

BASE PROSPECTUS



BANCA POPOLARE DELL'ETRURIA E DEL LAZIO Soc. Coop.

(incorporated with limited liability under the laws of the Republic of Italy)

€1,500,000,000

Euro Medium Term Note Programme

This document has been approved as a base prospectus (the "**Base Prospectus**") issued in compliance with Article 5.4 of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in a Member State of the European Economic Area) (the "**Prospectus Directive**") by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 which implements the Prospectus Directive in Luxembourg. Application has been made by Banca Popolare dell'Etruria e del Lazio Soc. Coop. (the "**Issuer**") for notes ("**Notes**") issued under the €1,500,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof, to be listed on the official list and admitted to trading on the regulated market (the "**Regulated Market**") of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. The Programme also allows for Notes to be unlisted or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. The CSSF assumes no responsibility with regards to the economic and financial soundness of any transaction under this Programme or the quality and solvency of the Issuer.

Notes admitted to trading on a Regulated Market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will not have a denomination of less than €100,000 or, at the option of the Issuer and until such time that the increase of the minimum denomination threshold for wholesale securities from €50,000 to €100,000 introduced by Directive 2010/73/EU is implemented in Italy and/or other Member State(s) whose rules may be applicable for the purposes of the relevant issuance or offering of Notes, €50,000 (or its equivalent in other currencies calculated as described herein). Under the programme, the Issuer, subject to compliance with all relevant laws, rules, regulations and directives, may from time to time issue notes in bearer form denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

As more fully set out in "*Taxation*", payments of interest, premium (if any) and other similar amounts relating to Notes qualifying as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) are subject in principle to a 12.5 per cent. (20 per cent. on interest, premium (if any) and other similar amounts relating to Notes accrued from 1st January 2012) substitutive tax (referred to as the *imposta sostitutiva*), in certain circumstances. In order to obtain exemption at source from the *imposta sostitutiva* in respect of payments of interest, premium or other amounts relating to such Notes, each Noteholder not resident in the Republic of Italy is generally required to certify, *inter alia*, that such Noteholder is (i) deemed to be resident in a country which allows for a satisfactory exchange of information with the Republic of Italy and (ii) the beneficial owner of payments of interest, premium or other similar amounts relating to the Notes. Payments of interest, premium (if any) and other similar amounts relating to Notes with an original maturity of less than 18 months or qualifying as atypical securities (*titoli atipici*) are subject to a withholding tax at the rate of 27 per cent. Interest, premium (if any) and other similar amounts relating to Notes having an original maturity shorter than 18 months, from 1st January 2012, should be subject to the same tax regime provided for interest, premium (if any) and other similar amounts relating to Notes having an original maturity exceeding 18 months. Atypical securities (*titoli atipici*) will be subject to a withholding tax at the rate of 20 per cent. on interest, premium (if any) and other similar amounts payable from 1st January 2012. The Issuer will not be liable to pay any additional amounts to Noteholders in relation to any such withholding.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.

Arranger and Dealer

Natixis

Dealers

Banca Akros (Gruppo Banca Popolare di Milano)

Banco Bilbao Vizcaya Argentaria, S.A.

Credit Suisse

HSBC

Natixis

Banca IMI

Barclays Capital

Dexia Capital Markets

ING Commercial Banking

Raiffeisen Bank International AG

CONTENTS

	Page
IMPORTANT NOTICES	1
GENERAL DESCRIPTION.....	3
RISK FACTORS	9
INFORMATION INCORPORATED BY REFERENCE	20
FORMS OF THE NOTES	23
TERMS AND CONDITIONS OF THE NOTES	26
FORM OF FINAL TERMS.....	51
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	64
DESCRIPTION OF THE ISSUER.....	67
SUMMARY FINANCIAL INFORMATION RELATING TO THE ISSUER.....	78
TAXATION	83
SUBSCRIPTION AND SALE	90
GENERAL INFORMATION.....	94

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as amended and/or supplemented by a document specific to such Tranche called final terms (the "**Final Terms**"). This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Final Terms.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus (including for this purpose, each relevant Final Terms) contains all information which is (in the context of the Programme and the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions, expectations or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions, expectations or intentions (in the context of the Programme and the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and none of the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise), business, prospects or general affairs of the Issuer or any of its subsidiaries since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Base Prospectus may only be used for the purposes for which it has been published. The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise), business, prospects and general affairs of the Issuer and its subsidiaries.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed Euro 1,500,000,000 (and for this purpose, any Notes denominated in another currency shall be converted into Euro at the date of the agreement to issue such Notes, calculated in accordance with the provisions of the

Dealer Agreement (as defined under "*Subscription and Sale*"). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

In this Base Prospectus, unless otherwise specified: references to a "**Condition**" are to the correspondingly numbered provision set forth in "Terms and Conditions of the Notes"; references to "**€**", "**EUR**" or "**Euro**" are to the single currency introduced at the start of the third stage of European economic and monetary union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended; references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to the lawful currency for the time being of the United States; references to "**£**" and "**Sterling**" are to the lawful currency for the time being of the United Kingdom; and references to "**billions**" are to thousands of millions.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The Issuer is currently rated by Fitch Italia S.p.A.

On 26 August 2010, Fitch Ratings Ltd. filed an application for registration, under Regulation (EU) no 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended by Regulation (EU) no 513/2011) (the "Regulation"), of (and on behalf of) the Fitch Ratings group of companies within the EU, in accordance with the requirements established by the Regulation; this application includes Fitch Italia S.p.A. The application is currently being reviewed by the college of supervisors of Fitch Ratings Limited and Fitch Italia S.p.A. has informed the Issuer that it expects the review process to be completed in early Q4 2011. In the meantime, Fitch Italia S.p.A. has informed the Issuer that Article 40 of the Regulation states: "[...] Existing credit rating agencies may continue issuing credit ratings which may be used for regulatory purposes by the financial institutions referred to in Article 4(1) unless registration is refused [...]".

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

GENERAL DESCRIPTION

This section is a general description of the Programme, as provided under Article 22.5(3) of Regulation (EC) 809/2004. This description does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in the Base Prospectus have the same meaning in this description.

Issuer:	Banca Popolare dell'Etruria e del Lazio Soc. Coop.
Arranger:	Natixis
Dealers:	Banca Akros S.p.A. (Gruppo Banca Popolare di Milano); Banca IMI S.p.A.; Banco Bilbao Vizcaya Argentaria, S.A., Barclays Bank PLC; Credit Suisse Securities (Europe) Limited; Dexia Crediop S.p.A., acting under the name of Dexia Capital Markets; HSBC Bank plc; ING Bank N.V.; Natixis; Raiffeisen Bank International AG and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent and Luxembourg Paying Agent:	BNP Paribas Securities Services, Luxembourg Branch
Luxembourg Listing Agent:	BNP Paribas Securities Services, Luxembourg Branch
Listing, Approval and Admission to Trading:	The CSSF has approved this Base Prospectus as a base prospectus in compliance with the Prospectus Directive. Application has also been made for Notes issued under the Programme to be listed on the Official List of and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. Notes may be listed or admitted to trading (as the case may be) on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to each Series. Notes may also be issued which are neither listed nor admitted to trading on any market.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
Initial Programme Amount:	Up to Euro 1,500,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Issuance in Series:	Notes may be issued on a syndicated or non syndicated basis and will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects, save that a Tranche may comprise Notes of different denominations.
Final Terms:	Each Tranche will be the subject of Final Terms which, for the purposes of that Tranche only, completes the Terms and Conditions of the Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes as completed, amended and/or replaced by the relevant Final Terms. In addition, where the Issuer agrees with any Dealer to issue Notes in a form not contemplated in the section of this Base Prospectus entitled "Form of Final Terms", a drawdown prospectus will be made available and will describe the effect of the agreement in relation to such Notes.

Forms of Notes:

Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "CGN"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "NGN"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. New Global Notes are intended to be held in a manner which would allow Eurosystem eligibility, such eligibility depending upon satisfaction of the Eurosystem eligibility criteria.

Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Currencies:

Notes may be denominated in Euro, U.S. dollars or Sterling or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Status of the Notes:

Notes may be issued on a subordinated or unsubordinated basis, as specified in the relevant Final Terms.

(i) Status of the Senior Notes:

Senior Notes and any related Receipts and Coupons constitute direct, general, unconditional and (subject to the provisions of Condition 4(c) (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and (subject to the provisions of Condition 4(c) (*Negative Pledge*)) at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, (save for mandatory exceptions provided by law). See Condition 4 (*Status of Senior Notes and Negative Pledge*).

(ii) Status of the Subordinated Notes:

Subordinated Notes and any related Receipts and Coupons constitute direct, unsecured and subordinated obligations of the Issuer and will at all times rank *pari passu* without any preference among themselves, all as described in Condition 5 (*Status and Special Provisions of Subordinated Notes*) and the relevant Final Terms. In relation to each Series of Subordinated Notes, all Subordinated Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such

Series.

In the event of the winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer, the payment obligations of the Issuer in respect of principal and interest under each Series of Subordinated Notes, and the relative Receipts or Coupons as the case may be, will rank in right of payment (A) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes and their respective Receipts or Coupons) of the Issuer but (B) at least *pari passu* with all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to such Series of Subordinated Notes and (C) in priority to the claims of shareholders of the Issuer, all as described in Condition 5 (*Status and Special Provisions of Subordinated Notes*) and the relevant Final Terms.

Deferral and reduction of payments under Subordinated Notes:

The payment obligations arising under Upper Tier II and Tier III Subordinated Notes are subject to additional limitations, as follows:

(i) Upper Tier II Subordinated Notes:

The claims of the holders of Upper Tier II Subordinated Notes in relation to payments of principal and interest will be reduced to the extent necessary to enable the Issuer to maintain its capital at certain minimum levels required by the Bank of Italy. In addition, the Issuer may defer interest payments on such Notes in certain circumstances where annual dividends are not declared. Obligations of the Issuer to pay interest or principal which are so deferred or reduced will be subject to reinstatement in certain circumstances. See Condition 5 (*Status and Special Provisions of Subordinated Notes*).

(ii) Tier III Subordinated Notes:

Payment of interest and principal due under Tier III Subordinated Notes is subject to suspension where such payments would otherwise reduce the Issuer's regulatory capital below certain minimum levels required by the Bank of Italy and interest will not accrue on any such unpaid amounts. See Condition 5 (*Status and Special Provisions of Subordinated Notes*).

Issue Price:

Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer, and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Maturities:

Any Maturity Period or, in the case of Subordinated Notes with no fixed maturity date, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve

them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 by the Issuer.

Under applicable laws and regulations at the date of this Base Prospectus: (i) Upper Tier II Subordinated Notes may be perpetual (*passività irredimibile*) or have a fixed Maturity Period of not less than 10 years, (ii) Lower Tier II Subordinated Notes must have a Maturity Period of not less than five years and (iii) Tier III Subordinated Notes must have a Maturity Period of not less than two years. If Lower Tier II Subordinated Notes or Tier III Subordinated Notes have an indefinite Maturity Period, Lower Tier II Subordinated Notes may be redeemable only after five years' prior notice to Noteholders and Tier III Subordinated Notes may be redeemable only after two years' prior notice to Noteholders.

Notes with an original Maturity Period of less than 18 months are subject to a withholding tax at the rate of 27 per cent. (20 per cent. on interest, premium (if any) and other similar amounts relating to Notes payable from 1st January 2012) per annum in respect of interest and premium (if any), pursuant to Presidential Decree No. 600 of 29 September 1973, as amended. The Issuer will not be liable to pay any additional amounts to Noteholders in relation to any such withholding.

Redemption:

Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.

The redemption at maturity of Upper Tier II Subordinated Notes shall always be subject to the prior approval of the Bank of Italy, as prescribed in Title I, Chapter 2, Section II, Paragraph 5.1 of the Bank of Italy Regulations. If such approval is not given on or prior to the relevant redemption date, the Issuer will re-apply to the Bank of Italy for its consent to such redemption forthwith. The Issuer will use its best endeavours to maintain the required regulatory capital and to obtain such approval.

Optional Redemption:

Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or (where the Notes are Senior Notes) the Noteholders to the extent (if at all) specified in the relevant Final Terms and subject to all relevant legal and regulatory requirements.

If the Notes are Subordinated Notes, unless otherwise permitted by current laws, regulations, directives, and/or the Bank of Italy's requirements applicable to the issue of Subordinated Notes by the Issuer, the Optional Redemption Date shall not be earlier than (i) in the case of Upper Tier II Subordinated Notes, 10 years after the Issue Date, (ii) in the case of Lower Tier II Subordinated Notes, five years after the Issue Date and (iii) in the case of Tier III Subordinated Notes, two years after the Issue Date. The early redemption of Subordinated Notes may occur only with the prior approval of the Bank of Italy.

Tax or Regulatory Redemption:

Except as described in "Optional Redemption" above, early redemption will only be permitted for tax, or in the case of Subordinated Notes for regulatory, reasons as described in Condition 10(b) (*Redemption and Purchase - Redemption for tax reasons*) and Condition 10(c) (*Redemption*

and Purchase - Redemption for regulatory reasons).

Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. Interest in respect of Upper Tier II Subordinated Notes and Tier III Subordinated Notes may be deferred, as provided in the Conditions applicable to such Notes.
Denominations:	Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 or, at the option of the Issuer and until such time that the increase of the minimum denomination threshold for wholesale securities from €50,000 to €100,000 introduced by Directive 2010/73/EU is implemented in Italy and/or other Member State(s) whose rules may be applicable for the purposes of the relevant issuance or offering of Notes, €50,000 (or, where the Notes are denominated in a currency other than Euro, the equivalent amount in such other currency).
Negative Pledge:	Only the Senior Notes will have the benefit of a negative pledge as described in Condition 4(c) (<i>Negative Pledge</i>).
Cross Default:	Only the Senior Notes will have the benefit of a cross default as described in Condition 13(a) (<i>Events of Default of Senior Notes</i>).
Taxation:	All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will (subject as provided in Condition 12 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. However, as more fully set out in Condition 12 (<i>Taxation</i>), the Issuer will not be liable to pay any additional amounts to Noteholders with respect to any payment, withholding or deduction pursuant to Italian Legislative Decree No. 239 of 1 April 1996 on account of Italian substitute tax (<i>imposta sostitutiva</i>), as defined therein in relation to interest or premium payable on, or other income deriving from, any Notes. See "<i>Taxation</i>" below. Notes with an original maturity of less than 18 months are subject to withholding tax at the rate of 27 per cent. (20 per cent. on interest, premium (if any) and other similar amounts relating to Notes payable from 1st January 2012) per annum in respect of interest and premium (if any), pursuant to Italian Presidential Decree No. 600 of 29 September 1973, as amended. The Issuer will not be liable to pay any additional amounts to Noteholders in relation to any such withholding. See Condition 12 (<i>Taxation</i>).
Governing Law:	English law, except for Conditions 5 (<i>Status and Special Provisions of Subordinated Notes</i>), 10(f) (<i>Redemption of Subordinated Notes</i>) and 13(b) (<i>Events of Default of Subordinated Notes</i>) which shall be governed by, and construed in accordance with, Italian law.
Enforcement of Notes in Global	In the case of Global Notes, individual investors' rights against the Issuer

Form:	will be governed by a Deed of Covenant dated 3 November 2011, a copy of which will be available for inspection at the specified office of the Fiscal Agent.
Ratings:	Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as any rating applicable to the Programme. Details of the rating, if any, attributable to a series of Notes will be specified in the relevant Final Terms. A 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. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) No. 1060/2009 (as amended by Regulation (EU) No. 513/2011) (the "CRA Regulation") will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the Regulation) unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, Italy and Japan, see " <i>Subscription and Sale</i> " below.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under " <i>Risk Factors</i> " below and include risks relating to competition and other operating and general banking risks, such as credit risk and interest rate risk. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and include risks related to the structure of a particular issue of Notes and risks common to the Notes generally.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations in respect of Notes issued under the Programme. Most of these factors are contingencies that may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors (although not exhaustive) which could be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in "Forms of the Notes" and "Terms and Conditions of the Notes" or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the entire Base Prospectus.

Risks relating to the Issuer and the Group's business sector

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 systemic risks because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. These risks may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Issuer interacts on a daily basis and therefore could adversely affect the Issuer.

Competition in the Italian market

Competition is intense in all of the Group's businesses in Italy and in particular in the central regions of Italy. The Issuer derives nearly all of its income from its banking activities in Italy, a mature market characterised by increasing competition, which is currently experiencing a progressive reduction in the differential between lending and borrower interest rates, which may result in the Issuer facing difficulties in maintaining its actual rate of growth in interest rate margins, and a reduction in commissions and fees, particularly from transactions where it is dealing on behalf of third parties and in the area of orders collection, due to heavy competition on prices. These factors may adversely affect the Issuer's and the Group's financial condition and results of operations, as the Issuer may not be able to attract and maintain new clients or sustain its rate of growth.

Furthermore, the continuing deterioration of the Italian economy could add to the competitive environment through an increase in price pressure and lower business volumes. Also, during a recession, there may be less demand for loan products and a greater number of the Issuer's customers may default on their loans or other obligations. Interest rate movements may also have an impact on the demand for the Issuer's mortgages and other loan products. The risks arising from the impact of the economy and the business climate on the credit quality of the Issuer's and the Group's borrowers and counterparties may affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

Geographical and sector concentration of business

The commercial banks controlled by the Issuer have limited geographical coverage in Italy. The Issuer's most important subsidiary has a strong presence in Tuscany where about 50% of its branches are based.

Other regions where branches are located are: Lombardy, Lazio, Emilia Romagna, Veneto, Molise, Umbria, Marche and Abruzzo.

The current concentration of business in central Italy could place the Issuer in a relatively weaker position than its competitors since the economy in this area of the country is structurally weaker than in the northern Italian regions.

Real estate and gold manufacturing constitute business activities carried out by a significant number of the Issuer's (and its affiliates') customers.

Consequently any risks specifically linked to the said geographical areas and to the above mentioned business sectors could have a material effect on the Issuer and its results of operation and financial condition.

Growth of the Group

The strategic plan of the Issuer has set expansion objectives for the Group through the development of the existing lines of business in order to improve fund-raising (both direct and indirect) and growth in commissions.

This growth strategy has weighed and will continue to weigh on the Group's resources which are focused on improving branch profitability, expanding credit quality, developing the subsidiaries' business and operational capabilities, carrying out a rationalisation of costs and strengthening the Group's management and integration.

Notwithstanding the fact that these drivers for the growth strategy are in anticipation that such strategy will bring about an increase in profitability for the Group, there is no certainty that the growth strategy will successfully achieve the planned results.

As a result of the Group's expansion policy, the Issuer's and its affiliates' value in periods of market turmoil may decrease due to assets' devaluation. Any such devaluation could have a material effect on the Issuer's financial condition and on that of the Group as a whole.

Changes in regulatory framework

The Issuer is subject to extensive regulation and supervision by the Bank of Italy, CONSOB (the Italian securities markets regulator), the European Central Bank and the European System of Central Banks and the CSSF in Luxembourg. The banking laws to which the Issuer is subject govern the activities in which banks and banking foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Issuer must comply with financial services laws that govern its marketing and selling practices. The regulatory framework governing international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union that will affect the Issuer, including proposed regulatory initiatives that could significantly alter the Issuer's capital requirement, such as the following:

- The Bank of Italy issued in 2010 and early 2011 a series of amendments of Bank of Italy Circular No. 263 of 27 December 2006 (*Nuove Disposizioni di Vigilanza Prudenziale delle Banche*) as amended and supplemented ("**the Bank of Italy Regulations**") in order to adopt the provisions of EU Directive 2009/27/EC, 2009/83/EC and 2009/111/EC (together, "**CRD II**"), which amended EU Directives 2006/48/EC ("**the CRD**") and 2006/49/EC and has changed, inter alia, the criteria for assessing capital eligible to be included in Tier I Capital and may require the Issuer to replace, over a staged grandfathering period, existing capital instruments that do not fall within these revised eligibility criteria.
- EU Directive 2010/76/EU ("**CRD III**") was issued on 24 November 2010 amending further the CRD as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies. This Directive introduces a number of changes in response to the recent and current market conditions, such as:
 - increase of 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;
 - imposition of higher capital requirements for re-securitisations to make sure that banks take proper account of the risks of investing in such complex financial products; and
 - restriction on the remuneration payable to individuals fulfilling roles with potential impact on a bank's profile.

The changes relating to remuneration have already come into force and the changes relating to the trading book and re-securitisation positions will come into force on 31 December 2011.

- In December 2010, January 2011 and July 2011, the Basel Committee on Banking Supervision (the Basel Committee), issued documents containing a capital and liquidity reform package ("the Basel III proposal", <http://www.bis.org/publ/bcbs187.htm> <http://www.bis.org/publ/bcbs188.htm> <http://www.bis.org/publ/bcbs189.htm> <http://www.bis.org/publ/bcbs190.htm>). The main proposals are summarised as follows:
 - Revision of the regulatory capital definition and its components, setting higher minimum levels for Common Equity Tier 1 capital adequacy ratios and introducing requirements for non-Core Tier I and Tier II capital instruments to have a mechanism that requires them to be written off or converted into ordinary shares at the point of a bank's non-viability;
 - Introduction of a capital conservation buffer designed to ensure that banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred and a countercyclical buffer, and measures aimed at ensuring that systemically important financial institutions have loss-absorbing capacities which go beyond the minimum Basel III standards, in order to ensure that banking sector capital requirements take into account the macro-financial environment in which banks operate;
 - Enhancement of risk coverage of the capital requirements framework, especially regarding derivatives and other off balance sheet items (counterparty credit risk), the exposures to central counterparties (CCPs) and the values of the risk parameters under stress conditions (market, credit and counterparty credit risk);
 - Introduction of a leverage ratio requirement as a supplementary measure to the risk-based capital requirements;
 - Promotion of stronger provisioning practices mainly by moving towards a forward looking (Expected Loss) provisioning approach; and
 - Introduction of global common liquidity measurement standards for the banking sector, which will subject banks to minimum quantitative requirements for liquidity and increased risk weightings for "illiquid" assets.
- The European Commission has published several documents indicating its intention to implement the Basel III standards throughout the EEA by way of further changes to the CRD (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0453:FIN:EN:PDF>) and/or additional regulations (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0452:FIN:EN:PDF>). It is anticipated that the initial legislative proposals will be published during 2011. The European Commission's intention is that agreement be reached on the final form of legislation by the end of 2011, with implementation by banks being required by January 2013.

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 Issuer's business and operations. As the new framework of banking laws and regulations affecting the Issuer is currently being implemented, the manner in which those laws and related regulations will be applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the Issuer.

Ratings

The Issuer is currently rated Long Term (IDR) BBB and Short Term (IDR) F3 by Fitch. In determining the ratings assigned to the Issuer, the rating agency has considered and will continue to review various indicators of the Issuer's performance and the Issuer's profitability and its ability to maintain its consolidated capital ratios within certain target levels. If the Issuer fails to achieve or maintain these target levels this may result in a downgrading of the Issuer's rating by Fitch.

Any rating downgrading of the Issuer would increase the re-financing costs of the Issuer 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 and on that of its Group.

Risk management and impact of events which are difficult to anticipate

The Issuer's earnings and business are affected by general economic conditions, the performance of financial markets, interest rate levels, currency exchange rates, changes in laws and regulations, changes in the policies of central banks, particularly the Bank of Italy and the European Central Bank, and competitive factors, at a regional, national and international level. Each of these factors may change the level of demand for the Issuer's (and its Group's) products and services, the credit quality of borrowers and counterparties, the interest rate margin between lending and borrowing costs and the value of investment and trading portfolios.

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

Changes in interest rates

Fluctuations in interest rates in Italy influence the Issuer's (and its Group's) financial performance. The results of the Issuer's banking operations are affected by the Issuer's management of interest rate sensitivity and, in particular, changes in market interest rates. A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on the Issuer's financial condition or results of operations and that of its Group. In particular, should interest rates rise, adverse impact on customers' ability to repay borrowings may occur (particularly in cases where costumers' obligations are at floating rates and no adequate hedging has been provided by them in such respect). In such context, the Issuer's ability to realise positive interest margins may be prejudiced, due to a reduction of the differential between the interest rates it lends at and, on the other hand, the interest rates at which it may borrow.

Credit and market risk

Credit risk is the risk of financial loss relating to the failure of an obligor to honour its contractual obligations. Credit risk arises in lending activities and also in various other activities where the Issuer is exposed to the risk of counterparty default, such as its trading, capital markets and settlement activities. Market risk is the risk related to earnings, which arises primarily from adverse movements of trading and non-trading market parameters. Trading market parameters include, but are not limited to, foreign exchange rates, bond prices, security and commodity prices, derivatives prices and prices of other marketable assets such as real estate or automotive assets. Trading market parameters also include derivations of the items previously mentioned, such as interest rates, credit spreads, implied volatility or implied correlation. Non-trading market parameters include parameters based on assumptions or on statistical analysis, such as models and statistical correlations, respectively. To the extent that any of the instruments and strategies used by the Issuer or its Group to hedge or otherwise manage its exposure to credit or market risk are not effective, the Issuer may not be able to mitigate effectively its risk exposure in particular market environments or against particular types of risk. The Issuer's trading revenues and interest rate risk are dependent upon its ability to identify accurately, and mark-to-market, changes in the value of financial instruments caused by changes in market prices or interest rates. The Issuer's financial results also depend upon how effectively the Issuer determines and assesses the cost of credit and manages its own credit risk and market risk concentration. Any failure by the Issuer in identifying or

determining such measures could have a material effect on the Issuer's financial condition or results of operations and that of its Group.

Protracted market declines and reduced liquidity in the markets

In some of the Issuer's businesses, protracted adverse market movements, particularly the decline of asset prices, could reduce market activity and market liquidity. These developments could lead to material losses if the Issuer cannot close out deteriorating positions in a timely way. This may especially be the case for assets that were illiquid to start off with. In addition, protracted or steep declines in the stock or bond markets in Italy and elsewhere may adversely affect the Issuer's securities trading activities and its asset management services, as well as the Issuer's investments in and sales of products linked to the performance of financial assets.

The Issuer is subject to the current disruptions and volatility in the global financial markets

The Issuer is subject to the current disruptions and volatility in the global financial markets. During the course of 2011, the debt crisis in the Euro-zone has intensified and three countries (Greece, Ireland and Portugal) have requested the financial aid of the European Union and the International Monetary Fund. Credit quality has generally declined, as reflected by the repeated downgrades suffered by several countries in the Euro-zone periphery since the beginning of the sovereign debt crisis in May 2010. The large sovereign debts and fiscal deficits in European countries have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries. These concerns may have an impact on Euro-zone banks' funding.

In particular, the Issuer's credit ratings are potentially exposed to the risk of reductions in the sovereign credit rating of Italy. On the basis of the methodologies used by Fitch, a potential downgrade of Italy's credit rating may have a potential knock-on effect on the credit rating of Italian issuers such as the Issuer and make it more likely that the credit rating of Notes issued under the Programme could be downgraded.

Risks concerning liquidity

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

The current dislocation in the global and Italian capital markets and credit conditions has led to the most severe examination of the banking system's capacity to absorb sudden significant changes in the funding and liquidity environment in recent history, and has had an impact on the wider economy. Individual institutions have faced varying degrees of stress. Should the Issuer be unable to continue to source a sustainable funding profile which can absorb these sudden shocks, the Issuer's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected.

Value of financial instruments recorded at fair value

Under International Financial Reporting Standards, as adopted by the European Union and as implemented under the Bank of Italy's instructions contained in Circular No. 262 of 22 December 2005 as updated on 18 November 2009 and related transitional regulations in Italy ("**IFRS**"), the Issuer recognises at fair value: (i) financial instruments classified as "held-for-trading" or "designated as at fair value through profit or loss", (ii) financial assets classified as "available for sale" and (iii) derivatives, each as further described in "Accounting Policies" in the notes to the audited annual financial statements of the Issuer as at and for the year ended 31 December 2008, which are incorporated by reference in this Base Prospectus. Generally, in order to establish the fair value of these instruments, the Issuer relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable market data. In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to changes in market conditions, as has been the case recently. In such circumstances, the Issuer's internal valuation models require the Issuer to make assumptions, judgments and estimates in order to establish fair value. Such assumptions, judgments and

estimates may need to be updated to reflect changing trends and market conditions. The resulting change in fair values of the financial instruments could have an adverse effect on the Issuer's and the Group's earnings and financial condition.

Operational risk

Gruppo Banca Etruria, like all financial institution groups, 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 technical failure or faulty information technology or telecommunication systems, including viruses, hacking and other causes of system failure. The Issuer's systems and processes are designed to ensure that the operational risks associated with the Issuer's activities are appropriately monitored. Any failure or weakness in these systems, however, could affect the Group's financial performance and business activities.

Risks connected to real estate exposure

Following the merger of Etruria Immobili e Servizi S.p.A., (a real estate subsidiary company that managed the Group's properties and provided general and logistic services) into Banca Etruria in May 2009, the Issuer directly owns a large number of real estate properties. As a result the Issuer may be directly exposed to fluctuations in the real estate market.

Risks associated with litigation

As at the date of this Base Prospectus, the Issuer is involved in a number of legal proceedings. In particular, the Issuer is involved in claw-back actions under several "*Procedura di Amministrazione Straordinaria*" (extraordinary administration insolvency proceeding) pursuant to Italian Legislative Decree 270/1999 for payments made to the Issuer by insolvent entities. The Issuer also has proceedings pending with other Italian courts and general litigation proceedings as part of the normal course of business of a financial institution.

The Issuer considers the reserves set aside as at 31 December 2010 of € 4.3 million to be appropriate and sufficient to cover the liabilities arising from the outstanding legal proceedings as at that date.

To the extent any such proceedings are unsuccessful or if the reserves made by the Issuer are insufficient, this could have a material effect on the Issuer's (and its Group's) financial condition and results of operations.

Risks relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes 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 Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base 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 Notes and the impact the Notes 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 Notes, including Notes 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 Notes 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 Notes 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 Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes 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 Notes

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

Notes subject to optional redemption by the Issuer

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

Redemption for tax reasons

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any 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 Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Redemption for regulatory reasons

In addition, the Issuer may also, at its option, redeem Subordinated Notes following a regulatory event in accordance with Condition 10(c) (*Redemption and Purchase - Redemption for regulatory reasons*). Any redemption of the Subordinated Notes is subject to the prior approval of the Bank of Italy, as further set out in Condition 10(f) (*Redemption and Purchase – Redemption of Subordinated Notes*).

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest 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 which determine the amount of principal or interest (each, a "**relevant factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be 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) they may lose all or a substantial portion of their principal;
- (v) the relevant factors may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

- (vi) if a relevant factor is applied to the Notes in conjunction with a multiplier greater than one or contains any other leverage factor, the effect of changes in the relevant factor on principal or interest payable likely will be magnified; and
- (vii) 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.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Fixed Rate Notes

Investment in Fixed Rate Notes involves the risks that substantial changes in market interest rates adversely affect the value of the Fixed Rate Notes.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, 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.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes 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 Notes 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 Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

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

Subordinated Notes

If the Issuer is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors) in full before it can make any payments on the Subordinated Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the Subordinated Notes.

The payment obligations arising under Subordinated Notes are subject to additional limitations. Firstly, the claims of the holders of Upper Tier II Subordinated Notes in relation to payments of principal and interest will be reduced to the extent necessary to enable the Issuer to maintain its capital at certain minimum levels required by the Bank of Italy for the issuance or maintenance of the Bank of Italy's authorisation to conduct banking activity. Secondly, the Issuer may defer interest payments on such Notes in certain circumstances where annual

dividends are not declared. In the case of Tier III Subordinated Notes, payment of interest and principal is subject to suspension where such payments would otherwise reduce the Issuer's regulatory capital below certain minimum levels required by the Bank of Italy.

Any reduction or deferral of payments of principal and interest is likely to have an adverse effect on the market price of Subordinated Notes. In addition, as a result of the payment reduction and deferral provisions described above, the market price of Subordinated Notes may be more volatile than the market prices of debt securities which are not subject to such provisions and may be more sensitive generally to adverse changes in the financial condition of the Issuer.

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of unsubordinated, unsecured creditors (including depositors) of the Issuer. Although Subordinated Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of its investment should the Issuer become insolvent.

For a full description of the provisions relating to Subordinated Notes, see Condition 5 (*Status and Special Provisions of Subordinated Notes*).

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC (the "**EU Savings Tax Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent., unless in the case of Luxembourg the beneficial owner of the interest payments opts for one of the two optional information exchange procedures available. The transitional period is to terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States (including Switzerland), have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

Taxation

The tax regime in Italy and in any other relevant jurisdiction (including, without limitation, the jurisdiction in which each Noteholder is resident for tax purposes) may be relevant to the acquiring, holding and disposing of Notes and the receiving of payments of interest, principal and/or other amounts under the Notes. Prospective investors in the Notes should consult their own tax advisers as to which countries' tax laws could be relevant and the consequences of such actions under the tax laws of those countries.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus, other than subordination and certain other provisions relating to Subordinated Notes, which are based on Italian law. No assurance can be given as to the impact of any possible judicial decision or change to English law (or Italian law) or administrative practice after the date of this Base Prospectus.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Delisting of the Notes

Application has been made for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and Notes issued under the Programme may also be admitted to trading, listing and/or quotation by any other listing authority, stock exchange or quotation system (each, a "**listing**"), as specified in the relevant Final Terms. Such Notes may subsequently be delisted despite the reasonable efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

Denominations and restrictions on exchange for Definitive Notes

Notes may in certain circumstances be issued in denominations including (i) a minimum denomination of €100,000 or €50,000 (or its equivalent in another currency) and (ii) an amount which is greater than €100,000 or €50,000 (or its equivalent) but which is an integral multiple of a smaller amount (such as €1,000). Where this occurs, Notes may be traded in amounts in excess of €100,000 or €50,000 (or its equivalent) that are not integral multiples of €100,000 or €50,000 (or its equivalent). In such a case, a holder who as a result of trading such amounts, holds a principal amount of less than the minimum denomination of €100,000 or €50,000 will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to an integral multiple of €100,000 or €50,000.

Regulatory classification of the Notes

The intention of the Issuer is for Subordinated Notes to qualify on issue as "Lower Tier II capital", "Upper Tier II capital" or "Tier III capital", as applicable. Current regulatory practice by the Bank of Italy (acting as lead regulator) does not require (or customarily provide) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such.

Although it is the Issuer's expectation that the Notes qualify as "Lower Tier II capital", "Upper Tier II capital" or "Tier III capital", as applicable, there can be no representation that this is or will remain the case during the life of the Notes or that the Notes will be grandfathered under the implementation of future EU capital requirement regulations. If the Notes are not grandfathered, or for any other reason cease to qualify, as "Lower Tier II capital", "Upper Tier II capital" or "Tier III capital", as applicable, the relevant Issuer will have the right to redeem the Notes in accordance with Condition 10(c) (*Redemption and Purchase - Redemption for regulatory reasons*).

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:

The secondary market generally

Notes 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 Notes 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 Notes 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 Notes 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 Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes 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 (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. 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 Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. 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 Notes. 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.

Notwithstanding the above, any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

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 (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

INFORMATION INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the documents incorporated by reference described below which form part of this Base Prospectus:

- the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2010 and 2009 together with the accompanying notes and auditors' reports; and
- the unaudited consolidated interim financial statements of the Issuer as at and for the six months ended 30 June 2011 and 2010 together with the auditors' limited review report,

save that any statement contained in the documents incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base 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 be deemed, except as so modified or superseded, not to constitute a part of this Base Prospectus.

The audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2010 and 2009 and the unaudited consolidated interim financial statements of the Issuer as at and for the six months ended 30 June 2011 and 2010 have been prepared in accordance with international accounting standards IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) and shall be deemed to be incorporated in, and to form part of, this Base Prospectus, together (where applicable) with the accompanying notes and auditor's reports, save that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded to the extent that a statement contained in any document subsequently incorporated by reference by way of supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such statement.

Information contained in the documents incorporated by reference other than the information listed in the cross-reference list below is for information purposes only. The Issuer will, at the specified offices of the Paying Agent, provide, free of charge, upon oral or written request, a copy of this Base Prospectus (or any document incorporated by reference in this Base Prospectus). Written or oral requests for such documents should be directed to the specified office of any of the Paying Agents or to the specified office of the Listing Agent in Luxembourg. In addition such documents will be available, without charge, on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Cross-reference list

The following table shows where the information required under Annex IX, paragraph 11.1 of Commission Regulation (EC) No. 809/2004 can be found in the above-mentioned financial statements incorporated by reference in this Base Prospectus.

Audited Annual Financial Statements*Consolidated*

Balance sheet
Statement of income
Statement of comprehensive income
Statement of changes in equity
Cash flow statement
Accounting policies and explanatory notes
Auditors' review/reports

2010

Pages 294-295
Page 296
Page 297
Page 298-299
Pages 300-301
Pages 303-500
Pages 283-286

2009

Pages 306-307
Page 308
Page 309
Page 310
Pages 311-312
Pages 313-513
Pages 297-298

Unaudited Interim Financial Statements*Consolidated*

Balance sheet
Statement of income
Statement of comprehensive income
Statement of changes in equity
Cash flow statement
Accounting policies and explanatory notes
Auditors' review/reports

30 June 2011

Pages 60-61
Page 62
Page 63
Page 64-65
Page 66
Pages 67-182
Pages 187-189

30 June 2010

Pages 54-55
Page 56
Page 57
Page 58
Page 59
Pages 61-170
Pages 175-179

SUPPLEMENTS AND DRAWDOWN PROSPECTUSES

The Issuer will prepare a replacement prospectus setting out the changes in the operations and financial conditions of the Issuer at least every year after the date of this Base Prospectus and each subsequent prospectus.

The Issuer has given an undertaking to the Dealers that, if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus which is capable of affecting the assessment of the Notes, it shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer any number of copies of such supplement as a Dealer may reasonably request.

In addition, the Issuer may agree with any Dealer to issue Notes in a form not contemplated in the section of this Base Prospectus entitled "Form of Final Terms". To the extent that the information relating to that Tranche of Notes constitutes a significant new factor in relation to the information contained in this Base Prospectus, a separate prospectus specific to such Tranche (a "**Drawdown Prospectus**") will be made available and will contain such information. Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (2) pursuant to Article 5.3 of the Prospectus Directive, by a registration document containing the necessary information relating to the Issuer, a securities note containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, references in this Base Prospectus to information specified or identified in the Final Terms shall (unless the context requires otherwise) be read and construed as information specified or identified in the relevant Drawdown Prospectus.

FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**"), without interest coupons, or a permanent global note (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("NGN") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the Euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163 5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specify the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note without interest coupons, interests in which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; **provided, however, that** in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Bearer Notes in definitive form ("**Definitive Notes**"):

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or

- (iii) if the relevant Final Terms specify "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of (i) a minimum denomination of €100,000 or €50,000, plus (ii) integral multiples of €1,000, **provided that** such denominations are not less than €100,000 or €50,000 nor more than €199,000 or €99,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Notes. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specify the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without Coupons, interests in which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes. If the relevant Final Terms specify the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without Coupons, interests in which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

Where the Temporary Global Note is to be exchanged for Definitive Notes, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts whether in global or definitive form.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specify the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note, without Coupons, interests in which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or

- (iii) if the relevant Final Terms specify "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of (i) a minimum denomination of €100,000 or €50,000, plus (ii) integral multiples of €1,000, **provided that** such denominations are not less than €100,000 or €50,000 nor more than €199,000 or €99,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Notes. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange. Where the Notes are listed on the Official List of the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 19 (*Notices*).

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

1. Introduction

- (a) *Programme:* Banca Popolare dell'Etruria e del Lazio Soc. Coop. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €1,500,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes 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.
- (c) *Agency Agreement:* The Notes are the subject of an issue and paying agency agreement dated 3 November 2011 (the "**Agency Agreement**") between the Issuer, BNP Paribas Securities Services, as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) *The Notes:* All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available during normal business hours for viewing at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below.
- (e) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) and, where applicable, talons for further Coupons ("**Talons**") and holders of instalment receipts ("**Receipts**") appertaining to the payment of principal by instalments are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

2. Definitions and Interpretation

- (a) *Definitions:* In these Conditions the following expressions have the following meanings:

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

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

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

"**Bank of Italy**" means the Bank of Italy and/or any competent authority which at a future date carries out the functions which the Bank of Italy performs as at the Issue Date;

"**Bank of Italy Regulations**" means the regulations of the Bank of Italy relating to the capital adequacy of banks (*Nuove disposizioni di vigilanza prudenziale per le banche*) set out in the Bank of Italy Circular No. 263 dated 27 December 2006) as amended and supplemented;

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

"Calculation Agent" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

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

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

"Coupon Sheet" means, in respect of a Note, a coupon sheet relating to the Note;

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

- (i) if **"Actual/Actual (ICMA)"** is so specified, means:
 - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (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 specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

Where

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" 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 D1 is greater than 29, in which case D2 will be 30; and

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" 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 D2 will be 30.

- (vii) If "**30E/360 (ISDA)**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" 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 D1 will be 30; and

"**D2**" 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 D2 will be 30;

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

"**Deed of Covenant**" means the deed of covenant dated 3 November 2011 relating to the Notes executed by the Issuer;

"**Early Redemption Amount (Regulatory Event)**" means, in respect of any Note, its principal amount 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 Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

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

"Extraordinary Resolution" has the meaning given in the Agency Agreement;

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

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

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

"Government Entity" means any body, agency, ministry, department, authority, or other national entity of the government of the Republic of Italy (excluding, for the avoidance of doubt, any entity pertaining to any region, province or municipality of the Republic of Italy);

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

"Indebtedness" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"Index" has the meaning given to it in the relevant Final Terms;

"Instalment Amount" has the meaning given in the relevant Final Terms;

"Instalment Notes" means Notes, any part of the principal amount of which is repayable by an Instalment Amount, as specified in the relevant Final Terms;

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

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

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

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

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

case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

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

"ISDA Definitions" means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes 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" has the meaning given in the relevant Final Terms;

"Legislative Decree No. 385" means Italian Legislative Decree No. 385 of 1 September 1993, as amended from time to time;

"Liquidazione Coatta Amministrativa" means Liquidazione Coatta Amministrativa as described in Articles 80 to 94 of the Consolidated Banking Law;

"Lower Tier II Subordinated Notes" means *passività subordinate di 2° livello*, as defined in Title I, Chapter 2, Section II, paragraph 5.2 of the Bank of Italy Regulations (being those Notes which are specified in the relevant Final Terms as being Lower Tier II Subordinated Notes);

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

"Material Subsidiary" means at any relevant time a Subsidiary of the Issuer: (i) whose total assets and/or gross operating income (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets and/or consolidated gross operating income, as the case may be) attributable to the Issuer represent not less than 15 per cent. of the total consolidated assets and/or the consolidated gross operating income of the Issuer, all as calculated by reference to the then latest audited or approved (if not audited) accounts (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated subsidiaries; or (ii) to which is transferred all or substantially all the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Material Subsidiary;

"Maturity Date" has the meaning given in the relevant Final Terms;

"Maturity Period" means the period from and including the Issue Date to but excluding the Maturity Date;

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

"Minimum Capital" means the minimum amount of capital of the Issuer, as provided for by the Bank of Italy from time to time for the purposes of obtaining or maintaining the authorisation of the Bank of Italy to carry on banking activities, as included in the audited consolidated financial statements of the Issuer and certified in writing by two directors of the Issuer;

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

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

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

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

"Participating Member State" means a Member State of the European Union which adopts the Euro as its lawful currency in accordance with the Treaty;

"Payment Business Day" means:

- (i) if the currency of payment is Euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, 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, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, 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;

"Permitted Security" means any Security Interest:

- (i) granted or created in respect of or in connection with any Securitisation Indebtedness;
- (ii) created by the Issuer or any of its Subsidiaries for the purposes of an issue by the Issuer of covered bonds (*obbligazioni bancarie garantite*) in accordance with the Securitisation and Covered Bond Law; or
- (iii) given, or deemed to be given, in the context of a transfer of the Issuer's real estate properties as defined in the Resolution of Bank of Italy dated 11 May 2010;

"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;

"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 Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"Put Option Notice" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Put Option Receipt" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Rate of Exchange" has the meaning given in the relevant Final Terms;

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

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Instalment Amount, the Early Redemption Amount (Tax), the Early Redemption Amount (Regulatory Event), the Optional

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

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

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

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

"**Regular Period**" means:

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

"**Relevant 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 Fiscal 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 Noteholders;

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

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**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;

"**Reserved Matter**" shall have the meaning given to it in the Agency Agreement and includes, *inter alia*, any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Security Interest**" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"Securitisation and Covered Bond Law" means Italian Law No. 130 of 30 April 1999, as amended, supplemented and re-enacted from time to time, including (where applicable) any rules, regulations or other secondary legislation enacted pursuant to such law;

"Securitisation Indebtedness" means any Relevant Indebtedness where neither the person(s) to whom such Relevant Debt is or may be owed nor any agent or trustee therefore has any recourse whatsoever to the Issuer or any of its Subsidiaries for the repayment thereof or any payment in respect thereof other than:

- (i) recourse to the assets the subject of the Security therefor and/or income or other amounts derived therefrom; and/or
- (ii) recourse for the purpose only of enabling amounts to be claimed in respect of such Relevant Indebtedness in an enforcement of the relevant Security, amounts derived therefrom and other assets subject to the relevant Security, **provided that** (a) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement, and (b) such person(s) is/are not entitled, by virtue of any right or claim arising out of or in connection with such Relevant Indebtedness, to commence proceedings for the winding-up, liquidation or dissolution of the Issuer or, as the case may be, such Subsidiary or to appoint or procure the appointment of any receiver, administrative receiver, manager or other similar person or officer in respect of the Issuer or, as the case may be, such Subsidiary or any of its assets (save for the assets the subject of such Security); and/or
- (iii) recourse generally under any form of assurance, undertaking or support, which recourse is limited to a claim for damages or breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof) by the person against whom such recourse is available;

"Senior Note" means a Note specified in the relevant Final Terms as being unsubordinated or not specified as being subordinated;

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

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

"Specified Office" has the meaning given in the Agency Agreement;

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

"Subordinated Notes" means any Notes specified as Upper Tier II Subordinated Notes, Lower Tier II Subordinated Notes or Tier III Subordinated Notes in the relevant Final Terms;

"Subsidiary" means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, or are required to be, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"Talon" means a talon for further Coupons;

"TARGET2" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"TARGET Settlement Day" means any day on which TARGET2 is open for the settlement of payments in Euro;

"Tier III Subordinated Notes" means *passività subordinate di 3° livello*, as defined in Title I, Chapter 2, Section II, paragraph 1.5 of the Bank of Italy Regulations (being those Notes which are specified in the relevant Final Terms as being Tier III Subordinated Notes);

"Treaty" means the Treaty establishing the European Union, as amended;

"Upper Tier II Subordinated Notes" means *strumenti ibridi di patrimonializzazione* as defined in Title I, Chapter 2, Section II, paragraph 5.1 of the Bank of Italy Regulations (being those Notes which are specified in the relevant Final Terms as being Upper Tier II Subordinated Notes); and

"Zero Coupon Note" means a Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) 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 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (vii) 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 Notes; and
- (viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes.

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

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No Person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

4. **Status of Senior Notes and Negative Pledge**

- (a) *Application:* This Condition 4 (*Status of Senior Notes and Negative Pledge*) is applicable only to Senior Notes.
- (b) *Status:* The Notes and any related Receipts and Coupons constitute direct, general, unconditional and (subject to the provisions of Condition 4(c) (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and (subject to Condition 4(c) (*Negative*

Pledge)) at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, (save for mandatory exceptions provided by law).

- (c) *Negative Pledge*: So long as any Note remains outstanding, the Issuer shall not, and shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or any Guarantee of any Relevant Indebtedness other than Permitted Security without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

5. **Status and Special Provisions of Subordinated Notes**

- (a) *Application*: This Condition 5 (*Status and Special Provision of Subordinated Notes*) is applicable only to Subordinated Notes.
- (b) *Status of Subordinated Notes*: Subordinated Notes and any related Receipts or Coupons constitute direct, unsecured and subordinated obligations of the Issuer and, subject to the provisions of this Condition 5, will at all times rank *pari passu* without any preference among themselves. In relation to each Series of Subordinated Notes, all Subordinated Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.
- (c) *Winding up, etc.*: In the event of the winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa* of the Issuer), the payment obligations of the Issuer under each Series of Subordinated Notes, and the relative Receipts or Coupons as the case may be, will rank in right of payment (A) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes and their respective Receipts or Coupons) of the Issuer but (B) at least *pari passu* with all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to such Series of Subordinated Notes and (C) in priority to the claims of shareholders of the Issuer. Lower Tier II Subordinated Notes and Tier III Subordinated Notes rank *pari passu* amongst themselves and rank senior to Upper Tier II Subordinated Notes.
- (d) *Waiver*: Each holder of a Subordinated Note is deemed unconditionally and irrevocably to have waived any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.
- (e) *Loss absorption in respect of Upper Tier II Subordinated Notes*: To the extent that the Issuer at any time suffers losses which, in accordance with Articles 2446 and 2447 of the Italian Civil Code or otherwise in accordance with Italian laws and regulations, would require the Issuer to reduce its paid up share capital and reserves to below the Minimum Capital, the obligations of the Issuer in respect of interest and principal under Upper Tier II Subordinated Notes will be reduced to the extent necessary to enable the Issuer, in accordance with the requirements under Italian law and regulatory provisions, to maintain at least the Minimum Capital. The obligations of the Issuer in respect of interest and principal due under Upper Tier II Subordinated Notes which are so reduced will be reinstated whether or not the Maturity Date of the relevant obligation has occurred:
 - (i) in whole, in the event of bankruptcy, dissolution, liquidation or winding-up of the Issuer (including, *inter alia*, *Liquidazione Coatta Amministrativa*, *Amministrazione Straordinaria* or *Liquidazione Volontaria* or any other similar liquidation, bankruptcy or winding-up proceedings otherwise in accordance with any applicable Italian laws and regulations) and, with effect immediately prior to the commencement of such bankruptcy, dissolution, liquidation or winding up as if such obligations of the Issuer had not been so reduced in accordance with this Condition 5(e); and
 - (ii) in whole or in part, from time to time, to the extent that the Issuer, by reason of its having made profits or by reason of its obtaining new capital contributions or by reason of the occurrence of any other event would not be required to reduce its obligations in respect of interest and principal in accordance with this Condition 5(e).

The Issuer shall forthwith give notice of any such reduction and/or reinstatement to the Noteholders in accordance with Condition 19 (*Notices*).

- (f) *Deferral of interest on Upper Tier II Subordinated Notes*: The Issuer will not be required to pay interest on Upper Tier II Subordinated Notes on an Interest Payment Date if no annual dividend has been approved, paid or set aside for payment by a shareholders' meeting of the Issuer during the 12-month period ending on, but excluding, the fifteenth Business Day immediately preceding such Interest Payment Date.

Any such unpaid amounts of interest will constitute arrears of interest which will bear interest at the rate applicable to the relevant Upper Tier II Subordinated Notes. Arrears of interest (together with any additional interest amount in respect of such arrears of interest) will become due and payable (i) in part *pari passu* and *pro rata* if and to the extent that the Issuer makes payments of or in respect of amounts of interest on or in relation to any other *pari passu* claims, and (ii) in full on the earliest to occur of: (A) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on the shares of the Issuer; (B) the date for repayment of the Upper Tier II Subordinated Notes; or (C) the date on which the *Liquidazione Coatta Amministrativa* of the Issuer is commenced pursuant to Article 83 of the Consolidated Banking Law or on which the Issuer becomes subject to a liquidation order.

- (g) *Notice of interest deferral*: The relevant Issuer shall give not more than 25 nor less than 15 days prior notice to the Paying Agents and to the Noteholders in accordance with Condition 19 (*Notices*):
- (i) of any Interest Payment Date on which, pursuant to the provisions of Condition 5(f) (*Deferral of interest on Upper Tier II Subordinated Notes*) above, interest will not be paid;
 - (ii) of any date upon which amounts in respect of arrears of interest shall become due and payable;
 - (iii) of (1) the amount of principal and of sums which would otherwise have been payable as interest in respect of the Notes and which, having been applied to meet the losses of the relevant Issuer pursuant to Condition 5(e) (*Loss Absorption in respect of Upper Tier II Subordinated Notes*), are to be reinstated as provided herein, (2) the date of such reinstatement and the date on which the relevant amount shall become due and payable in accordance with these Conditions and (3) details of the event giving rise to such reinstatement.

The information contained in any notice given in accordance with this Condition 5(g) will be available at the specified office of the Principal Paying Agent from the date of the relevant notice.

- (h) *Provisions relating to Tier III Subordinated Notes*: Tier III Subordinated Notes shall be subject to the same restrictions provided for in respect of similar indebtedness qualifying as Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes except that Tier III Subordinated Notes shall be subject to (i) a minimum maturity period of two years from the Issue Date and (ii) a lock-in clause pursuant to which payments of interest and repayments of principal shall be suspended during the period (the "**Suspension Period**") in which such payments or repayments would reduce the Issuer's total regulatory capital below the aggregate minimum capital requirement (*requisito patrimoniale complessivo*) of the Issuer, as provided under Title II, Chapter 6 of the Bank of Italy's Regulations and, for the avoidance of doubt, interest shall not accrue on any repayments of principal or payments of interest suspended during the Suspension Period.

6. **Fixed Rate Note Provisions**

- (a) *Application*: This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest*: The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, 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 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the

Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes 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 Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes 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 Note 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 Note 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. Where the Specified Denomination of a Fixed Rate Note comprises more than one Calculation Amount, the Interest Amount payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

7. Floating Rate Note and Index-Linked Interest Note Provisions

- (a) *Application:* This Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes 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 Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
 - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and

- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

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

- (d) *ISDA Determination*: If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (e) *Index-Linked Interest*: If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner 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 Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note 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. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.
- (h) *Calculation of other amounts*: If the relevant Final Terms specify that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or

times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

- (i) *Publication*: The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note 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 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. Zero Coupon Note Provisions

- (a) *Application*: This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes*: If the Redemption Amount payable in respect of any Zero Coupon Note 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 Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. Dual Currency Note Provisions

- (a) *Application*: This Condition 9 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note 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.

10. Redemption and Purchase

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10(f) (*Redemption of Subordinated Notes*) and Condition 11 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer (but subject, in the case of Subordinated Notes, to the prior approval of the Bank of Italy) in whole, but not in part:

- (i) at any time (if neither the Floating Rate Note Provisions nor the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note 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 Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (*Tax*), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic 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 Notes; 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 Notes 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 Notes were then due; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by a legal representative 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 and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

(c) ***Redemption for regulatory reasons:***

(i) *Application:* This Condition 10(c) applies only if (A) the Notes are specified in the relevant Final Terms as being Subordinated Notes; and (B) Condition 10(c) is specified in the relevant Final Terms as being applicable.

(ii) *Redemption:* The Notes may be redeemed at the option of the Issuer (subject to the prior approval of the Bank of Italy as set out in Condition 10(f) below), in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if the Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 19 (*Notices*), the Noteholders (which notice shall be irrevocable), if a proportion equal to or more than the Minimum Disqualification Amount of the Subordinated Notes ceases to qualify as "Lower Tier II capital", "Upper Tier II capital" or "Tier III capital", as applicable, under the standards and guidelines of the Bank of Italy, except where such non-qualification is due to limits for the inclusion by the Issuer in the relevant category of its regulatory capital being exceeded (other than changes, including changes to the grandfathering limits, made by the Bank of Italy to prescribed limits for the relevant category of regulatory capital) (a "**Regulatory Event**").

In this Condition 10(c), "**Minimum Disqualification Amount**" means (i) the proportion (expressed as a percentage) of the aggregate outstanding nominal amount of the relevant Subordinated Notes

specified as such in the applicable Final Terms or (ii) where the applicable Final Terms so specify, any such proportion that is more than zero.

Prior to the publication of any notice of redemption pursuant to this Condition 10(c), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating that the said circumstances prevail and describe the facts leading thereto, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 10(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(c), at the Early Redemption Amount (Regulatory Event) described in the relevant Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

- (d) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may (subject, in the case of Subordinated Notes, to the prior approval of the Bank of Italy) be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (e) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10(d) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 10(d) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes 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 of Subordinated Notes:* Upper Tier II Subordinated Notes may be perpetual (*passività irredimibili*) or with a fixed maturity period of 10 years or longer (*altri strumenti rimborsabili*). Lower Tier II Subordinated Notes shall have a minimum Maturity Period of five years and Tier III Subordinated Notes shall have a minimum Maturity Period of two years, in each case as provided under Bank of Italy Regulations.

Notwithstanding the foregoing provisions of this Condition 10, the redemption of Upper Tier II Subordinated Notes and/or early redemption of Subordinated Notes shall always be subject to the prior approval of the Bank of Italy, such approval being dependent on the Issuer complying with the requirements prescribed in Title I, Chapter 2, Section II, paragraph 7, and Title II, Chapter 6 of the Bank of Italy Regulations. If such approval is not given on or prior to the redemption date, the Issuer will re-apply to the Bank of Italy for its consent to such redemption forthwith upon its having again, by whatever means complied with such requirements. The Issuer will use its reasonable endeavours to comply with such requirements.

Where Lower Tier II Subordinated Notes or Tier III Subordinated Notes have an indefinite Maturity Period but are subject to redemption at the option of the Issuer, such Notes may only be redeemed by the giving of notice from the Issuer to Noteholders as follows: (i) five years' notice, in the case of Lower Tier II Subordinated Notes; and (ii) two years' notice, in the case of Tier III Subordinated Notes.

Amounts that would otherwise be payable on the due date will continue to bear interest until whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Notes up to that day are received by or on behalf of the Noteholders and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of such Subordinated Notes up to such seventh day.

- (g) *Redemption at the option of Noteholders:*

- (i) *Application:* This Condition 10(g) (*Redemption at the option of Noteholders*) is applicable only to Senior Notes and if the Put Option is specified in the relevant Final Terms as being applicable.
- (ii) *Put Options:* The Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(g), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited may deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(g), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(g), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.
- (h) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (g) above.
- (i) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note 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 Note becomes 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 relevant Final Terms for the purposes of this Condition 10(i) or, if none is so specified, a Day Count Fraction of 30E/360.

- (j) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise *and* at any price, **provided that:**
 - (i) all unmatured Coupons are purchased therewith; and
 - (ii) Subordinated Notes may only be purchased by the Issuer or any of its Subsidiaries subject to the restrictions set out under Bank of Italy Regulations.
- (k) *Cancellation:* All Notes which are so redeemed or purchased and subsequently surrendered for cancellation by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

11. **Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in the currency in which the payment is due on (or, if that currency is Euro, any other account to which Euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

- (b) *Interest:* Payments of interest shall, subject to Condition 11(h) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 11(a) (*Principal*) above.
- (c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws:* All payments in respect of the Notes 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 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons:* If the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void:* If the relevant Final Terms specify that this Condition 11(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption for regulatory reasons*), Condition 10(g) (*Redemption at the option of Noteholders*), Condition 10(d) (*Redemption at the option of the Issuer*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the 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.

- (h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 11(c) (*Payments in New York City*) above).
- (i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12. **Taxation**

- (a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons 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 will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
 - (A) in respect of any Note, Receipt or Coupon presented for payment in the Republic of Italy; or
 - (B) in respect of any Note, Receipt or Coupon presented for payment by or on behalf of a Noteholder or Couponholder who is:
 - (i) entitled to avoid such deduction or withholding by making a declaration of non-residence or residence or other similar claim for exemption; or
 - (ii) liable to such taxes or duties by reason of his having some connection with the Republic of Italy, other than the mere holding of the Note, Receipt or Coupon; or
 - (C) in respect of any Note, Receipt or Coupon presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt and/or Coupon to another Paying Agent in a Member State of the EU; or
 - (D) in respect of any Note, Receipt or Coupon presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on such thirtieth day; or
 - (E) where such withholding or deduction is imposed on a payment to an individual resident outside the Republic of Italy and is required to be made pursuant to (i) European Council Directive 2003/48/EC of 3 June 2003 or any other European Union Directive or Regulation on the taxation of savings income in the form of interest payments implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or (ii) any agreements entered into by the European Union in

connection with such Directive or Regulation and relating to the taxation of savings income, or (iii) any law implementing or complying with, or introduced in order to conform to, such Directive or Regulation and relating to the taxation of savings income; or

- (F) in relation to any payment or deduction of any interest, premium or proceeds of any Note, Receipt or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented ("**Decree 239**"), and in general in all circumstances in which the requirements and procedures set forth in Decree 239 have not been met or complied with; or
 - (G) in respect of any Note where such withholding or deduction is required pursuant to Italian Law Decree No. 512 of 30 September 1983, converted into Law No. 649 of 25 November 1983 (as amended); or
 - (H) in respect of any Note where such withholding or deduction is required pursuant to Italian Presidential Decree No. 600 of 29 September 1973 (as amended); and
 - (I) where such withholding or deduction is imposed pursuant to any legislative decrees implementing Law No. 80 of 7 April 2003.
- (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.

13. **Events of Default**

- (a) *Events of Default of Senior Notes*: This Condition 13(a) is applicable only to Notes specified in the relevant Final Terms as Senior Notes. If any of the following events occurs and is continuing:
- (i) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within five Business Days of the due date for payment thereof; or
 - (ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Agency Agreement and such default remains unremedied for 40 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or
 - (iii) *Cross-default of Issuer or Subsidiary*:
 - (A) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (B) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Material Subsidiary or (**provided that** no event of default has occurred) any person entitled to such Indebtedness; or
 - (C) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (A) and/or sub-paragraph (B) above and/or the amount payable under any Guarantee referred to in sub-paragraph (C) above individually or in the aggregate exceeds €5,000,000 (or its equivalent in any other currency or currencies); or
 - (iv) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of an amount in excess of €5,000,000, whether individually or in aggregate, is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 40 days after the date(s) of service thereof or, if later, the date therein specified for payment; or

- (v) *Security enforced*: any mortgage, charge, pledge, lien or other encumbrance present or future, created or assumed by the Issuer or any of its Material Subsidiaries over a material part of the property, undertaking, assets or revenues of the Issuer or any of its Material Subsidiaries becomes enforceable and any action is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar officer); or
- (vi) *Enforcement proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries (representing no less than 5 per cent of the Issuer's or any Material Subsidiaries total assets and/or gross operating income as the case may be as shown in the latest audited (as approved if not audited) accounts of the Issuer or the relevant Material Subsidiary; or
- (vii) *Insolvency, etc.*: (i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or any of its Material Subsidiaries or the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries is appointed (or application for any such appointment is made), (iii) the Issuer or any of its Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it; or (iv) the Issuer or any of its Material Subsidiaries becomes subject to an order for "Liquidazione Coatta Amministrativa" pursuant to Article 80 et. Seq. of the Consolidated Banking Law or "Amministrazione Straordinaria" pursuant to Article 70 et. Seq. of the Consolidated Banking Law (within the meaning ascribed to those expressions by the laws of the Republic of Italy) or similar proceedings in any other jurisdiction; or
- (viii) *Winding up, etc.*: (i) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries; or (ii) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business, in each case other than for the purposes of and pursuant to an amalgamation, reorganisation or restructuring whilst solvent;
- (ix) *Analogous event*: any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraphs (iv) (*Unsatisfied judgment*) to (vii) (*Winding up, etc.*) above; or
- (x) *Failure to take action, etc.*: any action, condition or thing (including, without limitation, the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, license, or order) at any time that must be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes, the Agency Agreement and the Deed of Covenant (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons, the Agency Agreement and the Deed of Covenant admissible in evidence in the courts of the Republic of Italy is not taken, fulfilled or done; or
- (xi) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Agency Agreement or the Deed of Covenant,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality unless prior to such date all Events of Default in respect of the Notes that are outstanding have been cured.

- (b) *Events of Default of Subordinated Notes*: This Condition 13(b) is applicable only to Notes specified in the relevant Final Terms as Subordinated Notes. If any of the following events occur:
 - (i) *Winding-up etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

- (ii) *Analogous event*: any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraph (i) (*Winding up, etc.*) above,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

14. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

15. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then 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 Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

16. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain a Fiscal Agent;
- (b) the Issuer 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 on the taxation of savings or any law implementing or complying with, or introduced to conform to, such Directive;
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent;
- (d) the Issuer shall at all times maintain a Paying Agent outside the Republic of Italy; and
- (e) if and for so long as the Notes 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 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 Agents or in their Specified Offices shall promptly be given to the Noteholders.

17. **Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of Noteholders*: The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of

these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification:* The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

18. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the Issue Price, the Issue Date and/or the first payment of interest) so as to form a single series with the Notes.

19. **Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

20. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

21. **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.

22. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, except for Conditions 5 (*Status and Special Provisions of Subordinated Notes*), 10(f) (*Redemption of Subordinated Notes*) and 13(b) (*Events of Default of Subordinated Notes*) which are governed by Italian law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.
- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England:* Condition 22(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 22 (*Governing Law and Jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Parts 34 and 37 of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

23. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated [date]

BANCA POPOLARE DELL'ETRURIA E DEL LAZIO Soc. Coop.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the €1,500,000,000

Euro Medium Term Note 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 Base Prospectus dated 3 November 2011 [and the Base Prospectus supplement dated [date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU, to the extent implemented in a Member State of the European Economic Area (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the Base Prospectus supplement] [is] [are] available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]]. This Base Prospectus[, the Base Prospectus supplement] and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 3 November 2011 [and the Base Prospectus supplement dated [date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) and amendments thereto, including Directive 2010/73/EU, to the extent implemented in a Member State of the European Economic Area (the "**Prospectus Directive**"), save in respect of the Conditions which are extracted from the base prospectus dated [original date] and are attached hereto. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated 3 November 2011 and [date] [and the Base Prospectus supplements dated [date] and [date]]. The Base Prospectuses [and the Base Prospectus supplements] are available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]]. This Base Prospectus[, the Base Prospectus supplement] and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

[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: Banca Popolare dell'Etruria e del Lazio Soc. Coop.
2. [(i) Series Number:] [•]
[(ii) Tranche Number:] [•]
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: [•]
4. Aggregate Nominal Amount: [•]
[(i)] [Series]: [•]
[(ii) Tranche: [•]]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] *(in the case of fungible issues only, if applicable)*]
6. (i) Specified Denominations: [•]
[•] [and integral multiples of [•] in excess thereof up to and including [•]. No Notes in definitive form will be issued with a denomination above [•].]
(Notes including Notes denominated in Sterling, in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).)
(ii) Calculation Amount: [•]
(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)
7. (i) Issue Date: [•]
(ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
8. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
(Unless otherwise permitted by current laws, regulations, directives and/or Bank of Italy requirements applicable to the issue of Subordinated Notes by the Issuer, (i) Lower Tier II Subordinated Notes must have a minimum maturity of 5 years, (ii) Upper Tier II Subordinated Notes must have a minimum maturity of 10 years and (iii) Tier III Subordinated Notes must have a minimum maturity of 2 years.)
9. Interest Basis: [• per cent. Fixed Rate]
[[Specify reference rate] +/- • per cent. per annum Floating Rate]
[Zero Coupon]

- [Index Linked Interest]
[Other (*Specify*)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (*Specify*)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. [(i)] Status of the Notes: [Senior Notes/[Dated/Perpetual]/Upper Tier II Subordinated Notes/Lower Tier II Subordinated Notes/Tier III Subordinated Notes]
- [(ii)] [Date Board approval for issuance of Notes obtained:] [•]
(*N.B. Only relevant where Board authorisation is required for a particular tranche of Notes*)
14. Method of distribution: [Syndicated/Non-syndicated]
- PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE
15. **Fixed Rate Note 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) Interest Payment Date(s): [•] in each year up to and including the Maturity Date
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [Actual/Actual (ICMA)]/[Actual/365]/[Actual/Actual (ISDA)]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/[30/360]/[Eurobond basis]
[*If none of these options apply, give details*]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Interest Period(s): [•]
- (ii) Specified Period: [•]

(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")

- (iii) Specified Interest Payment Dates: [•]
(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")
- (iv) First Interest Payment Date: [•]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ 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/ISDA Determination/other (give details)]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]): [[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]
- (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: [•]
- (xv) Fall back provisions, rounding provisions, denominator and any

other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) [Amortisation/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 [10(h)]]
18. **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula/other variable: [give or annex details]
 - (ii) Calculation Agent responsible for calculating the interest due: [•]
 - (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [•]
 - (vi) Interest Determination Date(s): [•]
 - (v) Provisions for determining Coupon 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 Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")
 - (viii) Specified Interest Payment Dates: [•]
(Specified Period and Specified Interest 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/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: [•]
- 19. **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
 - (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [•]
 - (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

- 20. **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Optional Redemption Date(s) (Call): [•]
(If the Notes are Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or Bank of Italy requirements applicable to the issue of Subordinated Notes by the Issuer, the Optional Redemption Date shall not be earlier than (i) in the case of Lower Tier II Subordinated Notes, 5 years after the Issue Date, (ii) in the case of Upper Tier II Subordinated Notes, 10 years after the Issue Date and (iii) in the case of Tier III Subordinated Notes, 2 years after the Issue Date.)
 - (ii) Optional Redemption Amount(s) (Call) of each Note 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
 - (c) Notice period: [•]
- 21. **Regulatory Call** [Condition 10(c) is applicable/Not Applicable]
(Only applicable for Subordinated Notes. If not applicable,

delete the remaining sub-paragraphs of this paragraph)

Minimum Disqualification Amount	[[•] per cent. / Any part of the aggregate outstanding nominal amount / Not applicable]
	<i>(Insert "Not applicable" if the Notes are not Subordinated Notes. Insert "Any part of the aggregate outstanding nominal amount" if the Minimum Disqualification Amount is any percentage that is more than zero.)</i>
22. Put Option	[Applicable/Not Applicable] <i>(Applicable only to Senior Notes - if not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Optional Redemption Date(s) (Put):	[•]
(ii) Optional Redemption Amount(s) (Put) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
(iii) Notice period:	[•]
23. Final Redemption Amount of each Note	[•] per Calculation Amount
<i>[In cases where the Final Redemption Amount is Index-Linked or other variable-linked:]</i>	
(i) Index/Formula/variable:	<i>[give or annex details]</i>
(ii) Name and address of the Calculation Agent responsible for calculating the Final Redemption Amount:	[•]
(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) [Payment Date]:	[•]
(vii) Minimum Final Redemption	[•] per Calculation Amount

Amount:

(viii) Maximum Final Redemption Amount: [•] per Calculation Amount

24. Early Redemption Amount

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation or regulatory reasons or on 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):

[[•] per Calculation Amount/specify other/see Appendix]/Not Applicable

(If the Early Redemption Amount (Tax), the Early Redemption Amount (Regulatory Event) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Redemption Amount (Regulatory Event) and/or the Early Termination Amount if different from the principal amount of the Notes)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

(In relation to any Notes issued with a denomination of €100,000 or, at the option of the Issuer and until such time that the increase of the minimum denomination threshold for wholesale securities from €50,000 to €100,000 introduced by Directive 2010/73/EU is implemented in Italy and/or other Member State(s) whose rules may be applicable for the purposes of the relevant issuance or offering of Notes, €50,000 (or equivalent) and integral multiples of €1,000 (or equivalent), the Permanent Global Note representing such Notes shall only be exchangeable to Definitive Notes in the limited circumstances of (1) closure of the ICSDs; and (2) default of the Issuer.)

26. New Global Note:

[Yes] [No]

27. Additional Financial Centre(s) or other special provisions relating to payment dates:

[Not Applicable/give details.
Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 15(ii), 16(vi) and 18(x) relate]

28. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. *If yes, give details*]

29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences

[Not Applicable/give details]

(if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:

30. Details relating to Instalment Notes: [Not Applicable/give details]
amount of each instalment, date on which each payment is to be made:

31. 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

32. (i) If syndicated, names of Managers: [Not Applicable/give names, addresses and underwriting commitments]

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)

(ii) Date of [Subscription] Agreement: [•]

(iii) Stabilising Manager(s) (if any): [Not Applicable/give name]

33. If non-syndicated, name of Dealer: [Not Applicable/give name and address]

34. Total commission and concession: [•] per cent. of the Aggregate Nominal Amount

35. U.S. Selling Restrictions: [Reg. S Compliance Category [1/2/3]; [TEFRA C/TEFRA D/ TEFRA not applicable]

36. 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] of the Notes described herein pursuant to the €1,500,000,000 Euro Medium Term Note Programme of the Issuer.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. *[[Relevant third party information] has been extracted from [specify source]. The Issuer 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.]* To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information.

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING, APPROVAL AND ADMISSION TO TRADING

- (i) Listing [Luxembourg/Other(*specify*)/None]
- (ii) Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange] with effect from [•].] [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading [•]
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

2. RATINGS

- Ratings: The Notes to be issued have been rated:
[S & P: [•]]
[Moody's: [•]]
[Fitch: [•]]
[[Other]: [•]]
(Insert where the issue has been specifically rated)
- [The following ratings reflect the ratings allocated to the Notes of the type being issued under the Programme generally:
[[Moody's]: [•]]
[[Other]: []]
(Insert where the issue has not been specifically rated)
- [[Insert credit rating agency] is established in the European Union and has applied for registration under Regulation (EU) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority,]/ [Insert credit rating agency] is established in the European Union and registered under Regulation (EU) No. 1060/2009./ [Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EU) No. 1060/2009.]
- In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the Regulation (EU) No. 1060/2009 (as amended by Regulation (EU) No. 513/2011) ("CRA Regulation") unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the [Joint Lead] Managers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. *[Amend as appropriate if there are other interests]*

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i)] Reasons for the Offer: [•]

(See "Use of Proceeds" wording in Base 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: [•]

(If proceeds are intended for more than one use will need to split out and present order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding)

[(iii)] Estimated total expenses: [•]

(If the Notes are derivative securities for which Annex XII of the Prospectus Directive applies only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) where disclosure is included at (i) above)

5. **[Fixed Rate Notes only – YIELD]**

Indication of yield: [•]

Calculated as [include details of method of calculation in summary form] on the Issue Date.

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 Notes only - HISTORIC INTEREST RATES]**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

7. **[Index-linked or other variable-linked notes 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; and
- (ix) where the underlying is a basket of underlyings, disclosure of the relevant weightings of each underlying in the basket.)

8. [Dual Currency Notes 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] (including the exchange rate[s], any market disruption or settlement disruption events that may affect the underlying rate[s] of exchange, and any adjustment rules in relation to events concerning the underlying rate[s] of exchange, where applicable) 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.]

[(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.)]

Need to include:

9. OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

Any 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 addresses of initial Paying Agent(s): [•]

Names and addresses of additional Paying Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No][Not Applicable]
 [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognized 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.] [include this text if "yes" selected in which case the Notes must be issued in NGN form]

FURTHER INFORMATION RELATING TO THE ISSUER

The following information relating to the Issuer is provided pursuant to Article 2414 of the Italian Civil Code.

(i) Objects: The objects of the Issuer, as set out in Article 4 of its by-laws, are as follows.

The Issuer's purpose is the gathering of savings and credit activities vis-à-vis both its shareholders and non-

shareholders. It may also perform any other financial activity, as well as related and functional activities, including the issuing of bonds. For the aforementioned purposes the Issuer may perform all activities, transactions, and services set out in legal provisions in force. In pursuing the benefit of shareholders, the Issuer shall pay special attention to enhancement of the value of the resources of local communities where it is present through its retail network. Consistently, with its institutional purposes, the Issuer will accord its shareholders facilitations concerning the use of specific services. As legally required, in its capacity as parent company of the Gruppo Banca Etruria, the Issuer will issue instructions – in performing activities of direction and co-ordination – to affiliates to execute the instructions given by Bank of Italy, in the interest of Group stability.

- | | | |
|-------|---|---|
| (ii) | Registered office: | Via Calamandrei 255, 52100 Arezzo, Italy |
| (iii) | Company registration: | Registered at the Companies registry (<i>Registro delle Imprese</i>) of Arezzo under number 00367210515 and Bank Registry (<i>Albo delle Banche</i>) under number 5390.0. |
| (iv) | Amount of paid-up share capital and reserves: | As at 30 June 2011 share capital of Euro 225,662,484 and reserves of Euro 452,974,568 for a total of Euro 678,637,052. |

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "**Noteholder**" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under such Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of an NGN, effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (Luxembourg time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the forty-fifth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (Luxembourg time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such forty-fifth day (in the case of (b) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Definitive Notes will not be printed in respect of an amount of Notes which are less than the Minimum Denomination.

Where the Notes are listed on the Official List of the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 19 (*Notices*).

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange. See "*Form of the Notes - Minimum denominations and restrictions on exchange for Definitive Notes*".

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the forty-fifth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Luxembourg time) on such forty-fifth day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Definitive Notes will not be printed in respect of an amount of Notes which are less than the Minimum Denomination.

Where the Notes are listed on the Official List of the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 19 (*Notices*).

Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payment Business Day: In the case of a Global Note, shall be: if the currency of payment is euro, any day which is 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, if the currency of payment is not euro, any day which is 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.

Exercise of put option: In order to exercise the option contained in Condition 10(g) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and Put Option Notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(d) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Payment Business Day: Notwithstanding the definition of "Payment Business Day" in Condition 2(a) (*Definitions*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, "Payment Business Day" means:

- (a) if the currency of payment is euro, any day which is 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
- (b) if the currency of payment is not euro, any day which is 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.

DESCRIPTION OF THE ISSUER

Overview and History

Banca Popolare dell'Etruria e del Lazio - Società Cooperativa (a joint stock cooperative company) (the "**Issuer**" or "**Banca Etruria**") is an Italian commercial bank with headquarters in Arezzo. The Issuer's core business is traditional commercial banking including: lending and customer deposits, management of savings, payment services and financial intermediation. Its activity is structured based on the retail, wealth management and corporate segments.

In addition, the Issuer and its subsidiaries, (together the "**Group**" or "**Gruppo Banca Etruria**") operate through specialised companies in the leasing sector (through Etruria Leasing S.p.A.), in the consumer credit sector (through ConEtruria S.p.A.), in the distribution of insurance products (through BancAssurance Popolar Danni S.p.A.) and in the wealth management sector (through Banca Federico Del Vecchio S.p.A.).

The ordinary shares of Banca Etruria are listed on the Italian Stock Exchange on the STAR segment.

The current structure of the Gruppo Banca Etruria is the result of various mergers. The origins of the Issuer go back to 1882 when Banca Mutua Popolare Aretina was established. In 1971 Banca Mutua Popolare Aretina acquired Banca Popolare Senese and Banca Popolare di Livorno and with these acquisitions Banca Popolare dell'Etruria was created. Following the acquisitions of Banca Popolare dell'Alto Lazio in 1988 and other small regional banks in the following years such as Banca Popolare di Pontevalleceppi, Banca Popolare di Cagli, Banca Popolare di Gualdo Tadino and Banca Cooperativa di Capraia, Montelupo e Violini, Banca Etruria assumed its current name and operating structure.

Banca Etruria is the parent company of Gruppo Banca Etruria.

The Group operates principally in the centre of Italy with prevalence in the region of Tuscany. The Group has 197 branches as of the date of this Base Prospectus. The table below shows the regional distribution of the Groups branches as of the date of this Base Prospectus.

Gruppo Banca Etruria Branches

Tuscany	98
Lazio	34
Marche	16
Umbria	21
Abruzzo	3
Emilia Romagna	10
Lombardy	8
Veneto	1
Molise	6
Total	197

The Issuer is registered as follows:

with the *Registro delle imprese di Arezzo* under No. 00367210515 (Companies Register of Arezzo);

with the *Albo delle banche e di gruppi bancari, Banca d'Italia* under No. 5390.0 (Bank of Italy, Roll of Banks and Banking Groups); and

with the *Associazione Bancaria Italiana* under No. 5390.0 (Italian Banking Association).

Banca Etruria's registered office and principal place of business is located in Arezzo, Via Calamandrei 255, Italy and its telephone number is +39 0575 3371.

As at 30 June 2011, the Group's total consolidated assets amounted to € 11.38 billion compared to € 10.90 billion as at 31 December 2010. Consolidated interest margin and consolidated net income at 30 June 2011 were € 112.77 million and € 5.49 million respectively, compared to € 110.80 million and € 4.46 million, respectively, for the six month period ended 30 June 2010.

Share Capital and Objects

As at the date of this Base Prospectus, Banca Etruria has an authorised and issued share capital of € 225,662,484.00 consisting of 75,220,828 ordinary shares with a nominal value of € 3.00 each. The entire share capital consists of ordinary shares.

Since Banca Etruria is a cooperative joint stock company (*Società cooperativa*), the level of an individuals' holding in the Issuer is limited by Italian law to 0.5% of the total share capital. Each shareholder has only one vote at shareholders' meetings, notwithstanding the size of his or her shareholding. Also, as a result of the Issuer's legal form, its members may not make agreements between themselves (voting or blocking syndicates) in relation to the exercise of rights attaching to the shares. In order to become a member of Banca Etruria, a person must make a written application to the Board of Directors. Banca Etruria, as other cooperative lending banks, has a very widely spread shareholder base that is made up of a significant portion of its clients.

The duration of the Issuer is to 31 December 2100 and may be extended by shareholders' resolution.

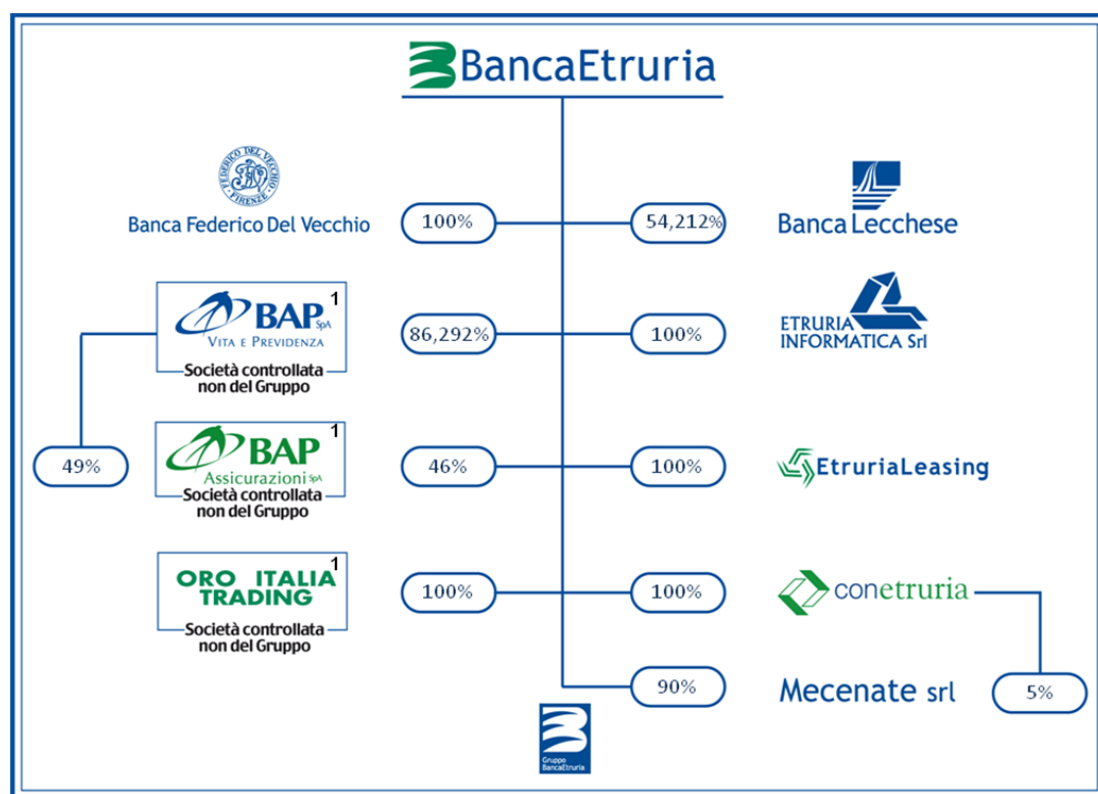
The Issuer's purpose is the gathering of savings and credit activities vis-à-vis both its shareholders and non-shareholders. It may also perform any other financial activity, as well as related and functional activities, including the issuing of bonds. For the aforementioned purposes the Issuer may perform all activities, transactions, and services set out in legal provisions in force.

In pursuing the benefit of its shareholders, the Issuer is required to pay special attention to enhancement of the value of the resources of local communities where it is present through its retail network. Consistently with its institutional purposes, the Issuer will accord its shareholders beneficial treatment concerning the use of specific banking services such as facilitation in mortgage rates and amounts, deposits conditions, etc.

As legally required, in its capacity as parent company of the Gruppo Banca Etruria, the Issuer will issue instructions – in performing the activities of group direction and co-ordination – to its affiliates to execute the instructions given by Bank of Italy, in the interest of Group stability.

Group Structure

The following diagram shows the structure of Gruppo Banca Etruria as at the date hereof:



1. Subsidiary company not pertaining to the banking Group.

A brief description of the main Group companies, other than Banca Etruria, follows.

Banca Federico Del Vecchio S.p.A. ("Banca del Vecchio")

Banca del Vecchio, has been part of the Group since October 2006 and operates in the city of Florence and is focused on wealth management. Banca del Vecchio started 2008 with a brand new organisational structure and management set up which has since been expanded with the acquisition, during the first quarter 2008, of 6 branches from Banca Etruria that operate in the city of Florence. The Group's strategic plan for Banca del Vecchio is to focus the Group's activities in wealth management business in this company.

Banca Lecchese S.p.A. ("Banca Lecchese")

Banca Lecchese, located in the city of Lecco, acts as a local bank in its territory with a particular focus on families and small enterprises. After the opening of the Merate branch in November 2010, Banca Lecchese has five branches.

ConEtruria S.p.A. ("ConEtruria")

ConEtruria (formerly Euroetruria Servizi Finanziari S.p.A.) a company which restructured its activities during 2008 and is now focused on offering consumer credit (*credito al consumo*) and financial loans to specific categories of customers (*cessione del quinto dello stipendio*), was re-branded in 2009 following the changes in its business activities.

EtruriaLeasing S.p.A. ("Etruria Leasing")

Gruppo Banca Etruria operates in the leasing business through its subsidiary Etruria Leasing which is primarily focused on car and real estate leasing (with a small presence in equipment leasing).

Etruria Informatica S.r.l. ("Etruria Informatica")

Etruria Informatica supports Group companies on the information technology and data processing systems side.

BAP—BancAssurance Popolari S.p.A. ("BAP")

BAP was established in March 2000, as a joint-venture between Banca Etruria and Natixis Assurances S.A. BAP sells its life assurance products mainly through the Gruppo Banca Etruria branches and through other small Italian cooperative banks. Following a decision by the Board of Directors, the procedures aimed at the disposal of BAP have been arranged and initiated.

BancAssurance Popolari Danni S.p.A. ("BAP Danni")

BAP Danni was recently established to improve the quality and range of services offered by the Banca Etruria Group to its retail customers via the provision of property and casualty insurance products. Following a decision by the Board of Directors, the procedures aimed at the disposal of BAP Danni have been arranged and initiated.

Management

The management of the Issuer comprises the Board of Directors, the Executive Committee (*Comitato Esecutivo*) and the Senior Management (*Direzione Generale*). In addition, the Italian Civil Code requires that companies such as Banca Etruria have a Board of Statutory Auditors (*Collegio Sindacale*).

Board of Directors

The Board of Directors of Banca Etruria comprises fifteen members¹. It is vested with ordinary and extraordinary powers regarding the administration of the Issuer, except for those powers reserved specifically for shareholders by Italian law.

¹ During the meeting of the Board of Directors held on August 29, 2011 Mr Augusto Federici gave his resignation effective as of September 1, 2011. As of the date of this prospectus the Board of Directors has not yet appointed by cooptation a new member of the board.

The table below shows the members of the Board of Directors of Banca Etruria as at the date of this Base Prospectus and the positions held.

Name	Role
Giuseppe Fornasari ¹	Chairman of the Board
Giovanni Inghirami ¹	Vice Chairman of the Board
Natalino Guerrini ¹	Vice Chairman of the Board
Alfredo Berni	Director
Alberto Bonaiti ¹	Director
Luigi Bonollo	Director
Pier Luigi Boschi	Director
Giovan Battista Cirianni	Director
Giampaolo Crenca	Director
Laura Del Tongo	Director
Enrico Fazzini ¹	Director
Andrea Orlandi	Director
Lorenzo Rosi ¹	Director
Felice Emilio Santonastaso	Director

¹Member of the Issuer's Executive Committee.

The mandate of the current members of the Board of Directors will expire at the shareholders' meeting to be held in 2014 when the Issuer's 2013 financial statements are to be approved.

The business address of each of the members of the Board of Directors is the Issuer's registered office.

Board of Statutory Auditors

Pursuant to Italian law, in addition to electing the Board of Directors, Banca Etruria's ordinary shareholders' meeting held in 2010 elected a Board of Statutory Auditors (*Collegio Sindacale*) composed of five independent experts in accounting matters, plus two alternate auditors who will automatically replace a statutory auditor who resigns or is otherwise unable to serve as a statutory auditor. Each member of the Board of Statutory Auditors must be registered with the national register of statutory auditors.

The table below sets out the current members of the Board of Statutory Auditors and their respective positions:

Name	Role
Massimo Tezzon	Chairman
Franco Arrigucci	Statutory Auditor
Paolo Cerini	Statutory Auditor
Gianfranco Neri	Statutory Auditor
Carlo Polci	Statutory Auditor
Massimo Gatto	Alternate Auditor
Paolo Marmorini	Alternate Auditor

The current Board of Statutory Auditors was appointed by the Issuer's shareholders on 25 April 2010. Their mandate will expire at the shareholders' meeting to be held in 2013 when the Issuer's 2012 financial statements are to be approved.

The business address of each of the members of the Board of Statutory Auditors is the Issuer's registered office.

Decision making functions and Senior Management (Direzione Centrale)

Banca Etruria operates on a daily basis through its Central Management (*Direzione Centrale*) and its Local Structure (*Struttura Periferica*).

The present General Manager is Mr Luca Bronchi, who, as the head of the operating structure, implements the resolutions of the Board of Directors, conducts the day-by-day operations and affairs of the Issuer and exercises any other power conferred on him by the Board of Directors.

The Central Management is under the direct control of the General Manager. It is made up of 2 Vice General Managers (Vice General Manager for General Affairs and Vice General Manager for Administration and Operations), 3 independent Divisions divided by function (Credit, Planning and Risk Management and Commercial). These divisions are subdivided into Departments and Services which are specialised in particular areas of business. Furthermore there are 3 Departments reporting to the General Manager (Internal Audit, Human Resources and Finance).

Eight District Units (*Direzioni Territoriali*) report to the Commercial Division, 17 sections of which are in charge of Territorial Areas (*Zone*) geographically identified.

The Local Structure is divided into various types of Branches (Branches of Ist and IInd level). Each Territorial Area coordinates the activities of the Local Branches within their area.

To support the Issuer's Corporate Governance function, specific committees have been established with decision-making powers or consultancy duties. These committees are appointed by the Board of Directors and they are:

Direction Committee;
Strategic Committee;
Steering Committee;
Credit Committee;
Risk Committee;
Finance Committee;
Crisis Committee;
Product Committee;
Appointment Committee;
Business Continuity Committee; and
Market Abuse Committee.
Direction Committee

The Direction Committee (held weekly or at the General Manager's request) is composed of the General Manager, the two Vice General Managers and the Divisions' Directors.

This committee evaluates the Group's strategies and their implementation in accordance with the targets and proposes any adjustments to be submitted to the Board of Directors and to the Executive Committee.

Strategic Committee

The Strategic Committee (held quarterly or at the General Manager's request) is composed of the General Manager and the two Vice General Managers.

This committee analyses the market context and evaluates opportunities and risks relating to the strategic decisions to be taken by Board of Directors. It also proposes to the Board of Directors actions in order to comply with strategic plans in a changing market context.

Steering Committee

The Steering Committee (held quarterly or at the General Manager's request) is composed of the General Manager, the two Vice General Managers, the Division Directors, Department Directors, Zone Directors, the Subsidiaries' General Managers and the Project Manager Support.

This committee divulges strategic and operative information among the Issuer's managers. It also evaluates market conditions and proposes actions to be performed, ensuring their completion.

Credit Committee

The Credit Committee (held weekly or at the General Manager's request) has the power to decide upon the granting of credit within the limits of the powers delegated to it and act on behalf of Banca Etruria in its quality as sponsor on *Mercato Alternativo dei Capitali* (MAC) of the Italian Stock Exchange. It is made up of the General Manager (who acts as chairman of the committee) and the Directors of the Credit Division, Commercial Division, Finance department and Corporate Finance department.

Risk Committee

This committee (held monthly or at the General Manager's request) is made up of the General Manager (who acts as chairman of the committee), the two Vice General Managers, the Division Directors of Planning and Risk Management, Credit and Commercial and the Department Directors of Finance, Compliance, Planning and Management Control and Organization and IT.

In accordance with the Issuer's strategic plans and under the power received by the Board of Directors, the Risk Committee decides on risk management and risk control at Group level.

Finance Committee

This committee (held monthly or as may be required due to market conditions) is made up of the General Manager (who acts as chairman of the committee), the Directors of each of the Planning and Risk Management Division and the Commercial Division, the Directors of the Finance Department, Planning and Management Control Department, the General Manager of Banca Federico Del Vecchio and the Head of Wealth Management.

Crisis Committee

This committee ensures the management of any crisis which the Issuer might find itself in.

Product Committee

This committee (held at the Director of Marketing and Products' request) is made up of Directors of the Commercial Division, the Planning and Risk Management Division, the Marketing and Products Department, the Planning and Management Control Department, the Organization and IT Department, the Compliance Department and Product Manager.

This Committee ensures that new business initiatives are convenient in terms of value creation with respect to associated risks.

Appointment Committee

The Appointment Committee (held at the General Manager's request) is composed of the General Manager, the two Vice General Managers and the Director of Human Resources Department.

This committee assists the General Manager as regards the career advancement of high level employees.

Business Continuity Committee

The committee oversees the Issuer's Business Continuity Management Regulation.

Market Abuse Committee

This committee (held at least bi-monthly or when needed) is made up of the General Manager (who acts as chairman of the committee), the Vice General Manager for General Affairs and the Commercial Division Director.

The Market Abuse Committee provides a non binding opinion on suspicious transactions under market abuse rules to be concluded by the Group.

Conflicts of Interest

In 2010 the Issuer did not enter into any atypical transaction with any member of the Board of Directors or Board of Statutory Auditors, that might give rise to doubts in relation to the safeguarding of the Issuer's assets.

The Issuer is not aware, at the date of this Base Prospectus, of any conflicts or potential conflicts of interest between the duties owed to it by the members of its Board of Directors and its Board of Statutory Auditors and their other private interests or principal activities and there are no activities performed by any such persons outside the Issuer that are significant with respect to the Issuer.

Independent Auditors

In accordance with applicable Italian laws and regulations, the annual financial statements of the Issuer must be audited by external auditors. The semi-annual financial statements of the Issuer are subject to a limited review by external auditors.

The statutory financial statements of the Issuer (separate and consolidated) as at and for the years ended 31 December 2009 and 31 December 2010 were audited by PricewaterhouseCoopers S.p.A. and the consolidated financial statements of the Issuer as at and for the six months ended 30 June 2010 and 2011 were reviewed by PricewaterhouseCoopers S.p.A., in each case in accordance with generally accepted auditing standards and legal requirements in Italy.

PricewaterhouseCoopers S.p.A. is registered on the register of auditors kept by CONSOB pursuant to Article 161 of Italian Decree No. 58 and is a member of ASSIREVI, the Italian association of auditing firms. Under Italian securities regulations, the Issuer's accounts must be audited by external auditors appointed by its shareholders. Under these regulations, as amended by Italian Legislative Decree No. 303 of 29 December 2004, listed companies appoint their external auditors for a nine-year period. At the end of this period new auditors must be appointed. PricewaterhouseCoopers S.p.A. have been appointed as the Issuer's external auditors until 2015.

Litigation

In the ordinary course of its business activities as a financial institution, the Issuer and members of its Group are involved in various legal proceedings both as plaintiff and as defendant. These proceedings are managed in accordance with principles of ordinary diligence and care. Neither the Issuer nor any member of the Group are involved in any, or are aware of any threat of legal proceedings, arbitration or administrative proceedings that could, individually or in the aggregate have a significant adverse effect on their business or financial position or on that of the Group as a whole, subject to the occurrence of any of the events described in "Risk Factors - Risks associated with litigation".

Human resources

As at 31 December 2010, Banca Etruria's employees numbered 1,801 while the whole Group totalled 2,087 employees.

Capital adequacy

The Bank of Italy has adopted risk-based ratios ("**Capital Ratios**") pursuant to the EU capital adequacy directives. Italy's current capital requirements are similar to the requirements imposed by the international framework for capital measurement and capital standards of banking institutions of the Basel Committee on Banking Regulations and Supervisory Practices. The Capital Ratios set forth core (Tier 1) and supplementary (Tier 2 and Tier 3) capital requirements with respect to a bank's assets and certain off-balance sheet items weighted according to risks ("**Risk-Weighted Assets**").

In accordance with Bank of Italy regulations, Banca Etruria, as the holding company of the Group, calculates and reports its Capital Ratios on a consolidated basis as well as on a separate basis. Banca Etruria is required to maintain a total capital ratio on a consolidated basis of at least 8.0% and on a separate basis of at least 6.0%. Banca Etruria maintains a total capital ratio (total capital ratio to total Risk-Weighted Assets) in line with the limits sets by the Bank of Italy.

The table below shows the composition of Banca Etruria's regulatory capital as established by the Bank of Italy's rules as at 30 June 2011, 31 December 2010, and 31 December 2009.

(Euro/1000)	30/06/2011 (Unaudited)	31/12/2010 (Audited)	31/12/2009 (Audited)
Tier 1 Capital	633,220	633,041	614,230
Tier 2 Capital	304,293	284,294	267,356
Regulatory Capital	909,966	889,787	854,038
Tier 3 Capital	-	-	-
Regulatory Capital including Tier 3	909,966	889,787	854,038
Risk-Weighted Assets	8,097,273	7,983,473	8,140,473
Core Tier 1 Capital Ratio	7.8%	7.9%	7.5%
Total Capital Ratio	11.2%	11.1%	10.5%

The Group's consolidated capital adequacy ratios as at 30 June 2011, 31 December 2010 and 31 December 2009 are shown in the table below.

<i>(Euro/1000)</i>	30/06/2011 (Unaudited)	31/12/2010 (Audited)	31/12/2009 (Audited)	31/12/2008 (Audited)
Tier 1 Capital	578,935	578,002	559,162	528,413
Tier 2 Capital	304,807	284,879	267,701	264,125
Regulatory Capital	861,260	840,500	803,491	768,671
Tier 3 Capital	-	-	-	3,664
Regulatory Capital including Tier 3	861,260	840,500	803,491	772,335
Risk-Weighted Assets	9,135,435	8,999,708	9,078,980	8,502,983
Core Tier 1 Capital Ratio	6.3%	6.4%	6.2%	6.2%
Total Capital Ratio	9.4%	9.3%	8.9%	9.1%

Recent developments

On 22 July 2011, the special purpose company Mecenate Srl, which is part of the Gruppo Banca Etruria, carried out a securitisation transaction concerning a portfolio of receivables deriving from performing residential mortgage loans originated by Banca Etruria with the issue of Euro 495 million RMBS (Residential Mortgage Backed Securities), pursuant to Italian securitisation law No. 130/99.

Strategy

In July 2009, the Board of Directors of Banca Etruria approved the Issuer's 2009-2011 Strategic Plan. Set out below are the strategic guidelines of such plan:

- Strengthen the role in the community, by focusing on relations with customers and shareholders and emphasizing the cooperative banking spirit that requires locally friendly strategies and solid stakeholder relations.
- Business model evolution in order to maximise the branch network profitability, to develop fund-raising (both direct and indirect) and commissions deriving from services provided to customers.
- Upgrading of the product portfolio, with the addition of new financial products and greater cross-selling opportunities, including through partnerships with specialized firms.
- Improve credit quality by revising the organizational model, in order to better evaluate the financial position of customers in order to reduce the probability of default and the non performing loans portfolio.
- Improve the efficiency of subsidiaries by focusing on the specific strengths of each company.
- Control of administrative expenses and improvement of quality in services by means of rationalization and simplification of administrative processes and introduction of more stringent quality standards for the services to be provided by third parties.
- Creating a sales model oriented towards enhancement of customer relations by increasing the number of employees with commercial skills.
- Improve the management of subsidiaries, including developing specific risk management policies and performance forecasting together with a rationalization of accounting procedures and enhancement of current resources.

Banking Activities

Deposit taking

The Group offers a comprehensive range of products, including direct borrowing products such as traditional deposit accounts (current and savings accounts) and certificates of deposits and indirect borrowings such as administered deposits, insurance deposits and asset management deposits.

Direct and indirect borrowing

Direct funding includes amounts due to customers and outstanding securities, including securities measured at fair value. At 30 June 2011, consolidated volumes reached €8.2 billion, up some 2.5% from 31 December 2010.

Amounts due to customers fell by €817.8 million, while funding from securities rose by €1.0 billion. These differences are partly attributable to the new accounting treatment used in recognising repurchase agreements with underlying bonds issued by the Bank, which at 30 June 2011 amounted to €859.2 million. Starting in 2011, the Group now follows the new instructions of the Bank of Italy² and no longer recognises these repurchase agreements under "Due to customers" (liability item 20), but rather under "Outstanding securities" (liability item 30).

Consolidated indirect funding comprises funding by the three banks of the Banca Etruria Group. At the end of the first half of 2011, the total amount is estimated at approximately €3.8 billion, in line with 31 December 2010. Also assets under management decreased by 3.8%, compared to 31 December 2010. The securities portfolio management segment (GPM) made a contribution to the turnaround, reaching €15.2 million, an increase of 1.1% compared to 31 December 2010. Likewise the assets related to the insurance funds segment increased by €18.6 million, an increase of 2.4% compared to 31 December 2010.

Customer Loans

Customer loans for the Group at the end of the first half of the year remain in line with 2010 year end volumes at €8 billion. The Issuer's business development policies are focused on sustainable growth, and diversification and granularization of the portfolio of customer loans.

Banking activities with gold industry players

Banca Etruria has always worked with Italian and international goldsmiths. It is leader in this sector by virtue of its historical experience with a track record of over a century. Products offered include a gold-denominated account - used by goldsmiths to enhance treasury management, which enables private individuals to invest in the metal – and gold-based mortgages.

Credit Risk Management

The Group's credit risk is managed primarily by the Issuer on behalf of the Group while the credit approval process is partly decentralised to branches and territorial centres, who together approve nearly one-third of annual lending volumes, while two-thirds are approved centrally. Approval rates decrease as the rating of the client worsens, and increase as the rating improves. Banca Etruria uses an internal rating system based on 11 rating classes. Banca Etruria calculates credit risk capital charges under Basel II using the standardised method. Doubtful and non-performing loans are managed centrally.

The loan book is essentially domestic, and mainly concentrated on customers located in Tuscany and Lazio; the remainder is mostly in other regions of Central Italy. Management has taken action aimed at reducing large exposures.

Management of impaired loans has also been improved through strengthened early warning systems, faster recovery processes and automated credit limitations.

Lending risk

A centralised department establishes the procedures for evaluating the types of risks attached to each loan granted by the Group. Each local branch within the Group can grant lines of credit within the limits determined by the Issuer as parent bank of the Group. By having a centralised department, each branch within the Group is able to allocate capital efficiently within defined risk limits at Group level. The department also monitors the overall risk at Group level, verifies capital adequacy and evaluates the performance of lending activities in terms of risk/return. In addition, the process of debt recovery is supervised centrally and the debt recovery activities of the Group's individual branches are coordinated.

Quality of loan portfolio

² Bank of Italy publication no. 142023 of 16 February 2011.

The table below shows details of the Group's banking loan portfolio as at 31 December 2010.

Loans	31/12/2010	31/12/2009
(Euro/1000)	(Audited)	(Audited)
Doubtful loans, gross	551,767	357,892
Writedowns	(299,509)	(205,302)
Doubtful loans, net	252,258	152,590
Coverage ratio for doubtful loans	54.3%	57.4%
Percentage on total loans	3.1%	2.0%
Non-performing loans, gross	439,684	384,125
Writedowns	(63,791)	(58,723)
Non-performing loans, net	375,893	325,402
Coverage ratio for non-performing loans	14.5%	15.3%
Percentage on total loans	4.7%	4.3%
Past-due positions, gross	182,594	237,163
Writedowns	(4,400)	(6,314)
Past-due positions, net	178,194	230,849
Coverage ratio for past-due positions	2.4%	2.7%
Percentage on total loans	2.2%	3.1%
Other impaired loans, gross	56,583	49,509
Writedowns	(7,736)	(7,650)
Other impaired loans, net	48,847	41,859
Coverage ratio for other impaired loans	13.7%	15.5%
Percentage on total loans	0.6%	0.6%
Performing loans, gross	7,180,407	6,796,352
Writedowns	(24,673)	(33,059)
Performing loans, net	7,155,734	6,763,293
Coverage ratio for performing loans	0.3%	0.5%
Percentage of total loans	89.3%	90.0%

Work has continued during the past few years on implementing the IT platforms supporting the Group's credit risk management processes. In this regard, the implementation projects have been consolidated for the loan control process (ICC) and for non-performing loans in order to manage problem loans in accordance with the Issuer's business plan.

Large risks

Bank of Italy regulations define "large risks" as the net weighted exposure (in relation to both loans and guarantees) to primary business group where the amount is in excess of 10% of the bank's regulatory capital available at any given time.

The table below shows the Group's level of large exposures as at 30 June 2010 calculated in accordance with supervisory regulations.

Items / Value	(Euro/1000)	30/06/2011	31/12/2010	31/12/2009
a) Value		739,862	871,696	-
b) Number		1	5	-

Proprietary Trading and Securities Portfolio

As at 30 June 2011 the trading portfolio of the Group amounted to € 2.0 billion having increased from € 1.7 billion as at 31 December 2010. The table below shows a breakdown of the Group's securities portfolio. The 30 June 2011 data includes other securities for about € 303 million booked under "Due from Banks".

PROPRIETARY PORTFOLIO	30/06/2011	31/12/2010	Changes
(Euro/1000)	(Unaudited)	(Audited)	%
Financial assets held for trading	103,455	120,375	-14.1%
Financial assets designated at fair value through profit and loss	34,840	34,900	-0.2%
Financial assets available for sale	1,486,832	1,116,214	33.2%

Financial assets held to maturity	112,558	112,667	-0.1%
TOTAL	1,737,685	1,384,156	25.5%

SUMMARY FINANCIAL INFORMATION RELATING TO THE ISSUER

The Issuer's audited consolidated annual financial statements as at and for the year ended 31 December 2010 (the "**2010 Annual Financial Statements**") and as at and for the year ended 31 December 2009 (the "**2009 Annual Financial Statements**"), in each case together with the accompanying notes and audit reports, and the Issuer's unaudited consolidated interim financial statements as at and for the six month period ended 30 June 2011 (the "**30 June 2011 Unaudited Interim Financial Statements**") and as at and for the six month period ended 30 June 2010 (the "**30 June 2010 Unaudited Interim Financial Statements**") are incorporated by reference in this Base Prospectus. See "Documents Incorporated by Reference". The financial information presented below should be read in conjunction with such financial statements and information and the relevant reports (where applicable) and notes thereto.

Since 2006, the Issuer has prepared its annual financial statements in accordance with the International Financial Reporting Standards, as adopted by the European Union and as implemented under the Bank of Italy's instructions contained in Circular 262 of 22 December 2005 and related transitional regulations in Italy ("**IFRS**"). Accordingly, all of the following financial information of the Issuer incorporated by reference in this Base Prospectus has been prepared in accordance with IFRS.

The 2010 Annual Financial Statements and the 2009 Annual Financial Statements have been audited by PricewaterhouseCoopers S.p.A..

The 30 June 2011 Unaudited Interim Financial Statements and the 30 June 2010 Unaudited Interim Financial Statements were subject to a limited review by PricewaterhouseCoopers S.p.A..

ANNUAL AUDITED CONSOLIDATED BALANCE SHEETS

Assets (€/1000)	31/12/2010	31/12/2009(*)
Cash and cash equivalents	60,184	57,461
Financial assets held for trading	120,375	361,897
Financial assets designated at fair value through profit or loss	34,900	34,545
Financial assets available for sale	1,116,214	523,871
Financial assets held to maturity	112,667	125,616
Due from banks	843,840	767,889
Customer loans	8,011,697	7,513,993
Hedging derivatives	-	393
Value adjustments of financial assets hedged generically (+/-)	(669)	276
Equity investments	16	130
Technical reserves attributable to reinsurers	574	949
Property, plant and equipment	164,517	187,785
Intangible assets	114,381	113,661
of which:		
- goodwill	97,316	97,583
Tax assets	64,312	55,914
a) <i>current</i>	2,326	3,835
b) <i>deferred</i>	61,986	52,079
Non-current assets and disposal groups classified as held for sale	-	1,318
Other assets	259,838	463,564
Total assets	10,902,846	10,209,262

(*) The comparative information as at 31 December 2009 does not represent the effect of the new classification criteria of auto-securitisation reimbursement of funds classification required by the Bank of Italy in its circular of 27 February 2010.

Liabilities and Shareholders' Equity (€/1000)	31/12/2010	31/12/2009
Due to banks	1,057,754	667,985
Due to customers	4,974,599	4,584,269
Outstanding securities	2,062,414	2,446,566
Financial liabilities held for trading	31,893	52,674
Financial liabilities designated at fair value through profit or loss	1,007,264	720,109
Hedging derivatives	12,922	279
Tax liabilities	13,449	9,922
a) <i>current</i>	3,677	977
b) <i>deferred</i>	9,772	8,945
Liabilities associated with assets held for sale	-	564
Other liabilities	220,266	373,096
Provision for staff termination pay	38,545	44,455
Provisions for risks and charges	7,957	9,523
a) <i>pensions and similar commitments</i>	-	-
b) <i>other provisions</i>	7,957	9,523
Technical reserves	752,868	586,121
Valuation reserves	12,629	14,820
Reserves	146,250	154,011
Share premium reserve	320,718	320,718
Share capital	225,662	225,662
Treasury shares (-)	(8,590)	(8,570)
Minority interests (+/-)	19,762	17,709
Net profit (loss) for the period pertaining to shareholders of the parent company (+/-)	6,485	(10,651)
Total liabilities and shareholders' equity	10,902,846	10,209,262

ANNUAL AUDITED CONSOLIDATED INCOME STATEMENTS

Items (€/1000)	31/12/2010	31/12/2009
Interest income and similar revenues	360,779	381,099
Interest expense and similar charges	(138,349)	(159,661)
Net interest income	222,430	221,438
Commission income	114,052	98,114
Commission expense	(6,917)	(7,497)
Net commissions	107,135	90,617
Dividends and similar revenues	2,972	1,753
Net result on trading	(4,656)	19,869
Net result on hedging	1,718	(357)
Gain (loss) from disposal or repurchase of:	9,708	10,531
a) loans	-	1,427
b) financial assets available for sale	4,515	4,484
c) financial assets held to maturity	1,332	-
d) financial liabilities	3,861	4,620
Net result on financial assets and liabilities designated at fair value	10,454	(9,440)
Gross income	349,761	334,411
Net impairment losses on:	(97,735)	(118,432)
a) loans	(97,389)	(114,472)
b) financial assets available for sale	(376)	(4,302)
c) financial assets held to maturity	-	-
d) other financial transactions	30	342
Net result from financial activities	252,026	215,979
Net premiums	220,983	169,830
Net other income (expense) from insurance activities	(233,041)	(179,769)
Net result from financial and insurance activities	239,968	206,040
Administrative expenses:	(229,559)	(225,302)
a) personnel expenses	(138,478)	(132,823)
b) other administrative expenses	(91,081)	(92,479)
Net provisions for risks and charges	(227)	(826)
Net writedowns/writebacks of property, plant and equipment	(5,473)	(5,433)
Net writedowns/writebacks of intangible assets	(1,751)	(1,495)
Other operating (expenses) income	15,981	16,454
Operating expenses	(221,029)	(216,602)
Gain (loss) from equity investments	(103)	(1)
Gain (loss) from fair value measurement of property, plant and equipment and intangible assets	-	-
Goodwill impairment	-	-
Gain (loss) from disposal of investments	5,490	-
Profit (loss) from current operations before tax	24,326	(10,563)
Income taxes on current operations for the period	(18,993)	(344)
Profit (loss) from current operations after tax	5,333	(10,907)
Gain (loss) from disposal groups held for sale after tax	-	305
Net profit (loss) for the period	5,333	(10,602)
Net profit (loss) to minority interests	(1,152)	49
Net profit (loss) for the period pertaining to shareholders of the parent company	6,485	(10,651)

SEMI-ANNUAL UNAUDITED REVIEW CONSOLIDATED BALANCE SHEETS

Assets	30/06/2011	31/12/2010
<i>(€/1000)</i>		

Cash and cash equivalents	64,527	60,184
Financial assets held for trading	103,455	120,375
Financial assets designated at fair value through profit or loss	34,840	34,900
Financial assets available for sale	1,486,832	1,116,214
Financial assets held to maturity	112,558	112,667
Due from banks	792,327	843,840
Customer loans	7,988,343	8,011,697
Hedging derivatives	588	-
Value adjustments of financial assets hedged generically (+/-)	-	(669)
Equity investments	-	16
Technical reserves attributable to reinsurers	403	574
Property, plant and equipment	162,633	164,517
Intangible assets	114,216	114,381
of which:		
- goodwill	97,316	97,316
Tax assets	65,920	64,312
a) <i>current</i>	1,404	2,326
b) <i>deferred</i>	64,516	61,986
Non-current assets and disposal groups classified as held for sale	-	-
Other assets	458,188	259,838
Total assets	11,384,830	10,902,846

Liabilities and Shareholders' Equity	30/06/2011	31/12/2010
<i>(€/1000)</i>		

Due to banks	1,014,627	1,057,754
Due to customers	4,176,367	4,974,599
Outstanding securities	2,988,215	2,062,414
Financial liabilities held for trading	48,993	31,893
Financial liabilities designated at fair value through profit or loss	1,083,156	1,007,264
Hedging derivatives	1,929	12,922
Tax liabilities	11,694	13,449
a) <i>current</i>	1,402	3,677
b) <i>deferred</i>	10,292	9,772
Liabilities associated with assets held for sale	-	-
Other liabilities	511,955	220,266
Provision for staff termination pay	37,360	38,545
Provisions for risks and charges	7,820	7,957
a) pensions and similar commitments	-	-
b) other provisions	7,820	7,957
Technical reserves	772,924	752,868
Valuation reserves	10,948	12,629
Capital instruments	2,359	-
Reserves	154,353	146,250
Share premium reserve	319,949	320,718
Share capital	225,662	225,662
Treasury shares (-)	(8,405)	(8,590)
Minority interests (+/-)	19,438	19,762
Net profit (loss) for the period pertaining to shareholders of the parent company (+/-)	5,486	6,485
Total liabilities and shareholders' equity	11,384,830	10,902,846

SEMI-ANNUAL UNAUDITED REVIEW CONSOLIDATED INCOME STATEMENTS

Items	30/06/2011	30/06/2010
<i>(€/1000)</i>		
Interest income and similar revenues	192,929	177,881
Interest expense and similar charges	(80,160)	(67,085)
Net interest income	112,769	110,796
Commission income	54,903	59,969
Commission expense	(2,257)	(3,863)
Net commissions	52,646	56,106
Dividends and similar revenues	1,589	1,966
Net result on trading	6,864	(10,062)
Net result on hedging	513	98
Gain (loss) from disposal or repurchase of:	362	5,567
a) loans	(2,718)	-
b) financial assets available for sale	1,945	2,759
c) financial assets held to maturity	-	-
d) financial liabilities	1,135	2,808
Net result on financial assets and liabilities designated at fair value	8,862	11,515
Gross income	183,605	175,986
Net impairment losses on:	(50,198)	(58,058)
a) loans	(43,107)	(58,037)
b) financial assets available for sale	(6,533)	(161)
c) financial assets held to maturity	-	-
d) other financial transactions	(558)	140
Net result from financial activities	133,407	117,928
Net premiums	46,370	151,692
Net other income (expense) from insurance activities	(49,651)	(156,681)
Net result from financial and insurance activities	130,126	112,939
Administrative expenses:	(115,581)	(110,341)
a) personnel expenses	(69,117)	(67,204)
b) other administrative expenses	(46,464)	(43,137)
Net provisions for risks and charges	(668)	(968)
Net writedowns/writebacks of property, plant and equipment	(2,698)	(2,846)
Net writedowns/writebacks of intangible assets	(984)	(838)
Other operating (expenses) income	6,804	8,306
Net operating expenses	(113,127)	(106,687)
Gain (loss) from equity investments	(17)	(53)
Gain (loss) from fair value measurement of property, plant and equipment and intangible assets	-	-
Goodwill impairment	-	-
Gain (loss) from disposal of investments	-	5,490
Profit (loss) from current operations before tax	16,982	11,689
Income taxes on current operations for the period	(11,629)	(7,770)
Profit (loss) from current operations after tax	5,353	3,919
Gain (loss) from disposal groups held for sale after tax	-	-
Net profit (loss) for the period	5,353	3,919
Net profit (loss) pertaining to minority interests	(133)	(544)
Net profit (loss) for the period pertaining to shareholders of the parent company	5,486	4,463

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of Notes 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 Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Republic of Italy

Tax treatment of Notes issued by the Issuer having an original maturity of not less than 18 months

Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree 239**") sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian banks, **provided that** the notes are issued for an original maturity of not less than 18 months.

Italian resident Noteholders

Where the Notes have an original maturity of at least 18 months, and an Italian resident Noteholder is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito regime* – see under "*Capital gains tax*" below);
- (b) a non-commercial partnership;
- (c) a non-commercial private or public institution; or
- (d) an investor exempt from Italian corporate income taxation,

Interest relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 12.5 per cent. (20 per cent. on Interest accrued from 1st January 2012). In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*. They must, however, be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP (the regional tax on productive activities)). Interest on the Notes that are not deposited with an authorised intermediary, received by the above persons is subject to a 12.5 per cent. (increased to 20 per cent. on Interest accrued from 1st January 2012) substitute tax levied as provisional tax.

Italian real estate funds created under Article 37 of Italian Legislative Decree No. 58 of 24 February 1998 and Article 14 bis of Italian Law No. 86 of 25 January 1994, are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (the "**Fund**") or a SICAV, and the Notes are held by an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva* but must be included in the management results of the Fund or the SICAV. The Fund or SICAV will not be subject to tax. A withholding tax of 12.5% (20 per cent. on payments made from 1st January 2012) will be levied, in certain circumstances, on proceeds distributed by the Fund or the SICAV in favour of unitholders or shareholders.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta*

sostitutiva, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary, and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying interest to a Noteholder or, absent that, by the issuer.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies **provided that** the non-Italian resident beneficial owner is:

- (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy (the "**White List States**") as listed (i) in the Italian Ministerial Decree dated 4 September 1996, as amended from time to time, or (ii) as from the fiscal year in which the decree pursuant to article 168-bis of Italian Presidential Decree of 22 December 1996, No 917 is effective, in the list of States allowing an adequate exchange of information with the Italian tax authorities as per the decree issued to implement Article 168-bis, paragraph 1 of Italian Presidential Decree of 22 December 1986, No. 917 (for the 5 years starting on the date of publication of the Decree in the Official Gazette, States and territories that are not included in the current black-lists set forth by Italian Ministerial Decrees of 4 May 1999, 21 November 2001 and 23 January 2002 nor in the current white list set forth by Italian Ministerial Decree of 4 September 1996 are deemed to be included in the new white-list); or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or
- (d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy.

In order to ensure gross payment, non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected must be the beneficial owners of the payments of Interest and must:

- (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and
- (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 12.5 per cent. (20 per cent. on Interest accrued from 1st January 2012) to Interest paid to Noteholders who do not qualify for the exemption.

Noteholders who are subject to the substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty.

Early Redemption

Without prejudice to the above provisions, in the event that the Notes issued by an Italian resident issuer are redeemed, in full or in part, prior to 18 months from the Issue Date and prior to 31 December 2011, the relevant issuer will be required to pay a tax equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption. The 20 per cent. tax will be repealed from 1st January 2012.

Notes with an original maturity of less than 18 months

Interest payments relating to Notes issued with an original maturity of less than 18 months are subject to a withholding tax, levied at the rate of 27 per cent. (20 per cent. on Interest payable from 1st January 2012).

Where the Noteholder is:

- (a) an individual engaged in an entrepreneurial activity to which the Notes are connected;
- (b) an Italian company or a similar Italian commercial entity;
- (c) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected;
- (d) an Italian commercial partnership; or
- (e) an Italian commercial private or public institution,

such withholding tax is deemed a provisional withholding tax.

In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the 27 per cent. (20 per cent. on Interest payable from 1st January 2012) withholding tax rate may be reduced by any applicable tax treaty.

Interest on Notes having an original maturity shorter than 18 months, from 1st January 2012, should be subject to the same tax regime provided for Interest on Notes having an original maturity of not less than 18 months.

Atypical securities

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 27 per cent (20 per cent. on Interest payable from 1st January 2012). For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

In the case of Notes issued by an Italian resident issuer, where the Noteholder is:

- (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected;
- (b) an Italian company or a similar Italian commercial entity;
- (c) a permanent establishment in Italy of a foreign entity;
- (d) an Italian commercial partnership; or
- (e) an Italian commercial private or public institution,

such withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the 27 per cent. (20 per cent. on Interest payable from 1st January 2012) withholding tax rate may be reduced by any applicable tax treaty.

Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the

Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the rate of 12.5 per cent. (20 per cent. on capital gains realised from 1st January 2012). Noteholders may set off any losses with their gains. Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains realised from 1 January 2012 for an overall amount of 62.5 per cent. of the relevant capital losses.

In respect of the application of *imposta sostitutiva*, on capital gains taxpayers may opt for one of the three regimes described below:

- (a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident individual Noteholder holding the Notes. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (b) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato regime*). Such separate taxation of capital gains is allowed subject to:
 - (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
 - (ii) an express election for the *risparmio amministrato regime* being timely made in writing by the relevant Noteholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato regime*, where a sale or redemption of the Notes results in a capital loss, which may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato regime*, the Noteholder is not required to declare the capital gains in the annual tax return.

- (c) In the "risparmio gestito" regime, any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. (20 per cent. on increase in value of the managed assets accrued from 1st January 2012) substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder who is a Fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period. The Fund or SICAV will not be subject to tax. A withholding tax of 12.5% (20 per cent. on payments made from 1st January 2012) will be levied, in certain circumstances, on proceeds distributed by the Fund or the SICAV in favour of unitholders or shareholders.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer and traded on regulated markets are not subject to the *imposta sostitutiva*.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, **provided that** the effective beneficiary is:

- (a) resident in a country which allows for a satisfactory exchange of information with Italy;
- (b) an international entity or body set up in accordance with international agreements which have entered into force in Italy;
- (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or
- (d) an "**institutional investor**", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to the *imposta sostitutiva* at the current rate of 12.5 per cent. (20 per cent. on capital gains realised from 1st January 2012). However, Noteholders may benefit from an applicable tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the resident tax country of the recipient.

Inheritance and gift taxes

Transfers of any valuable asset (including shares, Notes or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or gift exceeding €1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding €100,000; and
- (c) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.

Transfer tax

Contracts relating to the transfer of securities are subject to a Euro 168 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in the case of voluntary registration.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC (the "**EU Savings Tax Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent., unless in the case of Luxembourg the beneficial owner of the interest payments opts for one of the two optional information exchange procedures available. The

transitional period is to terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States (including Switzerland), have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above. - Investors who are in any doubt as to their position should consult their professional advisers.

Implementation in Italy of the EU Savings Tax Directive

Italy has implemented the EU Savings Tax Directive through Legislative Decree No. 84 of 18 April 2005 ("Decree 84"). Under Decree 84, subject to a number of important conditions being met, where interest is paid starting from 1 July 2005 (including interest accrued on the Notes 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 EU Member State, Italian paying agents (including any banks, SIMs, fiduciary companies and SGRs resident for tax purposes in Italy) are required to 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 EU 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 circumstances, undertakings for collective investments in transferable securities or "UCITS" recognised in accordance with Directive 2009/65/EC.

Either payments of interest on the Notes or the realisation of the accrued interest through the sale of the Notes would constitute "payments of interest" under Article 6 of the EU Savings Tax Directive and, as far as Italy is concerned, Article 2 of Decree 84. Accordingly, such payments of interest arising out of the Notes would fall within the scope of the EU Savings Tax Directive being the Notes issued after 1 March 2001.

Luxembourg

The following is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes, payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Luxembourg. This summary is based upon the law as in effect on the date of this Prospectus. The information contained within this section is limited to withholding taxation issues and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

All payments of interest and principal by the Luxembourg paying agent in the context of the holding, disposal, redemption or repurchase of the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with applicable Luxembourg laws, subject however to:

- (a) the application of the Luxembourg law of 21 June 2005 implementing the EU Savings Tax Directive (Council Directive 2003/48/EC) providing for the possible application of a withholding tax (at a rate of 35 per cent. from 1 July 2011) on interest paid to certain non-Luxembourg resident investors (individuals and certain types of entities called "residual entities") in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the EU Savings Tax Directive (see below). For a transitional period, however, Luxembourg introduced an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Tax Directive, does not comply with one of the procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner;
- (b) (the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005 which has introduced a 10 per cent. withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg laws of 21 June 2005 implementing the EU Savings Tax Directive). This law should apply to savings income accrued as from 1 July 2005 and paid as from 1 January 2006.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws as of 21 June 2005 and 23 December 2005 is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.

Implementation in Luxembourg of the EU Savings Directive

The EU Savings Directive was implemented in Luxembourg by the laws of 21 June 2005.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a Dealer Agreement dated on or about the date hereof (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealers Agreement makes provision for the resignation or termination of appointment of the existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

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 Notes 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.

The Notes 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 exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each of the Dealers has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal 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 Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes 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 Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

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 of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are subject of the offering contemplated by this Base 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 Notes to the public in that Relevant Member State:

- (a) *Approved Prospectus:* if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes 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 Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which is not a Drawdown Prospectus has 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 and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- (i) an "**offer of Notes to the public**" in relation to any Notes 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and
- (ii) "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each of the Dealers has represented, warranted and agreed that:

- (a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that, save as set out below, it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in an offer to the public, and that sales of the Notes in the Republic of

Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Accordingly, each of the Dealers has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Base Prospectus and any other document relating to the Notes in the Republic of Italy except:

1) to "qualified investors", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Decree No. 58**") and defined in Article 34-ter, paragraph 1, let. b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**");

2) that it may offer, sell or deliver Notes or distribute copies of any prospectus relating to such Notes in an offer to the public in the period commencing on the date of publication of such prospectus, provided that such prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the Prospectus Directive, as implemented in Italy under Decree 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of publication of such prospectus; or

3) in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Provisions relating to the secondary market in Italy

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, Article 100-bis of the Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where the Notes are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under the Decree No. 58 applies.

France

Each of the Dealers and the Issuer has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been made and will be made in the Republic of France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals as defined in and in accordance with articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly each of the Dealers has undertaken that it will not offer or sell any Notes 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 under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities in effect at the relevant time. 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

Other than with respect to the admission to listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the relevant Final Terms, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base 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 Notes or have in their possession or distribute such 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 no longer be applicable as a result of any change, or any change in official interpretation, after the date hereof of applicable laws and regulations, but without prejudice to the obligations of the Dealers described in the preceding paragraph.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this Base Prospectus.

GENERAL INFORMATION

Listing, approval and admission to trading

This Base Prospectus has been approved as a base prospectus issued in compliance with the Prospectus Directive by the CSSF in its capacity as competent authority in Luxembourg for the purposes of the Prospectus Directive. Application has been made for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

However, Notes may be issued pursuant to the Programme which will not be listed on the Official List of the Luxembourg Stock Exchange or admitted to trading on the Regulated Market of the Luxembourg Stock Exchange or any other stock exchange or which will be listed on or admitted to trading on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

The CSSF may, at the request of the Issuer, send to the competent authority of another Member State of the European Economic Area: (i) a copy of this Base Prospectus; (ii) a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive; and (iii) if so required by the competent authority of such Member State, a translation into the official language(s) of such Member State of the Summary of this Base Prospectus.

Authorisations

The update of the Programme was authorised by the Board of Directors of the Issuer on 29 August 2011. 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 Notes.

Conditions for determining price

The price and amount of Notes 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.

Use of proceeds

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer for general funding purposes. If, in respect of any particular issue, a particular use of proceeds is identified, this will be specified in the applicable Final Terms.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Litigation

The Issuer and its subsidiaries are not or has not been involved in any governmental, legal, arbitration or administrative proceedings in the 12 months preceding the date of this document relating to claims or amounts which, may have, or have had in the recent past, a significant effect on the Issuer's financial position or profitability and, so far as the Issuer is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

No Material Adverse Change

Since 31 December 2010 (being the last day of the financial period in respect of which the most recent published audited financial statements of the Issuer have been prepared), there has been no material adverse change in the financial condition or prospects of the Issuer or its subsidiaries.

No Significant Change

Since 30 June 2011 (being the last day of the financial period in respect of which the most recent published financial statements of the Issuer have been prepared), there has been no significant change in the financial or trading position of the Issuer.

Trend information

Since 31 December 2010 (being the last day of the financial period in respect of which the most recent audited financial statements of the Issuer have been published) there has been no material adverse change, nor any development reasonably likely to involve an adverse change, in the prospects or general affairs of the Issuer or its subsidiary that is material in the context of the Programme or the issue of the Notes.

Post-issuance information

Unless otherwise required by any applicable laws or regulations, the Issuer does not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities.

Minimum denomination

Where Notes issued under the Programme are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, such Notes will not have a denomination of less than €100,000 or, at the option of the Issuer and until such time that the increase of the minimum denomination threshold for wholesale securities from €50,000 to €100,000 introduced by Directive 2010/73/EU is implemented in Italy and/or other Member State(s) whose rules may be applicable for the purposes of the relevant issuance or offering of Notes, €50,000 (or, where the Notes are issued in a currency other than euro, the equivalent amount in such other currency).

Documents available for inspection and/or collection

For so long as the Programme remains in effect or any Notes are outstanding, copies of the following documents may be inspected (and, in the case of (e), (f) (g) and (h) below, are available for collection) during normal business hours at the specified office of the Fiscal Agent, namely:

- (a) the Agency Agreement;
- (b) the Deed of Covenant;
- (c) the Dealer Agreement;
- (d) the Programme Manual (being a manual signed for the purposes of identification by the Issuer and the Fiscal Agent, containing suggested forms and operating procedures for the Programme, including the forms of the Notes in global and definitive form);
- (e) any Final Terms relating to Notes which are listed on any stock exchange (save that Final Terms relating to Notes which are neither admitted to trading on a regulated market in the European Economic Area or offered in the European Economic Area in circumstances where a base prospectus is required to be published under the Prospectus Directive will only be available for inspection by the relevant Noteholders and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity);
- (f) this Base Prospectus and any supplement to this Base Prospectus and any other document incorporated by reference herein or therein;
- (g) the By-laws of the Issuer; and
- (h) the most recent publicly available (i) audited annual consolidated and separate financial statements of the Issuer beginning with such financial statements as at and for the years ended 31 December 2010 and 2009 and (ii) unaudited interim consolidated financial statements of the Issuer beginning with such financial statements as at and for the six months ended 30 June 2011 and 2010.

ISSUER

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ARRANGER

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DEALERS

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Banco Bilbao Vizcaya Argentaria, S.A.

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Dexia Crediop S.p.A., acting under the name of Dexia Capital Markets

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ING Bank N.V.

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1102 BD Amsterdam
The Netherlands

Natixis

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75013 Paris
France

Raiffeisen Bank International AG

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Austria

FISCAL AGENT, PAYING AGENT AND LISTING AGENT

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LEGAL COUNSEL TO THE ARRANGER AND DEALERS

Clifford Chance Studio Legale Associato

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