OBG Guarantee*: Subject to and in accordance with the terms of the OBG Guarantee, the Representative of the OBG Holders, on behalf of the OBG Holders, shall have a claim against the OBG Guarantor for an amount equal to the Early Redemption Amount, together with accrued interest and any other amount due under the OBG (other than additional amounts payable under Condition 11 (a) (*Gross up*)) in accordance with the relevant Priority of Payments to creditors set out in the Intercreditor Agreement; and

(iii) *Enforcement*: The Representative of the OBG Holders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer or the OBG 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 an Extraordinary Resolution of the OBG Holders.

(f) *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 OBG Holders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the OBG Guarantor and all OBG Holders and (in such absence as aforesaid) no liability to the OBG Holders, the Issuer or the

OBG Guarantor shall attach to the Representative of the OBG Holders in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder.

## 13 Prescription

Claims for payment under the OBG 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 OBG Holders

(a) *Organisation of the OBG Holders*

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

(b) *Initial appointment*

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

(c) *Acknowledgment by OBG Holders*

Each OBG Holder, by reason of holding OBG:

(i) recognises the Representative of the OBG Holders 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 OBG Holders in such capacity as if such OBG Holder 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 OBG Holders as a result of the performance by the Representative of the OBG Holders of its duties or the exercise of any of its rights under the Transaction Documents.

## 15 Agents

In acting under the Paying Agency Agreement and in connection with the OBG, the Paying Agent act solely as agent of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the OBG Holders.

Following service of a Notice to Pay or a Guarantor Acceleration Notice, in acting under the Cash Management and Agency Agreement, the Paying Agent acts solely as agent of the OBG Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the OBG Holders.

The Paying Agent, its initial Specified Offices, any additional Paying Agent and its Specified Offices and the initial Calculation Agent (if any) are specified in the relevant Final Terms. The Issuer and the OBG Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor paying agent or Calculation Agent and additional or successor paying agents; provided, however, that:

(a) the Issuer and the OBG Guarantor shall at all times maintain a paying agent; and

(b) the Issuer and the OBG Guarantor shall at all times maintain a paying agent in an EU member state that 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

(c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and the OBG Guarantor shall at all times maintain a Calculation Agent; and

(d) if and for so long as the OBG 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 OBG 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 any of the Paying Agent or in its Specified Office shall promptly be given to the OBG Holders.

## 16 Further Issues

The Issuer may from time to time, without the consent of the OBG Holders, create and issue further OBG having the same terms and conditions as the OBG in all respects (or in all respects except for the first payment of interest) so as to form a single series with the OBG, provided that S&P will have confirmed that such issuance does not adversely affect the then current ratings by S&P of the then outstanding Covered Bonds.

## 17 Limited Recourse and Non Petition

(a) *Limited recourse*

The obligations of the OBG Guarantor under the OBG Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the OBG Guarantor, collateralised by the Assets and Integration Assets as provided under the Law 130, the MEF Decree and the BoI OBG Regulations. The recourse of the OBG Holders to the OBG Guarantor under the OBG 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 OBG Holders.

(b) *Non petition*

Only the Representative of the OBG Holders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Guaranteed Amounts or enforce the OBG Guarantee and/or any security and no OBG Holder shall be entitled to proceed directly against the OBG Guarantor to obtain payment of the Guaranteed Amounts or to enforce the OBG Guarantee and/or any security. In particular:

(i) no OBG Holder (nor any person on its behalf) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the OBG Holder to enforce the OBG Guarantee and/or any security or take any proceedings against the OBG Guarantor to enforce the OBG Guarantee and/or any security;

(ii) no OBG Holder (nor any person on its behalf, other than the Representative of the OBG Holders, 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 OBG Guarantor for the purpose of obtaining payment of any amount due from the OBG Guarantor;

(iii) at least until the date falling one year and one day after the date on which all Series of OBG 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 OBG Holder (nor any person on its behalf, other than the Representative of the OBG Holders) shall initiate or join any person in initiating an Insolvency Event in relation to the OBG Guarantor; and

(iv) no OBG Holder 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 OBG, as long as the OBG are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli.

(b) *Notices through Luxembourg Stock Exchange*

Any notice regarding the OBG, as long as the OBG are listed on the Luxembourg Stock Exchange, shall be deemed to have been duly given if published on the website of the Luxembourg Stock Exchange or, if required, of the CSSF and, in any event, if published in accordance with the rules and regulation of the Luxembourg Stock Exchange.

(c) *Other publication*

The Representative of the OBG Holders shall be at liberty to sanction any other method of giving notice to OBG Holders if, in its 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 OBG are then admitted to trading and provided that notice of such other method is given to the holders of the OBG in such manner as the Representative of the OBG Holders 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 OBG are governed by Italian law. All Transaction Documents, excluding the Swap Agreements and the Deed of Charge relating to such Swap Agreements, which are governed by English law, are governed by Italian law.

(b) *Jurisdiction*

The courts of Milan have exclusive competence for the resolution of any dispute that may arise in relation to the OBG 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 Law 130 and, if applicable, Article 58 of the Banking Law, the BoI OBG Regulations and MEF Decree.

## RULES OF THE ORGANISATION OF THE OBG HOLDERS

## TITLE I
## GENERAL PROVISIONS

### Article 1
*General*

The Organisation of the OBG Holders in respect of the OBG issued under the Programme by UniCredit S.p.A. is created concurrently with the issue and subscription of the OBG of the first Series and is governed by these Rules of the Organisation of the OBG Holders ("**Rules**").

These Rules shall remain in force and effect until full repayment or cancellation of all the OBG.

The contents of these Rules are deemed to be an integral part of the Terms and Conditions of the OBG of each Series issued by the Issuer.

### Article 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 Paying Agent:

(a) certifying that specified OBG are held to the order of the Paying Agent or under its control and have been blocked in an account with a clearing system, the Monte Titoli Account Holder or the relevant custodian 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 notification to the Paying Agent 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 OBG have been unblocked and notification of the release thereof by the Paying Agent to the Issuer and Representative of the OBG Holders;

(b) certifying that the Holder of the relevant Blocked OBG or a duly authorised person on its behalf has notified the Paying Agent that the votes attributable to such OBG 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;

(c) listing the total number and the principal amount outstanding of such specified Blocked OBG, distinguishing between those in respect of which instructions have been given to vote for, and against, each resolution; and

(d) authorising a named individual to vote in accordance with such instructions;

"**Blocked OBG**" means OBG which have been blocked in an account with a clearing system, the Monte Titoli Account Holder or the relevant custodian or otherwise are held to the order of or under the control of the Paying Agent for the purpose of obtaining 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 6 (*Chairman of the Meeting*);

"**Event of Default**" means an Issuer Event of Default or a Guarantor Event of Default, as the context requires;

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules on any of the subjects covered by Article 18.2 (*Extraordinary Resolution*) by a majority of not less than three quarters of the votes cast;

"**Holder**" means in respect of OBG, the ultimate owner of such OBG;

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

"**Meeting**" means a meeting of the OBG Holders (whether originally convened or resumed following an adjournment);

"**Monte Titoli Account Holder**" means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System);

"**Ordinary Resolution**" means any resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules on any of the subjects covered by Article 18.1 (*Ordinary Resolution*) by a majority of more than 50% of the votes cast;

"**Portfolio**" has the meaning given to it in the Master Definition Agreement;

"**Programme Resolution**" means an Extraordinary Resolution passed at a single meeting of the OBG Holders of all Series, duly convened and held in accordance with the provisions contained in these Rules to direct the Representative of the OBG Holders to take steps and/or institute proceedings against the Issuer or the OBG Guarantor pursuant to Condition 12(e)(iii) (*Effect of a Guarantor Acceleration Notice - Enforcement*);

"**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 Paying Agent 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 Agencies**" Fitch Ratings Limited, Moody's Investors Service and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or their successors, to the extent that at the relevant time they provide ratings in respect of the then outstanding OBG;

"**Resolutions**" means the Ordinary Resolutions and the Extraordinary Resolutions, collectively as the context requires;

"**Swap Rate**" means, in relation to a Series or a Tranche of OBG, the floating rate specified in the respective OBG Swap Agreement relating to such Series or Tranche of OBG, if the respective OBG 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 Monte Titoli Account Holder 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 stating that:

    (i) that Blocked OBG 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 Paying Agent; and

(b) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked OBG; or

(c) if possible under the relevant applicable laws and regulations, a certificate issued by the Paying Agent stating:

(i) that Blocked OBG 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 Paying Agent; and

(ii) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked OBG.

"**Written Resolution**" means a resolution in writing signed by or on behalf of one or more persons holding or representing at least 75 per cent of the Outstanding Principal Balance of (i) all the OBG (in case of Programme Resolution) or (ii) all the OBG of one or more relevant Series (in case of a resolution to be taken by the OBG Holders of such relevant Series), whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such OBG Holders;

"**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 in the place where the 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.

**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 OBG Holders;

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 OBG of each Series shall form a separate Series of OBG and accordingly, unless for any purpose the Representative of the OBG Holders 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 28 (*Duties and Powers of the Representative of the OBG Holders*) to 35 (*Powers to Act on behalf of the OBG Guarantor*) shall apply mutatis mutandis separately and independently to the OBG of each Series. However, for the purposes of this Article 2.3:

2.3.1 Articles 26 (*Appointment*) and 27 (*Resignation*); 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 OBG Holders*) to 35 (*Powers to Act on behalf of the OBG Guarantor*),

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

## Article 3

*Purpose of the Organisation of the OBG Holders*

Each OBG Holders is a member of the Organisation of the OBG Holders.

The purpose of the Organisation of the OBG Holders is to co-ordinate the exercise of the rights of the OBG Holders and, more generally, to take any action necessary or desirable to protect the interest of the OBG Holders.

# TITLE II
# MEETINGS OF THE OBG HOLDERS

## Article 4

*Convening a Meeting*

**4.1 Convening a Meeting**

The Representative of the OBG Holders, the OBG Guarantor or the Issuer may convene separate or combined Meetings of the OBG Holders at any time and the Representative of the OBG Holders shall be obliged to do so upon the request in writing by OBG Holders representing at least one-tenth of the aggregate Outstanding Principal Balance of the relevant Series of OBG.

The Representative of the OBG Holders may convene a single meeting of the OBG Holders of more than one Series if in the opinion of the Representative of the OBG Holders there is no conflict between the holders of the OBG of the relevant Series, in which event the provisions of this Schedule shall apply thereto *mutatis mutandis*.

**4.2 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 OBG Holders and the Paying Agent specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

**4.3 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 OBG Holders, provided that it is in a EU Member State.

## Article 5

*Notice*

**5.1 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 OBG Holders and the Paying Agent, with a copy to the Issuer and the OBG Guarantor, where the Meeting is convened by the Representative of the OBG Holders, or with a copy to the Representative of the OBG Holders, where the Meeting is convened by the Issuer.

**5.2 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 OBG Holders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall explain how Noteholders may appoint Proxies, obtaining Voting Certificates and use Block Voting Instructions.

**5.3 Validity notwithstanding lack of notice**

A Meeting is valid notwithstanding that the formalities required by this Article 5 are not complied with if the Holders of the OBG constituting the Outstanding Principal Balance of the OBG, the Holders of which are entitled to attend and vote are represented at such Meeting and the Issuer and the Representative of the OBG Holders are present.

## Article 6

*Chairman of the Meeting*

**6.1 Appointment of Chairman**

An individual (who may, but need not be, a OBG Holder), nominated in writing by the Representative of the OBG Holders may take the chair at any Meeting, but if:

6.1.1 the Representative of the OBG Holders fails to make a nomination; or

6.1.2 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.

**6.2 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.

**6.3 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 OBG Holders.

## Article 7

*Quorum*

The quorum at any Meeting will be:

7.1.1 in the case of an Ordinary Resolution, one or more Voters holding or representing at least 25 per cent of the Outstanding Principal Balance of the OBG of the relevant Series for the time being outstanding or, at an adjourned Meeting, one or more persons being or representing OBG Holders, whatever the Outstanding Principal Balance of the OBG so held or represented; or

7.1.2 in the case of an Extraordinary Resolution or a Programme Resolution (subject as provided below), one or more Voters holding or representing at least 50 per cent. of the Outstanding Principal Balance of the OBG of the relevant Series for the time being outstanding or, at an adjourned Meeting, one or more persons being or representing OBG Holders of the relevant Series for the time being outstanding, whatever the Outstanding Principal Balance of the OBG so held or represented; or

7.1.3 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 32 (*Waiver*), 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 specific Series of OBG;

(b) alteration of the currency in which payments under the specific Series of OBG are to be made;

(c) alteration of the majority required to pass an Extraordinary Resolution;

(d) except in accordance with Articles 31 (*Amendments and Modifications*) and 32 (*Waiver*), the sanctioning of any such scheme or proposal to effect the exchange, conversion or substitution of the specific Series of OBG for, or the conversion of such Specific Series of OBG into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate, formed or to be formed; and

(e) alteration of this Article 7.1.3;

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

## Article 8

*Adjournment for Want of Quorum*

8.1 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:

8.1.1 if such Meeting was convened upon the request of OBG Holders, the Meeting shall be dissolved; and

8.1.2 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 10 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 OBG Holders).

8.2 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 OBG Holders) 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 OBG Holders.

## Article 9

*Adjourned Meeting*

Except as provided in Article 8 (*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.

## Article 10

*Notice Following Adjournment*

**10.1 Notice required**

Article 5 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for want of a quorum except that:

10.1.1 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

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

**10.2 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 8 (*Adjournment for Want of Quorum*).

## Article 11

*Participation*

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

11.1 Voters;

11.2 the directors and the auditors of the Issuer and the OBG Guarantor;

11.3 representatives of the Issuer, the OBG Guarantor and the Representative of the OBG Holders;

11.4 financial advisers to the Issuer, the OBG Guarantor and the Representative of the OBG Holders;

11.5 legal advisers to the Issuer, the OBG Guarantor and the Representative of the OBG Holders; and

11.6 any other person authorised by virtue of a resolution of such Meeting or by the Representative of the OBG Holders.

## Article 12

*Voting Certificates and Block Voting Instructions*

12.1 A OBG Holder 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.

12.2 A OBG Holder may also obtain from the Paying Agent or require the Paying OBG Agent to issue a Block Voting Instruction by arranging for such OBG to be (to the satisfaction of the Paying Agent) held to its order or under its control or blocked in an account in the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian not later than 48 hours before the time fixed for the relevant Meeting.

12.3 A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked OBG to which it relates.

12.4 So long as a Voting Certificate or Block Voting Instruction is valid, the named therein as Holder or Proxy (in the case of a Voting Certificate issued by a Monte Titoli Account Holder), and any Proxy named therein (in the case of a Block Voting Instruction issued by the Paying Agent) shall be deemed to be the Holder of the OBG to which it relates for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.

12.5 A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same OBG.

12.6 References to the blocking or release of OBG shall be construed in accordance with the usual practices (including blocking the relevant account) of any relevant clearing system.

## Article 13

*Validity of Block Voting Instructions*

13.1 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 Representative of the OBG Holders, or at any other place approved by the Representative of the OBG Holders, 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 unless the Chairman decides otherwise before the Meeting proceeds to business. If the Representative of the OBG Holders so requires, a notarised copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy named in a Block Voting Instruction or of each Holders 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 OBG Holders 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 OBG named in a Voting Certificate or a Block Voting Instruction or the identity of any Holder named in a Voting Certificate issued by a Monte Titoli Account Holder.

## Article 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.

## Article 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 OBG Guarantor, the Representative of the OBG Holders or any one or more Voters, whatever the Outstanding Principal Balance of the OBG held or represented by such Voter. 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 as at the date of the taking of the poll.

**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.

## Article 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 person who is so present shall have one vote in respect of each €1.00 or such other amount as the Representative of the OBG Holders may in its absolute discretion stipulate (or, in the case of meetings of holders of OBG denominated in another currency, such amount in such other currency as the Representative of the OBG Holders in its absolute discretion may stipulate).

**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.

## Article 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 OBG Holders 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.

## Article 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 Terms and 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 OBG Holders 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 Terms and 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 OBG Guarantor, the Representative of the OBG Holders or any of them where such compromise or arrangement are subject expressly to the OBG Holders approval;

18.2.2 approve any modification, abrogation, variation or compromise in respect of (a) the rights of the Representative of the OBG Holders, the Issuer, the OBG Guarantor, the OBG Holders or any of them, whether such rights arise under the Transaction Documents or otherwise, and (b) these Rules, the Terms and Conditions or of any Transaction Document or any arrangement in respect of the obligations of the Issuer under or in respect of the OBG, which, in any such case, shall be proposed by the Issuer, the Representative of the OBG Holders and/or any other party thereto where such modification, abrogation, variation or compromise are subject expressly to the OBG Holders approval;

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 OBG Guarantor, the Representative of the OBG Holders or of any OBG Holder where such modification are subject expressly to the OBG Holders approval;

18.2.4 in accordance with Article 26 (*Appointment*), appoint and remove the Representative of the OBG Holders;

18.2.5 subject to the provisions set forth under the Terms and Conditions and the Transaction Documents or upon request of the Representative of the OBG Holders, authorise the Representative of the OBG Holders to issue a Notice to Pay as a result of an Issuer Event of Default pursuant to Condition 12(a)

(*Issuer Event of Default*) or a Guarantor Acceleration Notice as a result of a OBG Guarantor Event of Default pursuant to Condition 12(d) (*OBG Guarantor Event of Default*);

18.2.6 discharge or exonerate, whether retrospectively or otherwise, the Representative of the OBG Holders from any liability in relation to any act or omission for which the Representative of the OBG Holders has or may become liable pursuant or in relation to these Rules, the Terms and Conditions or any other Transaction Document;

18.2.7 grant any authority, order or sanction which, under the provisions of these Rules or of the Terms and Conditions, must be granted by an Extraordinary Resolution;

18.2.8 authorise and ratify the actions of the Representative of the OBG Holders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document, if required therein;

18.2.9 to appoint any person (whether OBG Holders or not) as a committee to represent the interests of the OBG Holders and to confer on any such committee any powers which the OBG Holders could themselves exercise by Extraordinary Resolution; and

18.2.10 authorise the Representative of the OBG Holders 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 OBG Holders to take steps and/or institute proceedings against the Issuer or the OBG Guarantor pursuant to Condition 12(e)(iii) (*Effect of an OBG Guarantor Event of Default - Enforcement*) and to approve any amendment to the OBG Guarantee (except in a manner determined by the Representative of the OBG Holders not to be materially prejudicial to the interests of the OBG Holders of any Series).

**18.4 Other Series of OBG**

No Ordinary Resolution or Extraordinary Resolution other than a Resolution relating to a Series Reserved Matter that is passed by the Holders of one Series of OBG shall be effective in respect of another Series of OBG unless it is sanctioned by an Ordinary Resolution or Extraordinary Resolution (as the case may be) of the Holders of OBG then outstanding of that other Series, subject to article 24.1.

## Article 19

*Effect of Resolutions*

**19.1 Binding nature**

Subject to Article 18.4 (*Other Series of OBG*), any resolution passed at a Meeting of the OBG Holders duly convened and held in accordance with these Rules shall be binding upon all OBG Holders, whether or not present at such Meeting and or not voting. A Programme Resolution passed at any Meeting of the holders of the OBG of all Series shall be binding on all holders of the OBG 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 OBG Holders shall be published (at the cost of the Issuer) in accordance with the Terms and Conditions and given to the Paying Agent (with a copy to the Issuer, the OBG Guarantor and the Representative of the OBG Holders within 14 days of the conclusion of each Meeting).

## Article 20

*Challenge to Resolutions*

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

## Article 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.

## Article 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.

## Article 23

*Individual actions and remedies*

Each OBG Holder has accepted and is bound by the provisions of Clauses 4 (*Exercise of Rights and Subrogation*) and 11 (*Limited Recourse*) of the OBG Guarantee and Clause 10 (*Limited Recourse and Non Petition*) of the Intercreditor Agreement and, accordingly, if any OBG Holder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the OBG and the OBG Guarantee, any such action or remedy shall be subject to a Meeting not passing an Extraordinary Resolution objecting to such individual action or other remedy on the grounds that it is not consistent with such Condition. In this respect, the following provisions shall apply:

23.1 the OBG Holder intending to enforce his/her rights under the OBG will notify the Representative of the OBG Holders of his/her intention;

23.2 the Representative of the OBG Holders will, without delay, call a Meeting in accordance with these Rules (including, for the avoidance of doubt, Article 24 (*Choice of Meeting*);

23.3 if the Meeting passes an Extraordinary Resolution objecting to the enforcement of the individual action or remedy, the OBG Holder will be prevented from taking such action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and

23.4 if the Meeting of OBG Holders does not object to an individual action or remedy, the OBG Holder will not be prohibited from taking such individual action or remedy.

## Article 24

*Meetings and separate Series*

**24.1 Choice of Meeting**

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

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

24.1.2 a resolution which in the opinion of the Representative of the OBG Holders affects the OBG of more than one Series but does not give rise to a conflict of interest between the holders of OBG 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 OBG of all the Series so affected;

24.1.3 a resolution which in the opinion of the Representative of the OBG Holders affects the OBG of more than one Series and gives or may give rise to a conflict of interest between the holders of the OBG of one Series or group of Series so affected and the holders of the OBG 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 OBG 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 OBG Holders 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 OBG and OBG Holders were references to the OBG of the Series or group of Series in question or to the holders of such OBG, as the case may be.

**24.2 Denominations other than euro**

If the Issuer has issued and has outstanding OBG which are not denominated in euro in the case of any Meeting or request in writing or Written Resolution of holders of OBG 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 Balance of such OBG 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 €1.00 (or such other euro amount as the Representative of the OBG Holders may in its absolute discretion stipulate) of the Principal Amount Outstanding of the OBG (converted as above) which he holds or represents.

## Article 25

*Further regulations*

Subject to all other provisions contained in these Rules, the Representative of the OBG Holders 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 OBG Holders in its sole discretion may decide.

# TITLE III
# THE REPRESENTATIVE OF THE OBG HOLDERS

## Article 26

*Appointment, removal and remuneration*

**26.1 Appointment**

The appointment of the Representative of the OBG Holders takes place by Extraordinary Resolution of the OBG Holders in accordance with the provisions of this Article 26, except for the appointment of Securitisation Services S.p.A. as first Representative of the OBG Holders which will be appointed under the Dealer Agreement.

**26.2 Identity of Representative of the OBG Holders**

The Representative of the OBG Holders 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 106 of the Banking Law; or

26.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the OBG Holders 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 OBG Holders and, if appointed as such, they shall be automatically removed.

**26.3 Duration of appointment**

Unless the Representative of the OBG Holders is removed by Extraordinary Resolution of the OBG Holders pursuant to Article 18.2 (*Extraordinary Resolution*) or resigns pursuant to Article 27 (*Resignation of the Representative of the OBG Holders*), it shall remain in office until full repayment or cancellation of all the Series of OBG.

**26.4 After termination**

In the event of a termination of the appointment of the Representative of the OBG Holders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the OBG Holders, which shall be an entity specified in Article 26.2 (*Identity of Representative of the OBG Holders*), accepts its appointment, and the powers and authority of the Representative of the OBG Holders 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 OBG.

**26.5 Remuneration**

The Issuer shall pay to the Representative of the OBG Holders an annual fee for its services as Representative of the OBG Holders from the Issue Date, as agreed 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 the OBG shall have been repaid in full or cancelled in accordance with the Terms and Conditions. In case of failure by the Issuer to pay the Representative of the OBG Holders the fee for its services, the same will be paid by the OBG Guarantor.

## Article 27

*Resignation of the Representative of the OBG Holders*

The Representative of the OBG Holders may resign at any time by giving at least three calendar months' written notice to the Issuer and the OBG 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 OBG Holders shall not become effective until a new Representative of the OBG Holders has been appointed in accordance with Article 26.1 (*Appointment*) and such new Representative of the OBG Holders has accepted its appointment, provided that if OBG Holders fail to select a new Representative of the OBG Holders within three months of written notice of resignation delivered by the Representative of the OBG Holders, the Representative of the OBG Holders may appoint a successor which is a qualifying entity pursuant to Article 26.2 (*Identity of the Representative of the OBG Holders*).

## Article 28

*Duties and powers of the Representative of the OBG Holders*

**28.1 Representative of the OBG Holders as legal representative**

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

**28.2 Meetings and resolutions**

Unless any Resolution provides to the contrary, the Representative of the OBG Holders is responsible for implementing all resolutions of the OBG Holders. The Representative of the OBG Holders has the right to convene and attend Meetings to propose any course of action which it considers from time to time necessary or desirable.

**28.3 Delegation**

The Representative of the OBG Holders 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 OBG Holders;

28.3.2 whenever it considers it expedient and in the interest of the OBG Holders,

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 OBG Holders may think fit in the interest of the OBG Holders. The Representative of the OBG Holders shall not, other than in the normal course of its business, 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 OBG Holders 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 OBG Holders shall, as soon as reasonably practicable, give notice to the Issuer and the OBG 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 OBG Guarantor of the appointment of any sub-delegate as soon as reasonably practicable.

**28.4 Judicial proceedings**

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

**28.5 Consents given by Representative of OBG Holders**

Any consent or approval given by the Representative of the OBG Holders 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 OBG Holders 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 OBG Holders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the OBG Holders by these Rules or by operation of law.

**28.7 Obtaining instructions**

In connection with matters in respect of which the Representative of the OBG Holders is entitled to exercise its discretion hereunder, the Representative of the OBG Holders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the OBG Holders' instructions as to how it should act. Without prejudice to the provisions set forth under Article 33 (*Indemnity*), prior to undertaking any action, the Representative of the OBG Holders shall be entitled to request that the OBG Holders indemnify it and/or provide it with security as specified in Article 29.2 (*Specific Limitations*).

**28.8 Remedy**

The Representative of the OBG Holders may determine whether or not a default in the performance by the Issuer or the OBG Guarantor of any obligation under the provisions of these Rules, the OBG or any other Transaction Documents may be remedied, and if the Representative of the OBG Holders 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 OBG Holders, the other creditors of the OBG Guarantor and any other party to the Transaction Documents.

## Article 29

*Exoneration of the Representative of the OBG Holders*

**29.1 Limited obligations**

The Representative of the OBG Holders 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 OBG Holders:

29.2.1 shall not be under any obligation to take any steps to ascertain whether an Issuer Event of Default or a OBG 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 OBG Holders hereunder or under any other Transaction Document, has occurred and, until the Representative of the OBG Holders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Issuer Event of Default or OBG 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 OBG Guarantor or any other parties of their obligations contained in these Rules, the Transaction Documents or the Terms and Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the OBG Holders shall be entitled to assume that the Issuer or the OBG 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;

29.24 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, 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 OBG 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 herewith;

(iii) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;

(iv) the failure by the OBG Guarantor to obtain or comply with any licence, consent or other authorisation in connection with the purchase or administration of the assets contained in the Portfolio; and

(v) any accounts, books, records or files maintained by the Issuer, the OBG Guarantor, the Servicer and the Paying Agent or any other person in respect of the Portfolio or the OBG;

29.2.5 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the OBG 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 OBG 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 OBG Holders 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 OBG Guarantor in relation to the assets contained in the Portfolio or any part thereof, whether such defect or failure was known to the Representative of the OBG Holders 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 Receivables contained in the Portfolio or any part thereof;

29.2.11 shall not be responsible for reviewing or investigating any report relating to the Portfolio 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 Portfolio or any part thereof;

29.2.13 shall not be responsible (except as expressly provided in the Terms and Conditions) for making or verifying any determination or calculation in respect of the OBG, the Portfolio or any Transaction Document;

29.2.14 shall not be under any obligation to insure the Portfolio 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 OBG Holders, have regard to the overall interests of the OBG Holders 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 OBG Holders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual OBG Holders (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 OBG of any one or more Series would be materially prejudiced thereby, exercise such power, trust, authority or discretion without the approval of such OBG Holders by Extraordinary Resolution or by a written resolution of such OBG Holders of not less than 25 per cent. of the Outstanding Principal Balance of the OBG 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 OBG Holders and the other creditors of the Issuer or the OBG Guarantor but if, in the opinion of the Representative of the OBG Holders, there is a conflict between their interests the Representative of the OBG Holders will have regard solely to the interest of the OBG Holders;

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 OBG Holders 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 be liable or responsible for any Liabilities which may result from anything done or omitted to be done by it in accordance with the provisions of these Rules or the Transaction Documents.

**29.3 Illegality**

No provision of these Rules shall require the Representative of the OBG Holders 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 OBG Holders 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 OBG Holders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

## Article 30

*Reliance on information*

**30.1 Advice**

The Representative of the OBG Holders 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 OBG Guarantor, the Representative of the OBG Holders 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 OBG Holders 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.

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

The Representative of the OBG Holders 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 OBG Guarantor's knowledge, a certificate duly signed by a director of the Issuer or (as the case may be) the OBG Guarantor;

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

and the Representative of the OBG Holders 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 OBG Holders**

The Representative of the OBG Holders 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 OBG Holders, 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 OBG Holders.

**30.4 Certificates of Monte Titoli Account Holders**

The Representative of the OBG Holders, in order to ascertain ownership of the OBG, 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 OBG Holders 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 OBG Holders 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 OBG.

**30.6 Certificates of parties to Transaction Documents**

The Representative of the OBG Holders shall have the right:

30.6.1 to require the Issuer to obtain, written certificates issued by one of the parties to the Intercreditor Agreement, or by any other creditor of the OBG Guarantor, as to any matter or fact which is *prima facie* within the knowledge of such party or as to such party's opinion with respect to any matter; and

30.6.2 to rely on such written certificates.

The Representative of the OBG Holders shall not be required to seek additional evidence in respect of the relevant fact, matter or issue and shall not be held responsible for any Liabilities incurred as a result of having failed to do so.

**30.7 Rating Agencies**

The Representative of the OBG Holder shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interests of the holders of OBG of any Series or of all Series for the time being outstanding if the Rating Agencies have confirmed that the then current rating of the OBG of any such Series or all such Series (as the case may be) would not be adversely affected by such exercise, or have otherwise given their consent. If the Representative of the OBG Holders, in order properly to exercise its rights or fulfill its obligations, deems it necessary to obtain the views of the Rating Agencies as to how a specific act would affect any outstanding rating of the OBG, the Representative of the OBG Holders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the OBG Holders or the Representative of the OBG Holders may seek and obtain such views itself at the cost of the Issuer.

**30.8 Certificates of Parties to Transaction Document**

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

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

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

30.8.3 as to such party's opinion with respect to any issue and the Representative of the OBG Holders 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.

**30.9 Auditors**

The Representative of the OBG Holders 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.

## Article 31

*Amendments and modifications*

31.1 The Representative of the OBG Holders may from time to time and without the consent or sanction of the OBG Holders concur with the Issuer and/or the OBG Guarantor and any other relevant parties in making any modification (and for this purpose the Representative of the OBG Holders may disregard whether any such modification relates to a Series Reserved Matter) as follows:

31.1.1 to these Rules, the Terms and Conditions and/or the other Transaction Documents which in the opinion of the Representative of the OBG Holders may be expedient to make provided that the Representative of the OBG Holders is of the opinion that such modification will be proper to make and will not be materially prejudicial to the interests of any of the OBG Holders of any Series;

31.1.2 to these Rules, the Terms and Conditions or the other Transaction Documents which is of a formal, minor or technical nature or, which in the opinion of the Representative of the OBG Holders is to correct a manifest error or an error established as such to the satisfaction of the Representative of the OBG Holders or for the purpose of clarification; and

31.1.3 to these Rules, the Terms and Conditions or the other Transaction Documents which is necessary to comply with mandatory provisions of law and regulation or a change of the OBG Regulations or any guidelines issued by the Bank of Italy in respect thereof.

31.2 Any such modification may be made on such terms and subject to such conditions (if any) as the Representative of the OBG Holders may determine, shall be binding upon the OBG Holders and, unless the Representative of the OBG Holders otherwise agrees, shall be notified by the Issuer or the OBG Guarantor (as the case may be) to the OBG Holders in accordance with Condition 17 (*Notices*) as soon as practicable thereafter.

31.3 In establishing whether an error is established as such, the Representative of the OBG Holders may have regard to any evidence on which the Representative of the OBG Holders considers reasonable to rely on, and may, but shall not be obliged to, have regard to all or any of the following:

31.3.1 a certificate from a Relevant Dealer, stating the intention of the parties to the relevant Transaction Document, confirming nothing has been said to, or by, investors or any other parties which is in any way inconsistent with such stated intention and stating the modification to the relevant Transaction Document that is required to reflect such intention;

31.3.2 confirmation from the relevant credit rating agencies that, after giving effect to such modification, the OBG shall continue to have the same credit ratings as those assigned to them immediately prior to the modification.

31.4 The Representative of the OBG Holders shall be bound to concur with the Issuer and the OBG Guarantor and any other party in making any of the above-mentioned modifications if it is so directed by an Extraordinary Resolution or and 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.

## Article 32

*Waiver*

### 32.1 Waiver of Breach

The Representative of the OBG Holders may at any time and from time to time in its sole direction, without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as in its opinion the interests of the Holders of the OBG then outstanding shall not be materially prejudiced thereby:

32.1.1 authorise or waive, on such terms and subject to such conditions (if any) as it may decide, any proposed breach or breach of any of the covenants or provisions contained in the OBG Guarantee or any of the obligations of or rights against the OBG Guarantor under any other Transaction Documents; or

32.1.2 determine that any Event of Default shall not be treated as such for the purposes of the Transaction Documents, without any consent or sanction of the OBG Holders.

### 32.2 Binding Nature

Any authorisation, waiver or determination referred in Article 32.1 (*Waiver of Breach*) shall be binding on the OBG Holders.

### 32.3 Restriction on powers

The Representative of the OBG Holders shall not exercise any powers conferred upon it by this Article 32 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the Holders of the OBG then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent in aggregate

Outstanding Principal Balance of the OBG (in the case of any such determination, with the OBG of all Series taken together as a single Series as aforesaid), and at all times then only if it shall be 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 but so that no such direction or request:

32.3.1 shall affect any authorisation, waiver or determination previously given or made or

32.3.2 all authorise or waive any such proposed breach or breach relating to a Series Reserved Matter unless holders of OBG of each Series has, by Extraordinary Resolution, so authorised its exercise.

**32.4 Notice of waiver**

Unless the Representative of the OBG Holders agrees otherwise, the Issuer shall cause any such authorisation, waiver or determination to be notified to the OBG Holders and the Secured Creditors, as soon as practicable after it has been given or made in accordance with Condition 17 (*Notices*).

## Article 33

*Indemnity*

Pursuant to the Dealer Agreement, the Issuer 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 OBG Holders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands duly documented and properly incurred by or made against the Representative of the OBG Holders, including but not limited to legal expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the OBG Holders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the OBG Holders pursuant to the Transaction Documents against the Issuer, or any other person to enforce any obligation under these Rules, the OBG or the Transaction Documents.

## Article 34

*Liability*

Notwithstanding any other provision of these Rules, the Representative of the OBG Holders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the OBG or the Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

# TITLE IV
# THE ORGANISATION OF THE OBG HOLDERS AFTER SERVICE OF A OBG GUARANTOR ACCELERATION NOTICE

## Article 35

*Powers to act on behalf of the OBG Guarantor*

It is hereby acknowledged that, upon service of a Guarantor Acceleration Notice or, prior to service of a Guarantor Acceleration Notice, following the failure of the OBG Guarantor to exercise any right to which it is entitled, pursuant to the Intercreditor Agreement the Representative of the OBG Holders, in its capacity as legal representative of the Organisation of the OBG Holders, shall be entitled (also in the interests of the Secured Creditors) pursuant to Articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Portfolio. Therefore, the Representative of the OBG Holders, in its capacity as legal representative of the Organisation of the OBG Holders, will be authorised, pursuant to the terms of the Intercreditor Agreement, to exercise, in the name and on behalf of the OBG Guarantor and as *mandatario in rem propriam* of the OBG Guarantor, any and all of the rights of the OBG Guarantor 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

## Article 36
*Governing law*

These Rules are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

## Article 37
*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

*Set out below is the form of Final Terms which, subject to any necessary amendments, will be completed for each Tranche of OBG (other than Registered OBG) issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.*

**Final Terms dated** [●]

**UniCredit S.p.A. Issue of** *[Aggregate Nominal Amount of Tranche] [Description]* **OBG due** *[Maturity]*

**Guaranteed by UniCredit BpC Mortgage S.r.l.**
**under the € 20,000,000,000 OBG 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 31 January 2011 [and the supplement[s] to the prospectus dated 31 January 2011] which [together] constitute[s] a base prospectus (the "**Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the OBG described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer, the OBG Guarantor and the offer of the OBG 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 *[website]]* [and] during normal business hours at *[address]* [and copies may be obtained from *[address]].*

*[Include whichever of the following apply or specify as "Not Applicable " (N/A). Note that the numbering should remain as set out below, even if "Not Applicable " is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

| | | | |
|---|---|---|---|
| 1. | (i) | Issuer: | UniCredit S.p.A. |
| | (ii) | OBG Guarantor: | UniCredit BpC Mortgage S.r.l. |
| 2. | (i) | Series Number: | [•] |
| | (ii) | Tranche Number: | [•]<br>(*If fungible with an existing Series, details of that Series, including the date on which the OBG become fungible*). |

| | | |
|---|---|---|
| 3. | Specified Currency or Currencies: | [•] |
| 4. | Aggregate Nominal Amount of OBG: | [•] |
| | (i) Series: | [•] |
| | (ii) Tranche: | [•] |
| 5. | Issue Price: | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] ( *if applicable*)] |
| 6. | (i) Specified Denominations: | € 100,000 [plus integral multiples of €[1,000] in excess thereof] (*Include the wording in square brackets where the Specified Denomination is €100,000 or equivalent plus multiples of a lower principal amount*.) |
| | (ii) Calculation Amount: | [•] |
| 7. | (i) Issue Date: | [•] |
| | (ii) Interest Commencement Date: | [*Specify*/Issue Date/Not Applicable] |
| 8. | Maturity Date: | [*Specify date or (for Floating Rate OBG) OBG Payment Date falling in or nearest to the relevant month and year.*] |
| 9. | Extended Maturity Date of Guaranteed Amounts corresponding to Final Redemption Amount under the OBG Guarantee: | [*Not applicable / Specify date or* (*for Floating Rate OBG*) *OBG Payment Date falling in or nearest to the relevant month and year*] |
| 10. | Interest Basis: | [[•] per cent. Fixed Rate]<br>[[*Specify reference rate*] +/– [*Margin*] per cent. Floating Rate]<br>[Zero Coupon]<br>[Index-Linked or Other Variable-Linked Interest]<br>[Other (*Specify*)]<br>(further particulars specified below) |

| | | |
|---|---|---|
| 11. | Redemption/Payment Basis: | [Redemption at par]<br>[Index-Linked or Other Variable-Linked Redemption]<br>[Dual Currency]<br>[Instalment]<br>[Other (*Specify*)] |
| 12. | Change of Interest or Redemption/Payment Basis: | [*Specify details of any provision for convertibility of OBG into another interest or redemption/ payment basis*] |
| 13. | Put/Call Options: | [Not Applicable]<br>[Investor Put]<br>[Issuer Call]<br>[(further particulars specified below)] |
| 14. | [Date [Board] approval for issuance of OBG [and OBG Guarantee] [respectively]] obtained: | [•] [and [•], respectively<br>*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of OBG or related OBG Guarantee)*] |
| 15. | Method of distribution: | [Syndicated/Non-syndicated] |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

| | | |
|---|---|---|
| 16. | **Fixed Rate Provisions** | [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) Rate[(s)] of Interest: | [•] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly/other (*specify*)] in arrear] |
| | (ii) OBG Payment Date(s): | [•] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Additional 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 OBG Payment Date falling [in/on] [•] |

| | | | |
|---|---|---|---|
| | (v) | Day Count Fraction: | [30/360/<br>Actual/Actual (ICMA)/<br>*Other*] |
| | (vi) | Other terms relating to the method of calculating interest for Fixed Rate OBG: | [Not Applicable/*give details*] |
| 17. | **Floating Rate Provisions** | | [Applicable/Not Applicable]<br>*(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) | OBG Interest Period(s): | [•] |
| | (ii) | Specified Period: | [•]<br>*(Specified Period and OBG Payment Dates are alternatives. A Specified Period, rather than OBG 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) | OBG Payment Dates: | [•]<br>*(Specified Period and OBG Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")* |
| | (iv) | First OBG Payment Date: | [•] |
| | (v) | Business Day Convention: | [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/<br>Preceding Business Day Convention/ Other (*give details*)] |
| | (vi) | Additional Business Centre(s): | [Not Applicable/*give details*] |
| | (vii) | Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination/<br>ISDA Determination/<br>Other (*give details*)] |

| | | |
|---|---|---|
| (viii) | Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Paying Agent): | [•] |
| (ix) | Screen Rate Determination: | |
| | • Reference Rate: | [*For example, LIBOR or EURIBOR*] |
| | • Interest Determination Date(s): | [•] |
| | • Relevant Screen Page: | [*For example, Reuters LIBOR 01/ EURIBOR 01*] |
| | • Relevant Time: | [*For example, 11.00 a.m. London time/Brussels time*] |
| | • Relevant Financial Centre: | [*For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro*] |
| (x) | ISDA Determination: | |
| | • Floating Rate Option: | [•] |
| | • Designated Maturity: | [•] |
| | • Reset Date: | [•] |
| (xi) | Margin(s): | [+/-][•] per cent. per annum |
| (xii) | Minimum Rate of Interest: | [•] per cent. per annum |
| (xiii) | Maximum Rate of Interest: | [•] per cent. per annum |
| (xiv) | Day Count Fraction: | [Actual/Actual (ICMA)/<br>Actual/Actual (ISDA)/<br>Actual/365 (Fixed)/<br>Actual/360/<br>30/360/<br>30E/360/<br>Eurobond Basis/<br>30E/360 (ISDA)] |
| (xv) | Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate OBG, if different from those set out in the Conditions: | [•] |

| | | | |
|---|---|---|---|
| 18. | **Zero Coupon Provisions** | | [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) | Accrual Yield: | [•] per cent. per annum |
| | (ii) | Reference Price: | [•] |
| | (iii) | Any other formula/basis of determining amount payable: | [*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 9(h) (Early redemption of Zero Coupon OBG)*] |
| 19. | **Index-Linked or Other Variable-Linked Interest Provisions** | | [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) | Index/Formula/other variable: | [G*ive or annex details*] |
| | (ii) | Party responsible for calculating the interest due (if not the OBG Paying Agent): | [•] |
| | (iii) | Provisions for determining interest where calculated by reference to Index and/or Formula and/or other variable: | [•] |
| | (vi) | Interest Determination Date(s): | [•] |
| | (v) | Provisions for determining interest where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: | [•] |
| | (vi) | Interest or calculation period(s): | [•] |
| | (vii) | Specified Period: | [•] *(Specified Period and OBG Payment Dates are alternatives. A Specified Period, rather than OBG 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")* |

| | | | |
|---|---|---|---|
| | (viii) | OBG Payment Dates: | [•]<br>*(Specified Period and OBG Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")* |
| | (ix) | Business Day Convention: | [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/<br>Preceding Business Day Convention/ Other (*give details*)] |
| | (x) | Additional Business Centre(s) : | [•] |
| | (xi) | Minimum Rate/Amount of Interest: | [•] per cent. per annum |
| | (xii) | Maximum Rate/Amount of Interest: | [•] per cent. per annum |
| | (xiii) | Day Count Fraction: | [•] |
| 20. | **Dual Currency OBG Provisions** | | [Applicable/Not Applicable]<br>*(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) | Rate of Exchange/method of calculating Rate of Exchange: | [*give details*] |
| | (ii) | Party, if any, responsible for calculating the principal and/or interest due (if not the OBG Paying Agent): | [•] |
| | (iii) | Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: | [•] |
| | (iv) | Person at whose option Specified Currency(ies) is/are payable: | [•] |

**PROVISIONS RELATING TO REDEMPTION**

| | | | |
|---|---|---|---|
| 21. | **Call Option** | | [Applicable/Not Applicable]<br>*(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) | Optional Redemption Date(s): | [•] |

| | | | |
|---|---|---|---|
| | (ii) | Optional Redemption Amount(s) of OBG and method, if any, of calculation of such amount(s): | [•] per Calculation Amount |
| | (iii) | If redeemable in part: | |
| | | (a) Minimum Redemption Amount: | [•] per Calculation Amount |
| | | (b) Maximum Redemption Amount | [•] per Calculation Amount |
| | (iv) | Notice period: | [•] |
| 22. | **Put Option** | | [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) | Optional Redemption Date(s): | [•] |
| | (ii) | Optional Redemption Amount(s) of each OBG and method, if any, of calculation of such amount(s): | [•] per Calculation Amount |
| | (iii) | Notice period: | [•] |
| 23. | **Final Redemption Amount of OBG** | | [•] per Calculation Amount |
| | In cases where the Final Redemption Amount is Index-Linked or other variable-linked: | | |
| | (i) | Index/Formula/variable: | [*give or annex details*] |
| | (ii) | Party responsible for calculating the Final Redemption Amount (if not the OBG Paying Agent): | [•] |
| | (iii) | Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: | [•] |
| | (iv) | Date for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: | [•] |

| | | | |
|---|---|---|---|
| | (v) | Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: | [•] |
| | (vi) | OBG Payment Dates: | [•] |
| | (vii) | Minimum Final Redemption Amount: | [•] per Calculation Amount |
| | (viii) | Maximum Final Redemption Amount: | [•] per Calculation Amount |
| 24. | **Early Redemption Amount (Tax)** | | [Not Applicable/*give details*] |
| | Early redemption amount(s) per Calculation Amount payable on redemption for taxation reasons or on acceleration following a OBG Guarantor Event of Default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): | | |
| 25. | **Early Redemption Amount** | | [Not Applicable/*give details*] |

**GENERAL PROVISIONS APPLICABLE TO THE OBG**

| | | |
|---|---|---|
| 26. | Additional Financial Centre(s) or other special provisions relating to payment dates: | [Not Applicable/*give details*]<br>[*Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 15(ii), 17(vi) and 19(x) relate*] |
| 27. | Details relating to OBG for which principal is repayable in instalments: amount of each instalment, date on which each payment is to be made: | [Not Applicable/*give details*] |
| 28. | Redenomination provisions: | [Redenomination [not] applicable (*If Redenomination is applicable, specify the terms of the redenomination in an annex to the Final Terms*)] |

| | | |
|---|---|---|
| 29. | Other final terms: | [Not Applicable/*give details*] (*When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.*) |

## DISTRIBUTION

| | | |
|---|---|---|
| 30. | (i) If syndicated, names of Managers: | [Not Applicable/*give names*] |
| | (ii) Stabilising Manager(s) (if any): | [Not Applicable/*give name*] |
| 31. | If non-syndicated, name of Dealer: | [Not Applicable/*give name*] |
| 32. | U.S. Selling Restrictions: | [Reg. S Compliance Category: TEFRA C/TEFRA D/TEFRA not applicable] |
| 33. | Additional selling restrictions: | [Not Applicable/*give details*] |

## PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on [the regulated market of the [Luxembourg Stock Exchange/*specify other regulated market*] of the OBG described herein pursuant to the € 20,000,000,000 OBG Programme of UniCredit S.p.A.

## RESPONSIBILITY

The Issuer and the OBG Guarantor accept responsibility for the information contained in these Final Terms. [(*Relevant third party information*) has been extracted from (*specify source*). Each of the Issuer and the OBG 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 (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of UniCredit S.p.A.

By: ________________________
Duly authorised

Signed on behalf of UniCredit BpC Mortgage S.r.l.

By: ________________________
Duly authorised

## PART B - OTHER INFORMATION

| | | | |
|---|---|---|---|
| 1. | **LISTING AND ADMISSION TO TRADING** | | |
| | (i) | Listing | [Luxembourg/(*specify other*)/None] |
| | (ii) | Admission to trading | [Application [is expected to be/has been] made by the Issuer (or on its behalf) for the OBG to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange/*specify other regulated market*] with effect from [•].] [Not Applicable.]<br>*(Where documenting a fungible issue, need to indicate that original OBG are already admitted to trading.)* |
| | (iii) | Estimate of total expenses related to admission to trading | [●] |
| 2. | **RATINGS** | | |
| | Ratings: | | The OBG to be issued have been rated:<br>[S&P: [•]]<br>[Moody's: [•]]<br>[Fitch: [•]]<br>[[Other]: [•]]<br>[The credit ratings included or referred to in these Final Terms [have been issued by Fitch, Moody's or S&P, each of which is established in the European Union and each of which has applied to be registered under Regulation (EC) No 1060/2009 on credit rating agencies] / [have not been issued or endorsed by any credit rating agency which is established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies].<br>(*Include the relevant wording as applicable depending on the relevant rating agency assigning a rating to the OBG issued*) |

(*The above disclosure should reflect the rating allocated to OBG of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating*.)

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

[*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the OBG has an interest material to the offer."]

(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.*)

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

| | | |
|---|---|---|
| [(i) | Reasons for the offer | [•]<br>*(See ["Use of Proceeds"] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]* |
| [(ii)] | Estimated net proceeds: | [•] |
| [(iii)] | Estimated total expenses: | [•]<br>[*Include breakdown of expenses*]<br>*(If the OBG are derivative securities to which Annex XII of Regulation (EC) No 809/2004 applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)* |

5. [***Fixed Rate OBG only*** **– YIELD**

| | |
|---|---|
| Indication of yield: | [•]<br>Calculated as [*include details of method of calculation in summary form*] on the Issue Date.<br>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 OBG only* - HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

7. [***Index-Linked or Other Variable-Linked OBG only* – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

(*Need to include:*

*(i) details of the exercise price or the final reference price of the underlying;*

*(ii) details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident;*

*(iii) description of any market disruption or settlement disruption events that affect the underlying;*

*(iv) adjustment rules in relation to events concerning the underlying;*

*(v) where the underlying is a security, the name of the issuer of the security and its ISIN or other such security identification code;*

*(vi) where the underlying is an index, the name of the index and a description if composed by the Issuer and, if the index is not composed by the Issuer, details of where the information about the index can be obtained;*

*(vii) where the underlying is not an index, equivalent information;*

*(viii) where the underlying is an interest rate, a description of the interest rate;*

*(ix) where the underlying is a basket of underlying, disclosure of the relevant weightings of each underlying in the basket; and*

*(x) any other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Regulation (EC) No 809/2004.*)

(*When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.*)

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information].]

8. [***Dual Currency OBG only* – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

(*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.*)

(*When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.*)]

9. **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/*give name(s) and number(s)*] |
| Delivery: | Delivery [against/free of] payment |
| Names and Specified Offices of additional OBG Paying Agent(s) (if any) , Calculation Agent(s), Listing Agent(s) or Representative of the OBG Holders (if any): | [•] |
| Intended to be held in a manner which would allow Eurosystem eligibility: | [Yes/No]<br>[Note that the designation "yes" simply means that the OBG are intended upon issue to be held in a form which would allow Eurosystem eligibility (i.e. issued in dematerialised form (*emesse in forma dematerializzata*) and wholly and exclusively deposited with Monte Titoli in accordance with 83-*bis* of Italian legislative decree No. 58 of 24 February 1998, as amended, through the authorised institutions listed in article 83-*quater* of such legislative decree) and does not necessarily mean that the OBG will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] |

## KEY FEATURES OF REGISTERED OBG (*NAMENSSCHULD VERSCHREIBUNG*)

The Issuer may issue, under the Programme, Registered OBG (*Namensschuldverschreibung*), each issued with a minimum denomination indicated in the applicable Registered OBG Conditions.

The Registered OBG shall be governed by a set of legal documentation in the form from time to time agreed with the relevant Dealer and will not be governed by the Conditions of the OBG set out in this Prospectus. Such legal documentation will comprise the relevant Registered OBG Conditions, Assignment Agreement and Registered OBG Agreement. Notwithstanding the foregoing, the Issuer will be entitled to enter into a different or additional set of documentation as agreed with the relevant Dealer in relation to a specific issue of Registered OBG.

The relevant Registered OBG, together with the related Registered OBG Conditions attached thereto, the relevant Registered OBG Agreement and any other document expressed to govern such Series of Registered OBG, will constitute the full terms and conditions of the relevant Series of Registered OBG.

The Registered OBG will constitute direct, unconditional, unsubordinated obligations of the Issuer, guaranteed by the OBG Guarantor pursuant to the terms of the OBG Guarantee with limited recourse to the Available Funds. The Registered OBG will rank *pari passu* and without any preference among themselves and with the OBG, except in respect of the applicable maturity of each Series or Tranche (as applicable), and (save for any applicable statutory provisions) at least equally with all other present and future unsecured, unsubordinated obligations of the Issuer having the same maturity of each Series of Registered OBG or Series or Tranche of OBG, from time to time outstanding.

In accordance with the legal framework established by Law 130 and the MEF Decree and with the terms and conditions of the relevant Registered OBG Agreement and Transaction Documents, the Registered OBG Holders will have (i) recourse to the Issuer and (ii) limited recourse to the OBG Guarantor limited to the Available Funds.

The Registered OBG will not be listed and/or admitted to trading on any market and will not be settled through a clearing system. Registered OBG will be issued in such denominations indicated in the applicable Registered OBG Conditions.

The Registered OBG will be governed by the laws of the Federal Republic of Germany or by whatever law chosen by the Issuer (to be supplemented with the specific provisions required under German law in order for the registered OBG to be a German law registered note (*Namensschuld verschreibung*) save that, in any case, certain provisions (including those relating to status, limited recourse of the Registered OBG and those applicable to the Issuer and the Portfolio) shall be governed by Italian law.

In connection with each Registered OBG, each reference in the Prospectus to information being set out, specified, stated, shown, indicated or otherwise provided for in the applicable Final Terms shall be read and construed as a reference to such information being set out, specified, stated, shown, indicated or otherwise provided in the relevant Registered OBG (*Namensschuldverschreibung*), the relevant Registered OBG Conditions, the Registered OBG Agreement relating thereto or any other document expressed to govern such Registered OBG and, as applicable, each other reference to Final Terms in the Prospectus shall be construed and read as a reference to such Registered OBG

(*Namensschuldverschreibung*), the relevant Registered OBG Conditions, the Registered OBG Agreement thereto or any other document expressed to govern such of Registered OBG.

A transfer of Registered OBG shall not be effective until the transferee has delivered to the Registered OBG Registrar a duly executed Assignment Agreement. A transfer can only occur for the minimum denomination indicated in the applicable Registered OBG Conditions or multiples thereof.

In connection with Registered OBG, references in this Prospectus to the Conditions or a particularly numbered Condition shall be construed, where relevant (and unless specified otherwise), as references to the equivalent Condition in the relevant Registered OBG Conditions as supplemented by the relevant Registered OBG Agreement and/or any other applicable document.

# TAXATION

*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 OBG 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.*

*Prospective purchasers of the OBG are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the OBG.*

*This summary is based upon the laws and/or practice in force as at the date of this Prospectus, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis. This summary will not be updated to reflect changes in laws and if such a change occurs the information in this summary could become invalid.*

## Republic of Italy

### *Italian Tax Treatment of the OBG – General*

Decree 239 regulates the tax treatment of interest, premiums and other income (including the difference between the redemption amount and the issue price) from certain securities issued, inter alia, by Italian resident banks (hereinafter collectively referred to as "Interest"). The provisions of Decree 239 only apply to OBG issued by the Issuer with an original maturity of eighteen months or more 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.

### *Taxation of Interest*

**OBG with a maturity of not less than eighteen months**

*Italian Resident OBG holders*

Pursuant to Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**"), where the Italian resident holder of the OBG that qualify as *obbligazioni or titoli similari alle obbligazioni* and have a maturity of eighteen months or more, who is the beneficial owner of such OBG, is:

(a) an individual holding OBG otherwise than in connection with entrepreneurial activity (unless he has entrusted the management of his financial assets, including the OBG, to an authorised intermediary and has opted for the so-called *risparmio gestito* regime according to Article 7 of Italian Legislative Decree No. 461 of 21 November, 1997, as amended ("**Decree No. 461**") – the "**Asset Management Option**"); or

(b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or *de facto* partnership not carrying out commercial activities or professional association; or

(c) a private or public institution not carrying out mainly or exclusively commercial activities (including the Italian state and public entities); or

(d) an investor exempt from Italian corporate income taxation.

Interest payments relating to the OBG are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 12.5 per cent. (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the OBG). All the above categories are qualified as "net recipients".

Where the resident holders of the OBG described above under (a) and (c) are engaged in an entrepreneurial activity to which the OBG are effectively connected, *imposta sostitutiva* applies as a provisional income tax and may be deducted from the taxation on income due.

Pursuant to Decree No. 239, the 12.5 per cent. *imposta sostitutiva* is applied by banks, *societa 'di intermediazione mobiliare* (so called "SIMs"), fiduciary companies, *societa' di gestione del risparmio* (SGRs), stock brokers and other qualified entities resident in Italy, or by permanent establishments in Italy of banks or authorised intermediaries resident outside Italy ("**Intermediaries**" and each an "**Intermediary**"), that must intervene in any way in the collection of Interest or, also as transferees, in transfers or disposals of the OBG.

Where the OBG and the relevant coupons are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld:

- by any intermediary paying Interest to the OBG holders; or
- by the Issuer.

Payments of Interest in respect of OBG that qualify as *obbligazioni* or *titoli similari alle obbligazioni* and have a maturity of eighteen months or more, are not subject to the 12.5 per cent. *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident companies or similar commercial entities or permanent establishments in Italy of foreign companies to which the OBG are effectively connected; (ii) Italian collective investment funds, SICAVs, Italian pension funds referred to in Legislative Decree No. 252 of 5 December, 2005 ("**Decree No. 252**"), Italian real estate investment funds; and (iii) Italian resident individuals holding OBG not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the OBG, to an authorised financial intermediary and have opted for the Asset Management Option. Such categories are qualified as "gross recipients".

To ensure payment of Interest in respect of the OBG without the application of 12.5 per cent. *imposta sostitutiva*, gross recipients indicated above under (i) to (iii) must (a) be the beneficial owners of payments of Interest on the OBG and (b) timely deposit the OBG together with the coupons relating to such OBG directly or indirectly with an Intermediary.

Where the OBG and the relevant coupons are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld:

- by any intermediary paying Interest to the OBG holder; or
- by the Issuer,

and gross recipients that are Italian resident companies or similar commercial entities or permanent establishments in Italy of foreign companies to which the OBG are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the OBG would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the OBG holder, also in the net value of production for purposes of regional tax on productive activities – IRAP) of beneficial owners who are Italian resident companies or similar commercial entities or permanent establishments in Italy of foreign companies to which the OBG are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident individuals holding OBG not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 12.5 per cent annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the OBG). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Italian collective investment funds and SICAVs are subject to annual substitute tax at a rate of 12.5 per cent. (the "**Collective Investment Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the OBG).

Italian pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 dated 5 December 2005, as subsequently amended, are subject to an 11 per cent. annual substitute tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the OBG).

According to the current regime provided by Law Decree No. 351 dated 25 September 2001 as subsequently amended, Italian real estate funds created under Article 37 of the Financial Services Act and Article 14*bis* of Law No. 86 dated 25 January 1994 (the "**Real Estate Funds**"), are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund. In any case, any income realised by certain subscribers of the real estate funds is subject to a 20 per cent. withholding tax.

*Non-Italian resident OBG holders*

According to Decree No. 239, payments of Interest in respect of OBG that qualify as *obbligazioni* or *titoli similari alle obbligazioni* and have a maturity of eighteen months or more will not be subject to the *imposta sostitutiva* at the rate of 12.5 per cent. provided that:

(a) the payments are made to non-Italian resident beneficial owners of the OBG with no permanent establishment in Italy to which the OBG are effectively connected; and

(b) such beneficial owners are resident, for tax purposes (i) in a White-list State listed into 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 Presidential Decree No. 917 of 22 December 1986 ("**Decree No. 917**") is effective, in a State or territory that is included (or deemed to be included, pursuant to Article 1, paragraph 90 of the Budget Law for 2008) in the list of States allowing for an adequate exchange of information with the Italian tax authorities; and

(c) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are timely met or complied with.

Decree No. 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of the OBG made to (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the OBG without the application of 12.5 per cent. *imposta sostitutiva*, non-Italian resident investors indicated above must:

(a) be the beneficial owners of payments of Interest on the OBG;

(b) timely deposit the OBG together with the coupons relating to such OBG directly or indirectly with an Italian resident bank or SIM or a permanent establishment in Italy of a non-Italian bank or investment firm, or with a non-Italian resident operator participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and

(c) timely file with the relevant depository a self-assessment (*autocertificazione*) stating, *inter alia*, that he or she is resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information. Such self-assessment (*autocertificazione*) is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The self-assessment (*autocertificazione*) is not requested for non-Italian resident investors that are international entities and organisations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Failure of a non-resident OBG holder to timely comply with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interests payments to such non-resident OBG holder.

The *imposta sostitutiva* will be applicable at the rate of 12.5 per cent. to interest, premium and other income accrued during the holding period when the OBG holders are resident, for fiscal purposes, in countries which do not allow for a satisfactory exchange of information with Italy or who do not comply with the above mentioned requirement. The 12.5 per cent. *imposta sostitutiva* may be reduced (generally to 10 per cent.) or reduced to zero under certain applicable double tax treaties entered into by Italy, subject to timely filing of required documentation.

*Early Redemption of OBG with an original maturity of eighteen months or longer*

Without prejudice to the above provisions, OBG with an original maturity of eighteen months or longer which are redeemed within eighteen months from the date of issue, are subject to an additional tax on such early redemption due by the Issuer at the rate of 20 per cent. in respect of Interest accrued on the OBG up to the date of the early redemption pursuant to Article 26, 1st paragraph, of Presidential Decree No. 600 of 29th September 1973, as amended ("**Decree No. 600**").

**OBG with a maturity of less than eighteen months**

Pursuant to Article 26 of Decree No. 600, interest and other proceeds on OBG that qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Decree No. 917 with an original maturity of less than eighteen months are subject to withholding tax levied at a rate of 27 per cent.

Interest payments received by: (a) Italian resident companies or similar commercial entities or permanent establishments in Italy of foreign companies to which the OBG are effectively connected, (b) Italian resident commercial partnerships and (c) Italian resident individuals carrying out a commercial activity to which the OBG are connected form part of their aggregate income subject to income tax in Italy according to ordinary rules. In certain cases, said Interest may also be included in the taxable net value of production for IRAP purposes. In this case, the withholding tax applies as a provisional income tax and may be deducted from the taxation on income due.

Where the OBG holder is a non-Italian resident, the 27 per cent. withholding tax may be reduced under the provisions of double taxation treaties entered into by Italy, subject to timely filing of required documentation.

**Atypical securities**

Interest payments relating to OBG that are not deemed to fall within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) may be qualified as "*atypical securities*" and subject to a withholding tax, levied at the rate of 27 per cent. For this purpose, securities similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

Interest payments received by: (a) Italian resident companies or similar commercial entities or permanent establishments in Italy of foreign companies to which the OBG are effectively connected, (b) Italian resident commercial partnerships and (c) Italian resident individuals carrying out a commercial activity to which the OBG are connected form part of their aggregate income subject to income tax in Italy according to ordinary rules. In certain cases, said Interest may also be included in the taxable net value of production for IRAP purposes. In this case, the withholding tax applies as a provisional income tax and may be deducted from the taxation on income due.

**Payments made by the OBG Guarantor**

The Italian tax authorities have never expressed their view on the Italian tax regime applicable to payments on OBG made by an Italian resident guarantor in a ruling available to the public. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian court would not support such an alternative treatment.

With respect to payments on the OBG made to certain Italian resident OBG holders 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 OBG may be subject to an advance withholding tax at a rate of 12.5 per cent. pursuant to Presidential Decree No. 600, as subsequently amended. In case of payments to non-Italian resident , a final withholding tax may be applied at (i) 12.5per cent. if the payment is made to non-Italian resident OBG holders other than those mentioned under (ii); or (ii) 27 per cent. if the payment is made to non-Italian resident OBG holders which are resident in States or territories having a preferential tax regime pursuant to Italian tax law.

Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

In accordance with another interpretation, any such payment made by the Italian resident guarantor will 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.

**Capital Gains**

*Italian resident OBG holders*

Pursuant to Decree No. 461, a 12.5 per cent. capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realised by Italian resident individuals, not engaged in entrepreneurial activities to which the OBG are connected, on any sale or transfer for consideration of the OBG or redemption thereof.

Under the so called "tax declaration regime", which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activities, the 12.5 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised by Italian resident individuals not engaged in entrepreneurial activities pursuant to investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains by Italian resident individuals together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year.

Alternatively to the tax declaration regime, holders of the OBG who are Italian resident individuals not engaged in entrepreneurial activities to which the OBG are connected, may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the OBG ("*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the OBG being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and (ii) an express election for the so-called *risparmio amministrato* regime being timely made in writing by the relevant holder of the OBG. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the OBG, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the holder of the OBG, deducting a corresponding amount from proceeds to be credited to the holder of the OBG. Where a sale or transfer or redemption of the OBG results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the OBG within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the OBG holder is not required to declare capital gains in its annual tax declaration and remains anonymous.

Special rules apply if the OBG are part of (i) a portfolio managed in a regime of Asset Management Option ("*risparmio gestito*" regime) by an Italian asset management company or an authorised intermediary or (ii) an Italian *Organismo di Investimento Collettivo del Risparmio* (which includes a *Fondo Comune di Investimento* or SICAV). In both cases, the capital gains realised upon sale, transfer or redemption of the OBG will not be subject to 12.5 per cent. *imposta sostitutiva* on capital gains but will respectively contribute to determine the taxable base of the Asset Management Tax and of the Collective Investment Fund Tax.

In particular, under the Asset Management Option, any appreciation of the OBG, even if not realised, will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at yearend may be carried forward against appreciation accrued in each of the following years up to the fourth. Also under the Asset Management Option the realised capital gain is not requested to be included in the annual income tax return of the OBG holder and the OBG holder remains anonymous.

In the case of OBG held by Italian investment funds and SICAVs, capital gains on OBG contribute to determinate the increase in value of the managed assets of the funds or SICAVs accrued at the end of each tax year, subject to the Collective Investment Fund Tax at the relevant applicable rate.

Any capital gains accrued to OBG holders who are Italian pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 dated 5 December 2005, as subsequently amended will be included in the computation of the taxable basis of Pension Fund Tax.

According to Article 41-*bis* of Law Decree No. 269 dated 30 September 2003, Italian resident real estate funds created under Article 37 of the Financial Services Act and Article 14*bis* of Law No. 86 dated 25 January 1994 (the "**Real Estate Funds**") as subsequently amended, are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund. In any case, any income realised by certain subscribers of the real estate funds is subject to a 20 per cent. withholding tax.

Any capital gains realised by Italian resident individuals carrying out a commercial activity to which the OBG are connected or Italian resident companies or similar commercial entities or permanent establishments in Italy of non-Italian resident companies to which the OBG are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

*Non-Italian resident OBG holders*

The 12.5% final "*imposta sostitutiva*" may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the OBG by non-Italian resident persons or entities without a permanent establishment in the Republic of Italy to which the OBG are effectively connected, if the OBG are held in the Republic of Italy.

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the OBG are effectively connected through the sale for consideration or redemption of the OBG are exempt from taxation in Italy to the extent that the OBG are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a self-assessment (*autocertificazione*) of non-residence in Italy) with the Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the OBG are deposited, even if the OBG are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the OBG are not listed on a regulated market in Italy or abroad:

(a) pursuant to the provisions of Decree No. 461 non-Italian resident beneficial owners of the OBG with no permanent establishment in Italy to which the OBG are effectively connected are exempt from the *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the OBG if they are resident, for tax purposes: (i) in a White-list State listed into 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 a State or territory that is included (or deemed to be included, pursuant to Article 1, paragraph 90 of Law of 24 December 2007, No. 244) in the list of States allowing for an adequate exchange of information with the Italian tax authorities listed in the decree referred to in Article 168-bis, paragraph 1 of Decree No. 917. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the OBG are effectively connected elect for the *risparmio amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate self-assessment (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies in case the beneficial owners of the OBG are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, inter alia, the official reserves of a foreign State; and

(b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the OBG are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of OBG are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of OBG.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the OBG are effectively connected hold OBG with an Italian authorised financial intermediary and elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, in order to benefit from exemption from Italian taxation on capital gains such non-Italian residents may be required to file in time with the authorised financial intermediary appropriate documents which include *inter alia* a certificate of residence from the competent tax authorities of the country of residence of the non-Italian residents.

**Inheritance and gift tax**

Pursuant to Law Decree No. 262 of 3 October, 2006, converted with amendments by Law No. 286 of 24th November, 2006 effective from 29 November, 2006, and Law No. 296 of 27 December, 2006, the transfers of any valuable assets (including the OBG) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows:

(a) 4 per cent. if the transfer is made to spouses and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding €1,000,000 (per beneficiary);

(b) 6 per cent. if the transfer if made to brothers and sisters; in this case, the transfer is subject to the tax on the value exceeding €100,000 (per beneficiary);

(c) 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree; and

(d) 8 per cent. in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b), (c) e (d) on the value exceeding €1,500,000.

**Transfer tax**

According to Law Decree No. 248 of 31 December 2007, converted with amendments by Law No. 31 of 28 February 2008, transfer tax has been repealed.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities may be subject to the registration tax as follows: a) public deeds and notarised deeds are subject to fixed tax at a rate of € 168,00; b) private deeds are subject to registration tax only in the case of use or voluntary registration.

**European Savings tax directive**

On 3 June 2003, the Council of the European Union adopted the EU Directive No. 2003/48/EC regarding the taxation of savings income (the "**European Savings Directive**"). According to the European Savings Directive, each member State of the European Union (a "**Member State**") is required to provide to the tax authorities of other States of the European Union details of the interest payments by a person within its jurisdiction to individuals resident in that other State. However, Austria, Belgium and Luxembourg are allowed to apply a withholding system for a transitional period.

Italy has implemented the Directive through Legislative Decree No. 84 of 18th April 2005 (the "**Decree 84/2005**"). Under Decree 84/2005, subject to a number of important conditions being met, in the case of interest paid starting from 1st July 2005 (including the case of interest accrued on the Certificates at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State or in certain associated territories of Member States, Italian paying agents (i.e. banks, investment firms ("*società di intermediazione mobiliare – SIM*"), fiduciary companies, Italian management company ("*società di gestion del risparmio – SGR*") resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, undertakings for collective investments in transferable securities ("**UCITS**") recognised in accordance with Directive 85/611/EEC.

**Luxembourg**

The comments below are intended as a basic summary of certain tax consequences in relation to the purchase, ownership and disposition of the OBG under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

*Witholding tax*

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual or to certain entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to individual or to certain entities, upon repayment of principal in the case of reimbursement, redemption, repurchase or exchange of the OBG.

*Withholding tax on payments to an individual resident in another Member State or in certain European Union dependent or associated territories*

Under the Luxembourg laws dated 21 June 2005 implementing the European Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union ("**EU**"), a Luxembourg based paying agent (within the meaning of the European Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for an exchange of information procedure or for the tax certificate procedure. The same treatment will apply to payments of interest and other similar income made to certain "residual entities" within the meaning of article 4.2 of the European Savings Directive established in a Member State or in certain EU dependent or associated territories (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in article 4.5 of the European Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not, or have not opted to be considered as, a UCITS recognised in accordance with the Council Directive 85/611/EEC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC).

The withholding tax rate is 20% increasing to 35% as from 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

*Withholding tax on payments to Luxembourg resident individuals*

Under the Luxembourg law dated 23 December 2005, as of 1 January 2006, interest payments made by Luxembourg paying agents (defined in the same way as in the European Savings Directive) to

Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC or for the exchange of information regime) are subject to a 10% withholding tax ("**10% Luxembourg Witholding Tax**").

Pursuant to the Luxembourg law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10% tax ( "**10% Tax**") on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the European Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area other than an EU Member State or in a State or territory which has concluded an international agreement directly related to the European Savings Directive.

The 10% Luxembourg Withholding Tax or the 10% Tax represents the final tax liability on interest received for the Luxembourg resident individuals receiving the interest payment in the course of their private wealth. Individual Luxembourg resident OBG Holders receiving the interest as business income must include this interest in their taxable basis. If applicable, the 10% Luxembourg Withholding Tax levied will be credited against their final income tax liability.

## SUBSCRIPTION AND SALE

OBG may be sold from time to time by the Issuer to any one or more of the Dealer(s). The arrangements under which any Series or Tranche of OBG may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealer(s) are set out in a dealer agreement dated 14 October 2008 (the "**Dealer Agreement**") and entered into between the Issuer, the OBG Guarantor and the Initial Dealer. The Dealer Agreement also contains a *pro forma* subscription agreement to be entered into in relation to OBG issued on a syndicated basis. On or prior to the relevant Issue Date, the Issuer, the Dealer(s) who are parties to such subscription agreement (the "**Relevant Dealers**") and the Representative of the OBG Holders will enter into a subscription agreement (each a "**Subscription Agreement**"), under which the Relevant Dealers will agree to subscribe for the relevant Series or Tranche of OBG, subject to the conditions set out therein. The relevant Subscription Agreement together with the Dealer Agreement will, *inter alia*, make provision for the terms and conditions of the relevant Series or Tranche of OBG, the price at which such Series or Tranche of OBG will be purchased by the Relevant Dealers and the commissions or other agreed deductibles (if any) payable by the Issuer in respect of such purchase.

The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealer(s) and for the appointment of additional or other Dealer(s) either generally in respect of the Programme or in relation to a particular Series of OBG.

**United States of America:** *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The OBG have not been and will not be registered under the Securities Act and may not be offered or sold within the United States 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.

The OBG in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986, as amended and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver OBG of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Series of OBG, as certified to the Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of OBG to or through more than one Dealer, by each of such Dealers as to the OBG of such Tranche purchased by or through it, in which case the Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells OBG during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the OBG within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of OBG comprising any Tranche, any offer or sale of OBG within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each issuance of Index Linked OBG or Dual Currency OBG shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such OBG, which additional selling restrictions shall be set out in the applicable Final Terms.

**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**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant 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 OBG which are the subject of the offering contemplated by this 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 OBG to the public in that Relevant Member State:

(a) if the final terms in relation to the OBG specify that an offer of those OBG may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such OBG which has been approved by the competent authority in that Relevant Member State and/or, where appropriate, approved in another Relevant Member State and/or notified to the competent authority in that Relevant Member State, provided that any such prospectus has been subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

(b) Qualified investors: at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) PMI: at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, all as shown in its last annual or consolidated accounts; or

(d) Private placements: at any time to fewer than 100 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;

(e) Minimum denomination: at any time if the denomination per Covered Bond being offered amounts to at least Euro 100,000; or

(f) Other inapplicability events: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of OBG referred to in (b) to (e) 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, the expression an "offer of OBG to the public" in relation to any OBG 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 OBG to be offered so as to enable an investor to decide to purchase or subscribe the OBG, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/7 1/EC and includes any relevant implementing measure in each Relevant Member State.

**United Kingdom**

Each Dealer has represented, warranted and agreed that:

(a) *general compliance*: it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the OBG in, from or otherwise involving the United Kingdom; and

(b) *financial promotion:* it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 the OBG in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

**Republic of Italy**

The offering of the OBG has not been registered with *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") (the Italian securities and exchange commission), pursuant to Italian securities legislation and, accordingly, each Dealer has represented, warranted and agreed, that it has not offered, sold or distributed, and will not offer, sell or distribute any OBG or any copy of this Prospectus or any other offer document in the Republic of Italy in an offer to the public of financial products under the meaning of Article 1, paragraph 1, letter t) of Italian legislative decree No. 58 of 24 February 1998 (the "**Financial Services Act**"), unless an exemption applies. Accordingly, the OBG shall only be offered, sold or delivered and copies of this Prospectus or of any other offering material relating to the OBG may only ne distributed in Italy:

(a) to qualified investors (*investitori qualificati*) pursuant to article 100 of the Financial Services Act and article 34-*ter*, paragraph 1, letter (b), of CONSOB Regulation No. 11971 of 14 May 1999, all as amended and integrated from time to time; or

(b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under the Financial Services Act or CONSOB Regulation No. 11971 of 14 May 1999, all as amended and integrated from time to time.

Moreover, and subject to the foregoing, any offer, sale or delivery of the OBG or distribution of copies of the Prospectus or any other document relating to the OBG 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 Services Act, the Banking Act and CONSOB Regulation 16190 of 29 October 2007, all as amended and integrated from time to time; and

(b) in accordance with any other applicable laws and regulations, including all relevant Italian securities, tax and exchange controls laws and regulations and any limitation may be imposed from time to time by CONSOB or the Bank of Italy.

**Japan**

The OBG have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Law of Japan**") and, accordingly, each Dealer has undertaken that it will not offer or sell any OBG directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

**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 OBG 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 OBG or possess, distribute or publish this Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer 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 the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of OBG) or in a supplement to this Prospectus.

## GENERAL INFORMATION

### Listing, admission to trading and minimum denomination

Application has been made for the OBG (other than the Registered OBG) issued under the Programme to be admitted to the official list and be traded on the regulated market of the Luxembourg Stock Exchange.

OBG (other than the Registered OBG) may be listed on such other stock exchange as the Issuer and the Relevant Dealer(s) may agree, as specified in the relevant Final Terms, or may be issued on an unlisted basis.

The OBG (other than the Registered OBG) will not have a denomination of less than € 100,000 (or, where the OBG are issued in a currency other than euro, the equivalent amount in such other currency).

The Registered OBG Conditions will specify the minimum denomination for Registered OBG. No Registered OBG will be listed ans/or admitted to trading on any market.

### Authorisations

The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer on 1 August 2008. The publication of this Prospectus was authorised by a resolution of the Board of Directors of the Issuer on 30 September 2010.

The granting of the OBG Guarantee was authorised by a resolution of the quotaholders' meeting of the OBG Guarantor on 8 October 2008.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the OBG.

### Clearing of the OBG

The OBG will be issued in bearer and in dematerialised form and held on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders (including Euroclear and Clearstream). The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant OBG for clearance together with any further appropriate information.

The Registered OBG will not be settled through a clearing system. The registered OBG Conditions will specify the agent or registrar through which payments to the Registered OBG will be made and settled.

### Common codes and ISIN numbers

The appropriate common code and the International Securities Identification Number in relation to the OBG of each Series will be specified in the relevant Final Terms relating thereto.

### The Representative of the OBG Holders

Pursuant to the provisions of the Conditions and the Rules of Organisation of the OBG Holders, there shall be at all times a Representative of the OBG Holders appointed to act in the interest and behalf of the OBG Holders. The initial Representative of OBG Holders shall be Securitisation Services S.p.A. Securitisation Services S.p.A. shall be appointed by the Dealers in accordance with the Dealer Agreement and the relevant Subscription Agreements.

**No material litigation**

During the twelve months preceding the date of this Prospectus, there have been no governmental, legal or arbitration proceedings, nor is the Issuer (save as described under section "*Description of the Issuer - Legal Proceedings*") or the OBG Guarantor aware of any pending or threatened proceedings of such kind, which have had or may have significant effects on the Issuer's or the OBG Guarantor's financial position or profitability.

**No material adverse change**

There has been no significant change in the financial and trading position or in the prospects of the OBG Guarantor, since 31 December 2009 and there has been no material adverse change in the prospects of the OBG Guarantor since 31 December 2009.

Save as described under section "*Description of the Issuer - Significant or material change*", there has been no significant change in the financial or trading position of the Issuer and its subsidiaries taken as a whole since 30 September 2010 and there has been no material adverse change in the prospects of the Issuer and the Group since 31 December 2009.

**Luxembourg Listing Agent**

The Issuer has undertaken to maintain a listing agent in Luxembourg so long as OBG are listed on the Luxembourg Stock Exchange.

**Documents available for inspection**

For so long as the Programme remains in effect or any OBG shall be outstanding and listed on the Luxembourg Stock Exchange, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the registered office of the Issuer and the Representative of the OBG Holders, namely:

(i) the Transaction Documents (excluding, for the avoidance of doubt, any Registered OBG, any Registered OBG Conditions and any Registered OBG Agreement);

(ii) the Paying Agent Guarantee;

(iii) Issuer's memorandum of association (*Atto Costitutivo*) and by-laws (*Statuto*) as of the date hereof;

(iv) OBG Guarantor's memorandum of association (*Atto Costitutivo*) and by-laws (*Statuto*) as of the date hereof;

(v) the unaudited consolidated interim financial statements (including review report) of the Issuer in respect of the six months ended 30 June 2009 and of the six months ended 30 June 2010, respectively;

(vi) the audited consolidated annual financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the financial years ended on 31 December 2008 and 31 December 2009, respectively;

(vii) the audited annual financial statements (including the auditors' report thereon and notes thereto) of the OBG Guarantor in respect of the financial years ended on 31 December 2008 and 31 December 2009, respectively;

(viii) a copy of this Prospectus together with any supplement thereto, if any, or further Prospectus;

(ix) any reports, letters, balance sheets, valuations and statements of experts included or referred to in the Prospectus (other than consent letters);

(x) any Final Terms relating to OBG (other than the Registered OBG) which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. In the case of any OBG which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms (other than relating to the Registered OBG) will only be available for inspection by the relevant OBG Holders;

(xi) any supplement to this Prospectus; and

(xii) any other document incorporated by reference.

The documents mentioned under (i) to (xii) (with the exception of (ix) may be inspected during normal business hours at the Specified Office of the Luxembourg Listing Agent.

Copies of all such documents shall also be available to OBG Holders at the Specified Office of the Representative of the OBG Holders.

After the issue date of any Index-Linked OBG, Equity-Linked OBG, Credit-Linked OBG or other variable-linked OBG, no additional information in relation to the underlying assets, index, securities, or other variable of such OBG will be provided by the Issuer.

**Financial statements available**

For so long as the Programme remains in effect or any OBG listed on the Luxembourg Stock Exchange shall be outstanding, copies and, where appropriate, English translations of the most recent publicly available financial statements and consolidated financial statements of the Issuer may be obtained during normal business hours at the specified office of the Luxembourg Listing Agent.

The external auditors have given, and have not withdrawn, their consent to the inclusion of their report on the accounts of the Issuer in this Prospectus in the form and context in which it is included.

**Post-issuance transaction information**

The Issuer does not intend to publish post-issuance information in relation to any underlying element to which the OBG are linked or with regard to assets underlying issues of instruments constituting derivative securities.

**Publication on the Internet**

This Prospectus, any supplement thereto and the Final Terms will be available on the internet site of the Luxembourg Stock Exchange, at www.bourse.lu.

**Material Contracts**

Neither the Issuer nor the OBG 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 OBG Holders.

**Auditors**

KPMG S.p.A., the address of which is at Vittor Pisani, 25, 20124 Milan, ("**KPMG**") are the auditors of the Issuer. They are registered in the special register (*Albo Speciale*) for auditing companies (*società di revisione*) provided for by article 161 of the Financial Services Act, as amended, and in the register of accountancy auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Italian legislative decree No. 88 of 27 January 1992 ("**Decree No. 88**"). KPMG is also a member of Assirevi – Associazione Italiana Revisori Contabili, the Italian association of auditing firms. KPMG has audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for the years ended 31 December 2008 and 31 December 2009.

KPMG, the address of which is at Vittor Pisani, 25, 20124 Milan, are the current auditors of the OBG Guarantor. They are registered in the special register (*Albo Speciale*) for auditing companies (*società di revisione*) provided for by article 161 of the Financial Services Act, as amended, and in the register of accountancy auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Decree 88. KPMG is also a member of Assirevi – Associazione Italiana Revisori Contabili, the Italian association of auditing firms. KPMG has audited and rendered an unqualified audit report on the financial statements of the OBG Guarantor for the years ended 31 December 2008 and 31 December 2009.

**Fees and expenses**

The price and amount of OBG to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

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