

Base Prospectus



VENETO BANCA S.C.P.A.

(incorporated as a co-operative company limited by shares in the Republic of Italy)

Euro 4,000,000,000

Euro Medium Term Note Programme

This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purpose 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**") and the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 which implements the Prospectus Directive in Luxembourg, as a base prospectus issued in compliance with such legislation for the purpose of giving information with regard to notes ("**Notes**") issued under the Euro 4,000,000,000 Euro Medium Term Note Programme (the "**Programme**") described herein during the period of twelve months after the date hereof.

Application has been made for such Notes to be admitted during such twelve-month period to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange, a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. The Programme also permits Notes to be issued on the basis that (i) they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer (as defined below) or (ii) they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system. The CSSF assumes no responsibility with regard to the economic and financial soundness of any transaction under this Programme or the quality and solvency of the Issuer.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see, "Risk Factors".

Pursuant to the Programme, Veneto Banca S.C.P.A. (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). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed Euro 4,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein. Notes may be issued (i) on an unsubordinated basis or (ii) on a subordinated basis.

The Notes may be issued on a continuing basis to one or more of the Dealers specified on page 7 and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each, a "**Dealer**" and, together, the "**Dealers**"). References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) purchased by one Dealer, be to such Dealer and, in the case of an issue of Notes being (or intended to be) purchased by more than one Dealer, be to the lead manager of such issue.

ARRANGERS AND DEALERS

Banca IMI

ING Commercial Banking

7 March 2012

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IMPORTANT NOTICES

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2007 which implements the Prospectus Directive in Luxembourg.

Veneto Banca S.C.P.A. 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**") to be read in conjunction with a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "Final Terms and Drawdown Prospectuses" below. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, 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 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 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 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.

Neither 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. The Dealers accept no liability in relation to this Base Prospectus or any document forming part of this Base Prospectus or the distribution of any such document or with regard to any other information supplied by or on behalf of the Issuer. Each investor contemplating purchasing Notes shall make its own independent investigation of the financial condition and affairs, and its own appraisal of the credit-worthiness, of the Issuer. 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 amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer 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.

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) of the Issuer.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed Euro 4,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into Euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). 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 "**Member State**" are references to a Member State of the European Economic Area and references to "€", "**EUR**" or "**euro**" are to the 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.

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.

In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (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 person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

INFORMATION INCORPORATED BY REFERENCE

The information set out in the cross reference lists below is incorporated in and forms part of this Base Prospectus. Such information is contained in the following documents which have previously been published and have been filed with the CSSF:

- (1) the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2009 and 31 December 2010;
- (2) the unaudited consolidated half-yearly financial information of the Issuer as at and for the six months ended 30 June 2011; and
- (3) the base prospectus relating to the Programme dated 16 February 2011.

in the case of (1) and (2) above, including the accompanying notes and auditors' reports.

For further information on the documents incorporated by reference, see "Overview Financial Information relating to the Issuer".

This Prospectus, as well as copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at the offices of the paying agent in Luxembourg or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Cross-reference lists

The following tables show where specific items of information are contained in the above-mentioned financial statements.

Veneto Banca S.C.P.A. – 2010 and 2009 consolidated annual financial statements

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Veneto Banca S.C.P.A. - 2011 unaudited consolidated half-yearly report

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**Veneto Banca S.C.P.A. – base prospectus dated 16 February 2011
relating to the EMTN Programme**

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Any information not listed in the cross-reference lists, but included in the documents referred to above is either not relevant for investors or is covered elsewhere in this Base Prospectus.

GENERAL DESCRIPTION OF THE PROGRAMME

This section is a general description of the Programme for the purposes of Article 22.5(3) of Regulation (EC) 809/2004 and must be read as an introduction to this Base Prospectus. Any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any documents incorporated by reference. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus (or in the information incorporated by reference in the Base Prospectus) have the same meanings in this section.

Issuer: Veneto Banca S.C.P.A.

This Issuer is an Italian bank operating under Italian law whose registered office is at Piazza G.B. Dall'Armi 1, 31044 Montebelluna, Treviso, Italy and it is registered at the Companies' Registry (*Registro delle Imprese*) in Treviso, Italy under registration number 00208740266 and with the Bank of Italy under registration number 5035.1.

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 "Risk Factors" 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.

Arrangers: Banca IMI S.p.A. and ING Belgium SA/NV

Dealers: Banca IMI S.p.A.
ING Belgium SA/NV

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: Deutsche Bank AG, London Branch

Luxembourg Listing Agent: Deutsche Bank Luxembourg S.A.

Final Terms or Drawdown Prospectus: Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Final Terms or, as the case may be the relevant Drawdown Prospectus.

Listing and Trading: Applications have been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on the basis that (i) they will be admitted to listing, trading and/or quotation by such other competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer or (ii) they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.

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 4,000,000,000 (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, the Interest Commencement Date and the amount of the Issue Price and the first payment of interest may be different in respect of different Tranches and each Tranche may comprise Notes of different denominations.

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 depository or a common depository 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.

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, 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:

The Senior Notes and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer rank *pari passu* without any preference among themselves and at least *pari passu* with all other unconditional, unsubordinated and unsecured obligations of the Issuer, present and future (save for certain mandatory exceptions provided by law). See Condition 4.1 (*Status of Senior Notes*).

(ii) Status of the Subordinated Notes:

The Subordinated Notes (Lower Tier II Subordinated Notes, Upper Tier II Subordinated Notes and Tier III Subordinated Notes, as the case may be) and the Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer, all as described in Condition 4.2 (*Status of Subordinated Notes*) and the relevant Final Terms. In relation to each Series of Subordinated Notes, all Subordinated Notes of such Series rank *pari passu* without any preference among themselves and 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 a winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa* as defined in the Consolidated Banking Law) of the Issuer, the payment obligations of the Issuer under each Series of Subordinated Notes and the Coupons and receipts relating to them will rank in right of payment (A) after unsubordinated creditors (including depositors and any holder of Senior Notes and Coupons relating to them) of the Issuer (B) but 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* with each other and senior to Upper Tier II Subordinated Notes, all as described in Condition 4.2(c) (*Status of Subordinated Notes – Winding-up etc. of the Issuer*).

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 or interim 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 (*Special Provisions relating to 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(d) (*Special Provisions relating to Subordinated Notes – Tier III 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 FSMA 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 irredimibili*) or have a fixed Maturity Period of not less than ten 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.

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.

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, ten 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.

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 European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be Euro 100,000 (or, where the Notes are denominated in a currency other than euro, the equivalent amount in such other currency).

Negative Pledge:

The Notes will not have the benefit of a negative pledge.

Cross Default:

The Senior Notes will have the benefit of a cross default as described in Condition 11.2 (*Events of Default of Senior Notes*).

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 (*Taxation*)) 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 (*Taxation*), the Issuer will not be liable to pay any additional amounts to Noteholders in certain circumstances, including in the event of:

- (i) any withholding or deduction pursuant to Italian Legislative Decree No. 239 on account of Italian substitute tax (*imposta sostitutiva*), as defined therein in relation to interest or premium payable on, or other income deriving from, any Notes; and
- (ii) any withholding tax, currently at the rate of 20 per cent. per annum in respect of interest and premium (if any) on Notes that are classified as atypical securities.

Governing Law:

The Notes and any non-contractual obligations arising from or connected with the Notes are governed by English law, except for Conditions 4.2 (*Status of Subordinated Notes*), 5 (*Special Provisions relating to Subordinated Notes*),

10(g) (*Redemption of Subordinated Notes*) and 11.1 (*Events of Default of Subordinated Notes*) and any non-contractual obligations arising from or connected with those Conditions, which are governed by Italian law.

Enforcement of Notes in Global Form:

In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 7 March 2012, 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 the rating applicable to the Programme. **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.**

The Final Terms relating to rated Notes will disclose whether or not each credit rating applied for in relation to the relevant Series of Notes will be (1) issued by a credit rating agency established in the EEA and registered (or which has applied for registration and not been refused) under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**"), or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a CRA which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (i) the rating is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

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 (including the United Kingdom and the Republic of Italy) and Japan, see "Subscription and Sale" below.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which 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 which are 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 the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section. Prospective investors should read the entire Base Prospectus.

Risks relating to the Issuer and the Group

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

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

The 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 Veneto Banca Group be unable to continue to source a sustainable funding profile which can absorb these sudden shocks, the Veneto Banca Group's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected.

Risks arising from the sovereign debt crisis

The Issuer is affected by disruptions and volatility in the global financial markets. During the course of 2011, the debt crisis in the Euro-zone 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 downgrades suffered by several countries in the Euro-zone, including Italy, 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 rating agencies, further downgrades 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 are downgraded.

Risks connected to the Issuer's and Group's development strategy

Following to the acquisition of control over BIM and the reorganisation of the Group, the Group's 2010-2013 Business Plan has been developed and envisages growth targets over the next three years, based on forecasts of the effects of initiatives and actions under the control of management and on general assumptions relating to external factors. No assurance can be made that the expected results deriving from the integration of the Group's business referred to above will be fully achieved or, more generally, that what is expected under the strategic plan will actually be achieved, as factors over which the Group has no influence or which do not depend on the Group's actions may come into play, resulting in potentially adverse effects on the Group's economic and financial condition and results of operations and on its growth prospects.

Risks connected to a potential rating downgrade

Any rating downgrade of the Issuer or any of its subsidiaries could entail increased difficulty in obtaining financing funds with possible repercussions for the Issuer's business and financial position. See also "Risk relating to the Notes - Risks related to the market generally - Credit ratings".

Risks relating to the sector and the specific markets in which the Group operates

As a result of recent acquisitions, the Veneto Banca Group has entered new territories and new markets, in particular Moldova and Croatia in 2006 (following the acquisitions of Eximbank and Veneto Banka d.d., respectively) and Albania in 2008 (following the acquisition of Veneto Banka Sh.A.), as well as the territory previously covered by the Banca Popolare di Intra group (acquired in 2007). More recently, the Group has extended its operations in central-southern Italy following the acquisition of controlling stakes in Cassa di Risparmio di Fabriano e Cupramontana and bancApulia and its group in 2010 and more recently in the private banking sector with the acquisition of BIM and its group. The entry into new or partly new market sectors brings with it a risk arising from less extensive knowledge of these markets with respect to the Group's traditional territories and areas of operations.

Value of financial instruments recorded at fair value

Under IFRS, the Veneto Banca Group 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 consolidated annual financial statements of the Issuers for the years ended 31 December 2009 and 2010, which are incorporated by reference in this Base Prospectus. Generally, in order to establish the fair value of these instruments, the Veneto Banca Group 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 in recent years. In such circumstances, the Veneto Banca Group's internal valuation models require the Veneto Banca Group to make assumptions, judgements and estimates in order to establish fair value. In common with other financial institutions, these internal valuation models are complex, and the assumptions, judgements and estimates the Veneto Banca Group is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, house price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgements 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 a material adverse effect on the Veneto Banca Group's earnings and financial condition.

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 regulation, changes in the policies of central banks, particularly the Bank of Italy and the European Central Bank, and competitive factors, at a regional, national and international level. Each of these factors can change the level of demand for the Issuer's products and services, the credit quality of borrowers and counterparties, the interest rate margin of the Issuer between lending and borrowing costs and the value of the Issuer's investment and trading portfolios.

Soundness of financial institutions

The Veneto Banca Group is exposed to many different industries and counterparties in the normal course of its business, including the financial services industry. This exposure can arise through trading, lending, deposit-taking, clearance and settlement and many other activities and relationships. These relationships expose the Veneto Banca Group to credit risk in the event of default of a counterparty or client. In addition, the Veneto Banca Group's credit risk may be exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure it is due. Many of the hedging and other risk management strategies utilised by the Veneto Banca Group also involve transactions with financial services counterparties. The weakness of insolvency of these counterparties may impair the effectiveness of the Veneto Banca Group's hedging and other risk management strategies.

Changes in interest rates

The Issuer earns interest from loans and other assets and pays interest to its depositors and other creditors. The Issuer's results of operations are therefore dependent to a great extent on the Issuer's net interest income. The Issuer's net interest income, which is the difference between the yield on its interest-bearing assets and the cost of its interest-bearing liabilities, varies according to prevailing interest rates and is a significant factor in determining the profitability of the Issuer. Reductions in interest rates or compression of the interest rate spread may result in a decrease in the amount of interest income generated by the Issuer and its interest margin, either or both of which could have a material adverse effect on the business, results of operations and financial condition of the Issuer and its obligations under the Notes.

Interest rates are highly sensitive to many factors beyond the Issuer's control, including fiscal and monetary policies of governments and central banks in the jurisdictions in which the Group operates. In particular, the effect of the EU's Economic and Monetary Union and the policies of the government of the Republic of Italy are subject to change and could have a significant effect on the Issuer's business, results of operations and financial condition.

Market declines and volatility

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

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, can reduce market activity and market liquidity. These developments can 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 did not enjoy a very liquid market to begin with. The value of assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may be calculated by the Issuer using models other than publicly quoted prices. Monitoring the deterioration of the prices of assets like these is difficult and failure to do so effectively could lead to unanticipated losses. This in turn could adversely affect the Issuer's operation results and financial condition.

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.

Risk management and exposure to unidentified or unanticipated risks

The Issuer has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risks and intends to continue to do so in the future. Nonetheless, the Issuer's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risks, including risks that the 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 may be negatively affected.

Changes in regulatory framework and accounting policies

The Issuer is subject to extensive regulation and supervision by the Bank of Italy, CONSOB, the European Central Bank and the European System of Central Banks. The banking laws to which the Issuer is subject govern the activities in which banks and foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Issuer must comply with financial services laws that govern its marketing and selling practices.

The regulatory framework governing international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union that will affect the Issuer including proposed regulatory initiatives that could significantly alter the Issuer's capital requirements, such as the following:

- The Bank of Italy issued in 2010 and early 2011 a series of amendments of 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 (known as 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**"). The main proposals are summarised as follows:
 - revision of the regulatory capital definition and its components, setting higher minimum levels for Common Equity Tier I 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;
 - abolition of the distinction between Tier II and Tier III capital instruments and between Lower Tier II and Upper Tier II capital instruments;
 - non-recognition or phasing-out of recognition of certain existing capital instruments as Common Equity Tier I Capital, Additional Tier I Capital or Tier II Capital starting from 1 January 2013;
 - 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.
- In the European Union, the Basel III Proposals are expected to be implemented by way of further changes to the CRD ("**CRD IV**"), which will be transposed into national law by EU Member States. On 20 July 2011, the European Commission published its legislative proposals for CRD IV which consisted of a new regulation and a new directive, which are intended to implement the Basel III Proposals and to replace the existing CRD.

The implementation of the Basel III Proposals will begin on 1 January, 2013. However, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time.

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 Issuer.

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

Issuer. Prospective investors in the Notes should consult their own advisors as to the consequences for them of the application of the above regulations as implemented by each Member State.

Credit risk

Credit risk is the risk of suffering financial loss, should any of the Veneto Banca Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Veneto Banca Group. Credit risk may also arise where the downgrading of an entity's credit rating, including that of sovereign states, causes the fair value of the Veneto Banca Group's investment in that entity's financial instruments to fall. The credit risk that the Veneto Banca Group faces arises mainly from commercial and consumer loans and advances, including credit card lending.

Credit risk may also be manifested as country risk where difficulties may arise in the country in which the exposure is domiciled thus impeding or reducing the value of the asset, or where the counterparty may be the country itself. Another form of credit risk is settlement risk, which is the possibility that the Veneto Banca Group may pay a counterparty - for example, a bank in a foreign exchange transaction - but fail to receive the corresponding settlement in return. The insolvency of a significant market participant, or even concerns about a possible default by that participant, could give rise to serious problems of liquidity or to losses or defaults by other financial institutions, which could in its turn have an adverse effect on the financial condition or results of operations of the Issuer.

Risks relating to the quality of loans

The financial position and results of operations of the Veneto Banca Group depend to a significant extent on the quality of its loans. An important indicator of the quality of its loans is the ratio between the Group's non-performing loans and its total loans. The amount of the Group's non-performing loans was affected during the financial year ended 31 December 2010 by the entry into the Veneto Banca Group of three new banks and by the worsening economic climate in recent years, although this substantially stabilised during 2011. Significant increases in the Veneto Banca Group's non-performing loans could have a material adverse effect on its financial condition and results of operation.

Market risk

Market risk is the risk that the Veneto Banca Group's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates. Fluctuations of this kind may be generated by changes in the overall performance of the economy, the propensity for risk of investors, monetary and fiscal policy, market liquidity on a global scale, the availability and cost of funding and action by rating agencies, as well as by local and international events, war and terrorism. The main market risk arises from trading activities. The Veneto Banca Group is also exposed to interest rate risk (see "Changes in interest rates" above).

Operational risks

The Issuer, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty information technology or telecommunication systems. The 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 adversely affect the Issuer's financial performance and business activities.

Risks connected to developments in the market and technology

Banking and more generally financial brokerage operations, typical of the Veneto Banca group, are characterised by rapidly occurring technological developments, the continuous evolution of clients' demands, the introduction of new products and services, the development of new distribution channels and the application of new standards and sector procedures.

The products and services offered could prove to be uncompetitive in the future because of the lack of or inefficient adaptation to demand and market trends with a consequent adverse effect on operations and the issuer's economic-equity and financial position, even if information systems are adequately controlled, potential changes associated with information system updating and the bank's development may not be implemented successfully or in a timely manner and in the future potential problems related to the issuer's information system may not be pointed out promptly and subsequently solved with possible negative effects on operations and the bank's economic and financial position.

Legal risk

Due to the nature of its business, the Issuer and its subsidiaries are involved in a number of legal, regulatory and arbitration proceedings involving claims by and against them arising out of the ordinary course of their business. While it is not feasible to predict or determine the ultimate outcome of these proceedings, whenever there are circumstances that give rise to a potential liability on the part of the Issuer or (as the case may be) any of its subsidiaries, the Group has made provisions in its

balance sheet. However, the Group bases its estimates on the effect of the outcome of litigation on expectations, beliefs and assumptions on future developments that are subject to inherent uncertainties. Accordingly, there can be no assurance that provisions relating to litigation will be sufficient to cover the Group's ultimate liability in its entirety and/or that the results of certain legal proceedings will not harm the Group's reputation.

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 or regulatory 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 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*). In either of these 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.

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 from that 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 is likely to 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 the 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. Secondly, the Issuer may defer interest payments on such Notes in certain circumstances where annual or interim 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 such reduction, deferral or suspension 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 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 and its group.

For a full description of the provisions relating to Subordinated Notes, see Conditions 4.2 (*Status of Subordinated Notes*) and 5 (*Special provisions relating to Subordinated Notes*).

Regulatory classification of the Notes

If any Subordinated Notes are issued under the Programme, the Issuer's intention is that they should qualify on issue as "Lower Tier II capital", "Upper Tier II capital" or "Tier III capital", as applicable, for so long as this is permitted under Bank of Italy regulations. Current regulatory practice by the Bank of Italy (acting as lead regulator) does not require (or customarily provide for) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such. In addition, as described in further detail in "*Changes in regulatory framework and accounting policies*" above, starting from 1 January 2013, it is expected that the recognition for regulatory capital purposes of certain capital instruments issued by banks will either cease or be phased out. Accordingly, there can be no assurance that Subordinated Notes will continue to qualify as "Lower Tier II capital", "Upper Tier II capital" or "Tier III capital", as applicable, 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 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 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 on the taxation of savings income (the "**EU Savings Tax Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person 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%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

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 person within its jurisdiction to, or collected by such a person 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 proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would 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.

U.S. Foreign Account Tax Compliance Withholding

The Issuer and other non-U.S. financial institutions through which payments on the Notes are made, may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2014 in respect of (i) any Notes issued after 1 January 2013 and (ii) any Notes which are treated as equity for U.S. federal tax purposes whenever issued pursuant to the U.S. Foreign Account Tax Compliance Act ("**FATCA**"). This withholding tax may be triggered if (i) the Issuer or the other non-U.S. financial institution through which payments on the Notes are made is a foreign financial institution (an "**FFI**") (as defined in FACTA) which enters into and complies with an agreement with the U.S. Internal Revenue Service (the "**IRS**") to provide certain information on its account holders (a term which includes the holders of its debt or equity interests that are not regularly traded on an established securities market) (making the Issuer or such other non-U.S. financial institution a "**participating FFI**"), (ii) the Issuer or such other non-U.S. financial institution has a positive "passthru percentage" (as defined in FACTA), and (iii)(a) an investor does not provide information sufficient for the participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer or such other non-U.S. financial institution, or (b) any FFI through which payment on such Notes is made is not a participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a holder's failure to comply with these rules or as a result of the presence in the payment chain of a non-participating FFI, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

The application of FATCA to Notes issued after 1 January 2013 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a Supplement to the Prospectus, as applicable.

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 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 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 best 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 its equivalent in another currency (the "**Minimum Denomination**") and (ii) an amount which is greater than the Minimum Denomination 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 the Minimum Denomination that are not integral multiples of the Minimum Denomination. In such a case, a holder who, as a result of trading such amounts, holds a principal amount of less than the Minimum Denomination 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 the Minimum Denomination.

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.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. Where an issue of Notes is rated, investors should be aware that:

- (i) such rating will reflect only the views of the rating agency and 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;
- (ii) a rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency; and
- (iii) notwithstanding the above, an adverse change in a credit rating could adversely affect the trading price for the Notes.

Furthermore, 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 EEA and registered under the CRA Regulation unless (1) the rating

is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

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.

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.

1. Introduction

- (a) *Programme:* Veneto Banca S.C.P.A. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to Euro 4,000,000,000 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 final terms (the "**Final Terms**") which supplement 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 7 March 2012 (the "**Agency Agreement**") between the Issuer, Deutsche Bank AG, London Branch 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 for viewing during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are 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), are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement 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 Paying Agents, the initial Specified Offices of which are set out below.

2. Interpretation

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

"**Accountholders**" has the meaning given in the Deed of Covenant;

"**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;

"**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 London, 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 in the relevant Final Terms;

"Consolidated Banking Law" means Italian Legislative Decree No. 385 of 1 September 1993;

"Consolidated Net Worth" means the consolidated shareholders' equity (*patrimonio netto*) of the Original Issuer or the Surviving Entity, as the case may be;

"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) 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
 - (C) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;
- (ii) if **"Actual/365"** or **"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**", "**360/360**" or "**Bond 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:

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

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 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:

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

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; and

- (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:

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

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 Termination 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;

"Decree No. 239" means Italian Legislative Decree No. 239 of 1 April 1996 and related regulations of implementation, as amended, supplemented or re-enacted from time to time;

"Deed of Covenant" means the deed of covenant relating to the Notes executed by the Issuer and dated 7 March 2012;

"Deed Poll" means a deed poll entered into in connection with a Permitted Reorganisation as follows:

- (i) by a New Issuer, whereby such New Issuer:
 - (A) undertakes in favour of each Noteholder and each Accountholder to be bound by these Conditions, the Deed of Covenant and the Agency Agreement as fully as if the New Issuer had been named in the Notes, the Deed of Covenant and the Agency Agreement as the principal debtor in respect of the Notes in place of the Original Issuer; and
 - (B) agrees to indemnify each Noteholder and Accountholder against any tax, duty or assessment or governmental charge which (1) is imposed on it by (or by any authority in or of) the jurisdiction of the residence for tax purposes of the New Issuer and (2) would not have been so imposed had such Permitted Reorganisation not taken place; and
- (ii) by a Relevant Group Undertaking whereby such Relevant Group Undertaking unconditionally and irrevocably guarantees in favour of each Noteholder and each Accountholder, substantially in the form of the Deed of Guarantee (subject to any other requirement under these Conditions), the due and punctual payment of all sums payable by the Issuer under the Notes, the Deed of Covenant and any Deed Poll executed by the New 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;

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

- (i) who is a Subsidiary of the first Person;
- (ii) of whom the first Person is a Subsidiary; or
- (iii) who is a Subsidiary of a third Person of whom the first Person is also a Subsidiary;

"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 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;

"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 Prudential Regulations for Banks;

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

"Material Subsidiary" means, at any time, any Subsidiary whose total assets on a non-consolidated or, if applicable, consolidated basis, as shown in the most recent annual or half-yearly financial statements of such Subsidiary, represent 5 per cent. or more of the consolidated total assets of the Issuer, as shown in the Issuer's most recent audited consolidated annual financial statements or unaudited consolidated half-yearly financial statements;

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

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

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

"New Issuer" means a Surviving Entity which, following a Permitted Reorganisation, is a Person other than the Original Issuer;

"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;

"Original Issuer" means, for the purposes of a Permitted Reorganisation affecting the Issuer, the body corporate having the obligations as Issuer under the Notes prior to completion of such Permitted Reorganisation;

"Original Maturity" means the period from, and including, the Issue Date to, but excluding, the Maturity Date, each as specified in the applicable Final Terms;

"Participating Member State" means a Member State of the European Communities 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 Reorganisation" means:

- (i) in the case of a Subsidiary of the Issuer, a reconstruction, amalgamation, reorganisation, merger, demerger, consolidation, transfer of business or similar transaction whilst solvent whereby the assets and undertaking of such Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; or
- (ii) in the case of the Issuer, a reconstruction, amalgamation, reorganisation, merger, demerger, consolidation, transfer of business or similar transaction whilst solvent where all of the following conditions are fulfilled:
 - (A) upon completion of such transaction:
 - (1) where the Surviving Entity is the Original Issuer, such Surviving Entity and/or one or more Relevant Group Undertakings shall continue:
 - a. to carry on all or substantially all of its business; and
 - b. to hold all or substantially all of the assets held by it before such transaction; or
 - (2) where the Surviving Entity is a New Issuer:
 - a. such Surviving Entity shall be a body corporate in good standing validly organised and existing under the laws of the Republic of Italy;
 - b. such Surviving Entity and/or one or more Relevant Group Undertakings shall continue to carry on all or substantially all of the business of the Original Issuer; and

- c. all or substantially all of the assets held by the Original Issuer before such transaction shall be vested in such Surviving Entity and/or in one or more Relevant Group Undertakings;
- (B) following completion of such transaction, no Event of Default shall have occurred and be continuing or would thereupon occur;
- (C) where the Surviving Entity is a New Issuer, such New Issuer shall assume the obligations of the Original Issuer under the Notes by operation of Italian law under the doctrine of universal succession, failing which it shall execute and deliver a Deed Poll, a supplemental agency agreement and such other documents (if any), together with (where applicable) the other parties to the Agency Agreement, as may be necessary to give full effect to the substitution of the New Issuer for the Original Issuer (such documents, including any supplemental agency agreement, the "**Additional Documents**");
- (D) either:
 - (1) the relevant credit rating agencies shall have confirmed to the Issuer and the Fiscal Agent that, after giving effect to such transaction:
 - a. the Surviving Entity shall continue to have the same credit rating as that assigned to it or (as the case may be) to the Original Issuer immediately prior to the transaction; and
 - b. the Notes shall continue to have the same credit rating as that assigned to them immediately prior to the transaction (if any); or
 - (2) where the transaction involves a Relevant Group Undertaking, such Relevant Group Undertaking shall:
 - a. execute a Deed Poll; or
 - b. in the case of a demerger of the Original Issuer, be jointly liable with the Surviving Entity by operation of law in respect of the Surviving Entity's debts pursuant to Article 2506-*quater* of the Italian Civil Code;
- (E) where a Deed Poll is executed, the party executing such Deed Poll shall:
 - (1) warrant and represent to the Noteholders and the Accountholders that (a) it has obtained all necessary governmental and regulatory approvals and consents in connection with the Permitted Reorganisation and the assumption and performance by that party of its obligations under the Deed Poll, the Additional Documents (if applicable) and any other documents required to give effect to the transaction and all such approvals and consents are in full force and effect and (b) such obligations are legal, valid and binding in accordance with their respective terms and enforceable by each Noteholder and each Accountholder (subject to all applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and under general equitable principles);
 - (2) appoint a process agent as its agent in England to receive service of process on its behalf in relation to any legal actions or proceedings arising out of or in connection with, as applicable, the Notes, the Deed of Covenant, the Deed Poll and the Additional Documents; and
 - (3) acknowledge the right of every Noteholder and Accountholder to the production of such documents for so long as any of the Notes remains outstanding and for so long as any claim made against the Issuer by any Noteholder or Accountholder in connection with the Notes is not finally adjudicated, settled or discharged;
- (F) not later than 20 days after the execution of any Deed Poll and any Additional Documents, the Surviving Entity shall give notice thereof to the Noteholders in accordance with Condition 18 (*Notices*);
- (G) if applicable, the appropriate competent authority, stock exchange and/or quotation system shall have confirmed to the Issuer and the Fiscal Agent that, after giving effect to such substitution, the

Notes will continue to be listed, traded and/or quoted on the stock exchange or quotation system on which it is listed, traded and/or quoted;

- (H) a certificate of solvency of the Surviving Entity, signed by two directors of the Surviving Entity shall have been delivered to the Fiscal Agent;
- (I) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes, the Deed of Covenant, the Agency Agreement, the Deed Poll and/or the Additional Documents (as applicable) represent valid, legally binding and enforceable obligations of the Surviving Entity and (where applicable) the Relevant Group Undertaking shall have been taken, fulfilled and done and are in full force and effect; and
- (J) the Surviving Entity shall have obtained opinions addressed to the Fiscal Agent from lawyers of recognised standing as to matters of law of the jurisdiction of the place of incorporation of the Surviving Entity and (where applicable) the Relevant Group Undertaking confirming as follows:
 - (1) fulfilment of the condition in paragraph (I) above (subject to all applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles);
 - (2) that the Surviving Entity is validly incorporated under the laws of its jurisdiction with power and capacity to assume and perform the obligations under the Notes, the Deed of Covenant, the Agency Agreement, the Deed Poll and/or the Additional Documents (as applicable);
 - (3) in the case of a Relevant Group Undertaking, that such Relevant Group Undertaking is validly incorporated under the laws of its jurisdiction with power and capacity to assume and perform the obligations under the Deed Poll; and
 - (4) that the Surviving Entity and (where applicable) the Relevant Group Undertaking has obtained all necessary approvals and consents (including governmental and regulatory consents) for the assumption and performance of their respective obligations,

and from lawyers of recognised standing as to matters of English law confirming the matters set out in (1) above and addressed to the Fiscal Agent, all such opinions to be made available to Noteholders and Accountholders at the Specified Offices of the Fiscal Agent, together with the Deed Poll and the Additional Documents (if any),

and, following any Permitted Reorganisation of the Issuer whereby the Surviving Entity is a New Issuer, (i) any reference in these Conditions to the "**Issuer**" shall be a reference to such New Issuer and (ii) the Original Issuer shall (except to the extent that it is a Relevant Group Undertaking) be released from its obligations under the Notes, the Deed of Covenant and the Agency Agreement, with effect from the date on which the Permitted Reorganisation becomes effective, *provided, always, that*: (i) a Permitted Reorganisation whereby the Surviving Entity is the Original Issuer shall not apply to an order or resolution for the winding-up or dissolution of the Issuer as referred to in Condition 11.2(a)(vii) (*Winding-up*); and (ii) to the extent that a Deed Poll or Additional Documents are entered into pursuant to these Conditions, references to obligations under the Notes in Conditions 11.2(a)(ii) (*Breach of Other Obligations*), (ix) (*Failure to take action, etc*) and (x) (*Unlawfulness*) shall be deemed to include obligations under the Deed Poll and the Additional Documents;

"**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 Communities 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 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;

"Prudential Regulations for Banks" means the Bank of Italy's *Nuove Disposizioni di Vigilanza Prudenziale per le Banche*, as set out in Bank of Italy Circular No. 263 of 27 December 2006, as amended and supplemented from time to time, including any successor regulations;

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

"Reference Banks" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the 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 Group Undertaking" means, in relation to a Surviving Entity, one or more Group Undertakings of the Surviving Entity which, upon completion of a Permitted Reorganisation, either singly or together carry on a substantial part of the business of the Original Issuer or hold or have vested in them a substantial part of the assets of the Original Issuer (and, for the avoidance of doubt, a Relevant Group Undertaking may include the Original Issuer);

"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" has the meaning given to it in the Agency Agreement and includes 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;

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

"Subsidiary" means in respect of the Issuer at any particular time, any entity which is controlled by the Issuer in accordance with Article 2359, sub-paragraphs 1 and 2 of the Italian Civil Code;

"Surviving Entity" means, for the purposes of a Permitted Reorganisation the body corporate having the obligations as Issuer under the Notes upon completion of such Permitted Reorganisation."

"Talon" means a talon for further Coupons;

"TARGET2" means the Trans-European Automated real-time Gross Settlement Express transfer system utilising a single shared platform;

"TARGET Settlement Day" means any day on which TARGET2 is open;

"Tier III Subordinated Notes" means *prestiti subordinati di 3° livello*, as defined in Title I, Chapter 2, Section I, paragraph 1.5 of the Prudential Regulations for Banks;

"Treaty" means the Treaty establishing the European Communities, 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 Prudential Regulations for Banks; 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 the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination and Title**

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 the Notes**

4.1 ***Status of Senior Notes***

- (a) *Application:* This Condition 4.1 (*Status of Senior Notes*) is applicable in relation to Senior Notes.
- (b) *Status:* The Senior Notes and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unconditional, unsubordinated and unsecured obligations of the Issuer, present and future (save for certain mandatory exceptions provided by law).

4.2 ***Status of Subordinated Notes***

- (a) *Application:* This Condition 4.2 (*Status of Subordinated Notes*) is applicable only in relation to Subordinated Notes.
- (b) *Status:* The Subordinated Notes and the Coupons relating to them constitute direct and unsecured obligations of the Issuer subordinated as described below in Condition 4.2(c) (*Winding-up etc. of the Issuer*). In relation to each Series of Subordinated Notes, all Subordinated Notes of such Series rank *pari passu* without any preference among themselves and 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. of the Issuer:* In the event of the winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa* as defined in the Consolidated Banking Law) of the Issuer, the payment obligations of the Issuer under each Series of Subordinated Notes and the Coupons and receipts relating to them will rank in right of payment (A) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes and Coupons relating to them) of the Issuer (B) but 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* with each other and 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.

5. **Special provisions relating to Subordinated Notes**

- (a) *Loss absorption:* 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 capital to below the minimum capital as provided for by the Bank of Italy (as determined by the external auditors of the Issuer) in order to issue or maintain the Bank of Italy's authorisation to conduct banking activity, 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 of Italian law, to maintain at least the required 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 (including, *inter alia*, *Liquidazione Coatta Amministrativa* or otherwise in accordance with Italian laws and regulations) of the Issuer and with effect immediately prior to the commencement of such bankruptcy, dissolution, liquidation or winding up (including, *inter alia*, *Liquidazione Coatta Amministrativa* or otherwise in accordance with Italian laws and regulations) as if such obligations of the Issuer were not so reduced in accordance with this Condition 5(a) (*Loss absorption*); and
- (ii) in whole or in part, from time to time, to the extent that the Issuer, by reason of it having profits, or by reason of it obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the required minimum capital and, therefore, would not be required to reduce its obligations in respect of interest and principal in accordance with this Condition 5 (a) (*Loss absorption*).

The Issuer shall forthwith give notice of any such reduction and/or reinstatement to the holders of Upper Tier II Subordinated Notes in accordance with Condition 18 (*Notices*).

- (b) *Deferral of interest*: The Issuer is not required to pay interest on Upper Tier II Subordinated Notes on an Interest Payment Date if (a) no annual dividend has been approved, paid or set aside for payment by a shareholders' meeting of the Issuer or paid in respect of any class of shares of the Issuer during the 12 month period ending on, but excluding, the fifteenth Business Day immediately preceding such Interest Payment Date; or (b) the Board of Directors of the Issuer has announced at the time of publication of any interim accounts of the Issuer published during the six month period ending on, but excluding, the fifteenth Business Day immediately preceding such Interest Payment Date that, based on such accounts, no sums are available at such time for the payment of interim dividends in accordance with Article 2433-*bis* of the Italian Civil Code.

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 amounts in respect of such arrears of interest) become due and payable (i) in part *pari passu* and *pro rata* if and to the extent that the Issuer makes payment 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 any class of shares of the Issuer; (B) the date for repayment of the Upper Tier II Subordinated Notes; and (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.

- (c) *Notice of interest deferral*: The Issuer shall give not more than 25 nor less than 15 days prior notice to the Paying Agents and to the holders of Upper Tier II Subordinated Notes in accordance with Condition 18 (*Notices*):
 - (i) of any Interest Payment Date on which, pursuant to the provisions of Condition 5(b) (*Deferral of interest*), interest will not be paid;
 - (ii) of any date upon which amounts in respect of arrears of interest shall become due and payable; and
 - (iii) of (A) 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 Issuer pursuant to Condition 5(a) (*Loss absorption*), are to be reinstated as provided herein, (B) the date of such reinstatement and the date on which the relevant amount shall become due and payable in accordance with these Terms and Conditions and (C) details of the event giving rise to such reinstatement.

The information contained in any notice given in accordance with this Condition 5(c) (*Notice of interest deferral*) will be available at the specified office of the Fiscal Agent from the date of the relevant notice.

- (d) *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 requirements of the Issuer, as provided under Title I, Chapter 2, Section II of the Prudential Regulations for Banks 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 13 (*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 (*Fixed Rate Note Provisions*) (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.
- (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.

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 13 (*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 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 a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the 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.
- (h) *Calculation of other amounts:* If the relevant Final Terms specifies 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 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(g) (*Redemption of Subordinated Notes*) and Condition 13 (*Payments*).
- (b) *Redemption for tax reasons:* The Notes may (subject, in the case of Subordinated Notes, to Condition 10(g) (*Redemption of Subordinated Notes*)) be redeemed at the option of the Issuer in whole, but not in part:
- (i) at any time (if neither the Floating Rate Note Provisions or 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 Condition 10(b) (*Redemption for tax reasons*), 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 of and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b) (*Redemption for tax reasons*).

(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(g) (*Redemption of Subordinated Notes*) 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 18 (*Notices*), the Noteholders (which notice shall be irrevocable), if a proportion equal to or more than the Minimum Disqualification Amount of the 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.

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 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, 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 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, (subject, in the case of Subordinated Notes, to Condition 10(g) (*Redemption of Subordinated Notes*)) the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 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 at the option of Noteholders:*
 - (i) *Application:* This Condition 10(f) (*Redemption at the option of Noteholders*) is applicable only to Notes specified in the relevant Final Terms as Senior Notes and if the Put Option is specified in the relevant Final Terms as being applicable.
 - (ii) *Put Options:* If the Put Option is specified in the relevant Final Terms as being applicable, 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(f) (*Redemption at the option of Noteholders*), 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 shall 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(f) (*Redemption at the option of Noteholders*), 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(f) (*Redemption at the option of Noteholders*), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

- (g) *Redemption of Subordinated Notes:* Upper Tier II Subordinated Notes may be perpetual (*passività irredimibili*) or with a fixed maturity period of ten years or longer (*altri strumenti rimborsabili*). Lower Tier II Subordinated Notes shall have a minimum Original Maturity of five years and Tier III Subordinated Notes shall have a minimum Original Maturity of two years, in each case as provided under the Prudential Regulations for Banks.

Notwithstanding the foregoing provisions of this Condition 10:

- (i) redemption of any Series of Subordinated Notes at the option of the Issuer pursuant to Conditions 10(b) (*Redemption for tax reasons*) or (c) (*Redemption for regulatory reasons*) or (d) (*Redemption at the option of the Issuer*) shall always be subject to prior approval of the Bank of Italy; and
- (ii) redemption of Upper Tier II Subordinated Notes at the Maturity Date shall always be subject to the prior approval of the Bank of Italy, such approval being dependent on such redemption not impairing the Issuer's financial condition, results of operations or financial adequacy as prescribed in Title I, Chapter 2, Section II of the Prudential Regulations for Banks, *provided, however, that* if such approval is not given on or prior to the redemption date, the Issuer will (A) re-apply to the Bank of Italy for its consent to such redemption forthwith upon its having again, by whatever means, such required minimum capital and (B) use its best endeavours to maintain its required minimum capital adequacy and to obtain such approval.

Where Lower Tier II Subordinated Notes or Tier III Subordinated Notes have an indefinite Original Maturity 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.

Save as specified otherwise in these Conditions, 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.

- (h) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) to (f) 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 Final Terms for the purposes of this Condition 10(i) (*Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

- (j) *Purchase:* The Issuer or any of its Subsidiaries may (but, in the case of Subordinated Notes and subject (if required) to consent thereto having been obtained from the Bank of Italy) at any time purchase Notes in the open market or

otherwise and at any price provided that all unmatured Coupons appertaining thereto are purchased therewith. Such Notes may be held, re-issued or resold or, at the option of the Issuer, surrendered to the Fiscal Agent for cancellation.

- (k) *Cancellation:* All unmatured Notes and Coupons and unexchanged Talons which are (i) purchased and surrendered to the Fiscal Agent for cancellation or (ii) redeemed in accordance with this Condition 10, will be cancelled forthwith and may not be reissued or resold.

11. Events of Default

11.1 Events of Default of Subordinated Notes

- (a) *Application:* This Condition 11.1 (*Events of Default of Subordinated Notes*) applies only in respect of Subordinated Notes and references to Noteholders or holders of Coupons in this Condition 11.1 (*Events of Default of Subordinated Notes*) shall be construed accordingly.
- (b) *Events of Default:* If the Issuer is wound-up or dissolved (otherwise than for purposes of any amalgamation, merger or reconstruction), the Notes are, and they shall immediately become, due and repayable at their Early Termination Amount (as defined below) together with, if appropriate, accrued interest thereon.
- (c) *No remedy:* Subject to applicable laws, no remedy against the Issuer (including the exercise of any right of set-off or any analogous remedy) other than as specifically provided by this Condition 11.1 (*Events of Default of Subordinated Notes*) shall be available to Noteholders or holders of Coupons whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations in relation to the Notes or otherwise.

11.2 Events of Default of Senior Notes

- (a) *Events of Default:* The following events or circumstances as modified by, and/or such other events as may be specified in, the relevant Final Terms (each an "**Event of Default**") shall be events of default in relation to any Senior Notes of any Series, namely:
 - (i) *Non-payment:* the Issuer fails to pay the principal of or any interest on any of the Notes when due and, in the case of interest, such failure continues for a period of five TARGET Settlement Days; or
 - (ii) *Breach of other obligations:* the Issuer does not perform or comply with any one or more of its other obligations under the Notes or the Agency Agreement which default is incapable of remedy within thirty days after written notice requiring such default to be remedied has been delivered to the Issuer or to the specified office of the Fiscal Agent by the relevant Noteholder; or
 - (iii) *Cross-default:* (1) any present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable or is capable of becoming due and payable prior to its stated maturity otherwise than at the option of the Issuer or such Subsidiary, or (2) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (3) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 11.2(a)(iii) (*Cross-Default*) have occurred equals or exceeds €20,000,000 or its equivalent in another currency as determined in its sole discretion by the Fiscal Agent; or
 - (iv) *Enforcement proceedings:* a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within thirty days; 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 becomes enforceable over any material part of the property, assets or revenues of the Issuer or such Material Subsidiary and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or
 - (vi) *Insolvency:* the Issuer or any of its Material Subsidiaries is (or is, or could be, adjudicated by a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts or stops, suspends or threatens by expressing a clear and unequivocal intention to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries; or

- (vii) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries, or the Issuer or any of its Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases (or, through an official action of its Board of Directors, threatens by expressing a clear and unequivocal intention to cease) to carry on all or substantially all of its business or operations, in each case except for the purpose of a Permitted Reorganisation; or
 - (viii) *Analogous events*: any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Conditions 11.2(a)(iv) to (vii) above; or
 - (ix) *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, licence, order, recording or registration) at any time required to 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 or in respect of the Notes, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes and Coupons relating to them admissible in evidence in the courts of the Republic of Italy is not taken, fulfilled or done; or
 - (x) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of any of the Notes.
- (b) *Payment on occurrence of Event of Default*: If any Event of Default shall occur in relation to any Series of Senior Notes, any holder of a Senior Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Fiscal Agent declare that such Note and (if the Note is interest-bearing) all interest then accrued on such Note shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Termination Amount, together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series of Notes shall have been cured.

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:
- (i) by a Noteholder who is (a) liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy other than the mere holding of such Note or Coupon; or (b) entitled to avoid such deduction or withholding by making a declaration of non-residence or similar claims or exemptions; or
 - (ii) more than 30 days after the Relevant Date, except to the extent that the relevant Noteholder would have been entitled to such additional amounts if it had presented the relevant Note or Coupon for payment on the last day of such period of 30 days;
 - (iii) where such withholding or deduction is imposed on a payment to an individual or to a residual entity (within the meaning of the EU Savings Tax Directive) and is required to be made pursuant to European Council Directive 2003/48/EC implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, or the agreements concluded by Luxembourg with several dependant or associated territories in this context; or
 - (iv) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
 - (v) in relation to any payment or deduction of any interest, principal or other proceeds of any Note, Receipt or Coupon on account of *imposta sostitutiva* pursuant to Decree No. 239; or

- (vi) in respect of Notes that are classified as atypical securities where such withholding or deduction is required pursuant to Law Decree No. 512 of 30 September 1983, as amended, supplemented and/or re-enacted from time to time; or
- (vii) in the Republic of Italy.
- (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. **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 cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (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 (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (b) *Interest:* Payments of interest shall, subject to Condition 13(h) (*Payments other than in respect of matured Coupons*), 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 13(a) (*Principal*).
- (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 specifies 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 Condition 13(e) (*Deductions for unmatured Coupons*) 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 Condition 13(a) (*Principal*) 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 specifies that this Condition 13(f) (*Unmatured Coupons void*) 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(d) (*Redemption at the option of the Issuer*), Condition 10(f), (*Redemption at the option of Noteholders*) or Condition 11 (*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 13(c) (*Payments in New York City*)).
- (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.

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. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying 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 and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Fiscal Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

The initial Paying 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 Paying 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; and
- (b) the Issuer shall at all times maintain a Paying Agent (i) outside of Italy and (ii) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) 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 Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

16. **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 require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

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 them 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 and these Conditions 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. **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 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.

19. **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 first payment of interest, the Issue Date, the Interest Commencement Date and/or the Issue Price) so as to form a single Series with the Notes.

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 from or connected with the Notes are governed by English law, except for Conditions 4.2 (*Status of Subordinated Notes*), 5 (*Special provisions relating to Subordinated Notes*) 10(g) (*Redemption of Subordinated Notes*) and 11.1 (*Events of Default of Subordinated Notes*) and any non-contractual obligations arising from or connected with those Conditions, 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 or validity of the Notes or the termination of any obligations thereunder) or any non-contractual obligation arising out of or, in connection with the Notes.
- (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) (*Governing Law and Jurisdiction - 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 Clifford Chance Secretaries Limited at 10 Upper Bank Street, London E14 5JJ 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 the procedures set out in 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 Condition 22(e) (*Process agent*) 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.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

For a description of the form in which the Notes may be represented, see the section "Forms of the Notes" beginning on page 48. Words and expressions in this section have the same meanings given to them in "Forms of the Notes" or elsewhere in this Base Prospectus.

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 the 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 the 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 the 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. (London 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. (London time) on the thirtieth 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. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London 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 a deed of covenant dated 7 March 2012 (the "**Deed of Covenant**") executed by the Issuer). 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 18 (*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 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth 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. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London 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 18 (*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: 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 depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, "**Payment Business Day**" shall mean: (i) 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 (ii) 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(f) (*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 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 18 (*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 18 (*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 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).

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus, in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, and to the extent specified therein, amend and/or replace this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as amended and/or replaced to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

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) by a registration document (the "**Registration Document**") containing the necessary information relating to the Issuer, a securities note (the "**Securities Note**") containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In addition, if the Drawdown Prospectus is constituted by a Registration Document and a Securities Note, any significant new factor, material mistake or inaccuracy relating to the information included in the Registration Document which arises or is noted between the date of the Registration Document and the date of the Securities Note which is capable of affecting the assessment of the relevant Notes will be included in the Securities Note.

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 form (a "**CGN**"), 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. ("**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 new global note form (an "**NGN**"), 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 specifies 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 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 7 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 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 specifies "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 11 (*Events of Default*) occurs.

Where the Permanent Global Note is 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.

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 30 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies 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 or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note 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 specifies 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 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 30 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 specifies 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 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 specifies "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 11 (*Events of Default*) occurs.

Where the Permanent Global Note is 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.

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 30 days of the bearer requesting such exchange.

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."

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]

VENETO BANCA S.C.P.A.
Issue of []
under the Euro 4,000,000,000
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 7 March 2012 [and the supplement to the Base Prospectus dated [] *[delete if not applicable]*] 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 relating to the issue of 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 the Base Prospectus [as so supplemented].

Full information on the Issuer and the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus, [and the supplement to the Base Prospectus] [is] [are] available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and at [[address] *[and]* [website]] and copies may be obtained from [address].

[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 and the relevant terms and conditions from that base prospectus with an earlier date were incorporated by reference in this Base Prospectus.]

[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 7 March 2012 [and the supplement to the Base Prospectus dated [] *[delete if not applicable]*] 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**"), save in respect of the Conditions which are set forth in the base prospectus dated [original date] and are incorporated by reference in the Base Prospectus. 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 a combination of these Final Terms and the Base Prospectuses dated [original date] and 7 March 2012 [and the supplement to the Base Prospectus dated [date] and [date]]. The Base Prospectus, [and the supplement to the Base Prospectus] are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and at [[address] *[and]* [website]] and copies may be obtained from [address].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions 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. | Issuer: | Veneto Banca S.C.P.A. |
| 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 Principal Amount:
 - (i) Series: []
 - (ii) Tranche: []
 5. Issue Price: [] per cent. of the Aggregate Principal 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 [].]

(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, where the Notes are issued in a currency other than euro, the equivalent amount in such other currency).)

(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 s9 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. 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)]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the principal amount, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive will apply).*
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 (or similar) authorisation is required for the 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] in arrear]
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with the [specify Business Day Convention and any Additional Business Centre(s) for the definition of "Business Day" (N.B. This will need to be amended in the case of any long or short coupons)].
- (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 applies, 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. Also consider whether EURO BBA LIBOR or*

EURIBOR is the appropriate reference rate.)

- (i) 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".)*
- (ii) Interest Payment Date(s): []
- (iii) First Interest Payment Date: []
- (iv) Business Day Convention: [Floating Rate Convention/
Following Business Day Convention/
Modified Following Business Day Convention/
Preceding Business Day Convention/
other (give details)]
- (v) Additional Business Centre(s): [Not Applicable/give details]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/
ISDA Determination/
other (give details)]
- (vii) Party responsible for calculating the Rate(s) of Interest and 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)]
- (viii) Screen Rate Determination:
- Reference Rate: [For example, LIBOR or EURIBOR]
 - Interest Determination Date(s): *(If LIBOR (other than Sterling or euro LIBOR), the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period; if Sterling LIBOR, the first day of each Interest Period; and, if EURIBOR or euro LIBOR, the second TARGET Settlement Day prior to the start of each Interest Period).*
 - Relevant Screen Page: [For example, Reuters page 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)]*
- (ix) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (x) Margin(s): [+/-][] per cent. per annum
- (xi) Minimum Rate of Interest: [Not applicable/[] per cent. per annum]

(xii)	Maximum Rate of Interest:	[Not applicable/[] per cent. per annum]
(xiii)	Day Count Fraction:	[Actual/Actual (ICMA)]/[Actual/365]/ [Actual/Actual (ISDA)]/ [Actual/365 (Fixed)]/[Actual/360]/ [30/360]/[30/360]/[Eurobond basis] <i>(If none of these options applies, give details)</i>
(xiv)	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:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
17.	Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Accrual Yield:	[] per cent. per annum
(ii)	Reference Price:	[]
(iii)	Any other formula/basis of determining amount payable:	<i>(Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 10(i))</i>
18.	Index-Linked Interest Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Index/Formula:	[Give or annex details]
(ii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent):	[]
(iii)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[]
(iv)	Specified Period:	[] <i>(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".)</i>
(v)	Interest Determination Dates:	[]
(vi)	Interest or calculation periods:	[]
(vii)	Interest Payment Dates:	[]
(viii)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ other (give details)]
(ix)	Additional Business Centre(s):	[]

- (x) Minimum Rate of Interest: [] per cent. per annum
- (xi) Maximum Rate of Interest: [] per cent. per annum
- (xii) 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 or annex details]
- (Need to include a description or settlement disruption events and adjustment provisions.)*
- (ii) Party, 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: *(Need to include a description or settlement disruption events and adjustment provisions.)*
- (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 (Call) 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) of each Note and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) If redeemable in part: [Not Applicable]
- (a) [Minimum Redemption Amount: [] per Calculation Amount]
- (b) [Maximum Redemption Amount: [] per Calculation Amount]
- (iv) Notice period (if other than as set out in the Conditions): []
21. **Regulatory Call** [Condition 10(c) is applicable/Not Applicable]
- (Insert "Not Applicable" if the Notes are not Subordinated Notes. If not applicable, delete the remaining sub-paragraphs)*

	of this paragraph)	
Minimum Disqualification Amount	<input type="checkbox"/>] per cent. / Any part of the aggregate outstanding nominal amount]	(Insert "Any part of the aggregate outstanding nominal amount" if the Minimum Disqualification Amount is any percentage that is more than zero.)
22. Put Option	<input type="checkbox"/> Applicable/Not Applicable]	(If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i) Optional Redemption Date(s) (Put):	<input type="checkbox"/>]	
(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	<input type="checkbox"/>] per Calculation Amount	
(iii) Notice period (if other than as set out in the Conditions):	<input type="checkbox"/>]	
23. Final Redemption Amount of each Note	<input type="checkbox"/>] per Note of Calculation Amount/other/see Appendix]	(N.B. If the Final Redemption Amount is other than 100 per cent. of the principal amount, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive will apply.)
(i) Index/Formula/variable:	<input type="checkbox"/>]	
(ii) Party responsible for calculating the Final Redemption Amount (if not the Fiscal Agent):	<input type="checkbox"/>]	
(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	<input type="checkbox"/>]	
(iv) Date(s) for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	<input type="checkbox"/>]	
(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:	<input type="checkbox"/>]	
(vi) Payment Date:	<input type="checkbox"/>]	
(vii) Minimum Final Redemption Amount:	<input type="checkbox"/>] per Calculation Amount	
(viii) Maximum Final Redemption Amount:	<input type="checkbox"/>] per Calculation Amount	
24. Early Redemption Amount		
Early Redemption Amount(s) of each Note payable on redemption for taxation or regulatory reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[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), 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].
26. New Global Note form: [Applicable/Not Applicable]
27. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. Note that this item relates to the date and place of payment]
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 or insert as follows:
- One Talon in the event that more than 27 Coupons need to be attached to each Definitive Note. On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of the Paying Agent in exchange for a further Coupon sheet. Each Talon shall be deemed to mature in the Interest Payment Date on which the final Coupon comprised in the relevant Coupon sheet matures.]
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 (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
30. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
31. Other terms or special conditions: [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]
- (Include names of entities agreeing to underwrite the issue on a firm commitment basis and names 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) Stabilising Manager (if any): [Not Applicable/give name]

33. If non-syndicated, name of Dealer: [Not Applicable/*give name and address*]
34. U.S. selling restrictions: Reg. S compliance category [1/2/3]; [TEFRA C/TEFRA D/TEFRA not applicable]
35. 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/*other*] pursuant to the Euro 4,000,000,000 Euro Medium Term Note Programme of Veneto Banca S.C.P.A.]¹

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[] has been extracted from []. 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 [], 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

¹ Delete if the Notes are unlisted.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [The official list of the Luxembourg Stock Exchange/ other(*specify*)/None]
- (ii) Admission to trading: [Application [has been/is expected to be] made for the Notes to be admitted to trading on the [regulated market of the Luxembourg Stock Exchange/other] with effect from []]/[Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)
- (iii) [Estimate of total expenses related to admission to trading: []]²

2. RATINGS

- Ratings: (*Insert the following where the issue has been specifically rated*)
- [The Notes to be issued [have been/are expected to be] rated:
- [S & P: []]
[Moody's: []]
[Fitch: []]
[[Other]: []]
- (*Insert the following where the issue has not been specifically rated*)
- [The following ratings reflect the ratings allocated to the Notes of the type being issued under the Programme generally:
- [S & P: []]
[Moody's: []]
[Fitch: []]
[[Other]: []]
- (*Insert the following where the relevant credit rating agency is established in the EEA:*)
- [[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and [is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> as being registered]/[has applied for registration although notification of the corresponding registration decision has not yet been provided by the relevant competent authority]/[is neither registered nor has it applied for registration] under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**").]
- (*Insert the following where the relevant credit rating agency is not established in the EEA:*)
- [[*Insert legal name of particular credit rating agency entity*

² Delete paragraph (iii) if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (as this information will be provided under paragraph 4(iii) below).

providing rating] is not established in the EEA [but the rating it has given to the Notes is endorsed by *[insert legal name of credit rating agency]*, which is established in the EEA and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> as being registered] / [but is certified] / [and is not certified under nor is the rating it has given to the Notes endorsed by a credit rating agency established in the EEA and registered] under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)

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

[Need to include a description of any interests, including conflicting ones, that are material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in the sections of the Base Prospectus entitled "Subscription and Sale" and "General Information", 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]³**

(i) Reasons for the offer: []

(See "Use of Proceeds" wording in Prospectus - if reasons for offer different from making profit and/or hedging certain risks, will need to include those reasons here.)

(ii) Estimated net proceeds: []

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

(iii) Estimated total expenses: *(Include breakdown of expenses)]*

³ Delete the whole of paragraph 4 if the Notes are not derivative securities to which Annex XII of the Prospectus Directive Regulation applies (but note that the information set out in paragraph 1(iii) above will in any event be required). If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.

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

Indication of yield: []

[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 AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

(Need to include:

- (i) details of the exercise price or the final reference price of the underlying;
- (ii) details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident;
- (iii) description of any market disruption or settlement disruption events that affect the underlying;
- (iv) adjustment rules in relation to events concerning the underlying;
- (v) where the underlying is a security, the name of the Issuer of the security and its ISIN or other such security identification code;
- (vi) where the underlying is an index, the name of the index and a description if composed by the Issuer and, if the index is not composed by the Issuer, details of where the information about the index can be obtained;
- (vii) where the underlying is not an index, equivalent information;
- (viii) where the underlying is an interest rate, a description of the interest rate;
- (ix) where the underlying is a basket of underlyings, disclosure of the relevant weightings of each underlying in the basket; and
- (x) any other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation).]⁴

(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

The Issuer [does not intend/intends] to provide post-issuance information.] (Specify what information will be reported and where it can be obtained)⁵

⁴ Required if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulations apply

⁵ Required if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulations apply

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.)]

9. **OPERATIONAL INFORMATION**

ISIN Code: []

Common Code: []

Intended to be held in a manner which would allow Eurosysteem eligibility: [Not Applicable/Yes/No]

[Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosysteem monetary policy and intra-day credit operations by the Eurosysteem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosysteem eligibility criteria.][Include this text if "Yes" selected, in which case the Notes must be issued in NGN form]

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 additional Paying Agent(s) (if any): []

10. **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 3 of its By-laws, are as follows:

The Issuer's objects are to collect savings and to carry on lending activity in its various forms, both for its shareholders and for others, guided by the traditional principles of mutual banking. To this end, the Issuer affords special attention to the territory over which its distribution network extends, with particular regard for small and medium-sized businesses and co-operatives. In compliance with its corporate objectives, the Issuer may grant benefits to shareholding customers for the enjoyment of specific services.

The Issuer may, in compliance with the provisions in force and after having obtained the required authorisations, perform all permitted banking and financial transactions and services, together with any other transaction necessary for or

incidental to the achievement of its corporate objects.

In its capacity as parent of the Veneto Banca group and pursuant to Article 61 of Legislative Decree No. 385/93 and the laws concerning groups, the Issuer issues instructions to its group companies, in the performance of its management and coordination activity, for the purposes of implementing regulations issued by the Bank of Italy in the interest of the group's stability.

- | | | |
|-------|----------------------------------|---|
| (ii) | Registered office: | Piazza G.B. Dall'Armi 1, 31044 Montebelluna, Treviso, Italy |
| (iii) | Company registration: | Registered at the Companies' Registry in Treviso under registration number 00208740266. |
| (iv) | Amount of paid-up share capital: | €[amount], consisting of [number] ordinary shares with a nominal value of €[amount] each. |
| (v) | Amount of reserves: | €[amount] |

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer to meet part of its general financing requirements.

DESCRIPTION OF THE ISSUER

General

Veneto Banca S.C.P.A. ("**Veneto Banca**" or the "**Issuer**") is an Italian full-service limited liability cooperative bank based in the province of Treviso, in the Veneto region in north-eastern Italy, and is the parent company of the Veneto Banca group, comprising the Issuer itself and its subsidiaries (the "**Group**" or the "**Veneto Banca Group**").

The corporate objects of the Issuer, as set out in its By-laws, are the collection of savings and the carrying-on of lending activity in its various forms. The Issuer may, in compliance with the provisions in force and after having obtained the required authorisations, perform all permitted banking and financial transactions and services, and all other transactions necessary for or incidental to the achievement of its corporate objects.

The main business areas of Veneto Banca and the Group are the following:

- deposit-taking;
- lending;
- financial intermediation;
- bancassurance; and
- financial services.

The Issuer is subject to the supervision of the Bank of Italy and is authorised to carry on its banking business pursuant to Article 10 of Legislative Decree No. 385 of 1 September 1993 (the "**Italian Banking Law**") and is on the Register of Banks kept pursuant to Article 13 of that Decree. The Issuer was entered on the register of banking groups held by the Bank of Italy on 8 June 1992 and its registration number is 5035.1.

The Issuer's registered office is at Piazza G.B. Dall'Armi 1, 31044 Montebelluna, in the province of Treviso, Italy. The telephone number of the Issuer's registered office is +39 0423 2831.

History

Incorporation

The Issuer was incorporated under the laws of Italy on 16 July 1966 following the merger of Banca Popolare di Montebelluna (incorporated in Montebelluna on 8 August 1877) and Banca Popolare del Mandamento di Asolo (incorporated in Treviso on 3 November 1946). The duration of the company is set to expire on 31 December 2050, unless otherwise extended.

The Issuer's name on incorporation was Banca Popolare di Asolo e Montebelluna S.c. a.r.l. By shareholders' resolutions passed on 6 November 1999, the official name of the Issuer was changed to "Veneto Banca S.C.P.A.", which was then changed to "Veneto Banca Holding S.C.P.A." by resolutions passed at the extraordinary meeting of shareholders held on 14 December 2007. By a shareholders' resolution passed on 25 January 2011, the Issuer reverted to its previous name of "Veneto Banca S.C.P.A." with effect from 31 January 2011.

Recent history

The last decade or so has been a period of steady growth for the Veneto Banca Group, in which it has expanded into new territories and areas of activity. Some of its key transactions have included:

- in the south of Italy, the acquisition in 2001 of a controlling stake in Banca Meridiana S.p.A. ("**Banca Meridiana**"), operating in Puglia and Basilicata;
- in the north of Italy, the acquisition of controlling stakes in Banca di Bergamo S.p.A. ("**Banca di Bergamo**") in 2001, Banca del Garda S.p.A. in 2005 and, in particular, Banca Popolare di Intra S.p.A. ("**Banca Popolare di Intra**") by means of a takeover bid launched in 2007;
- in Romania, the acquisition in 2001 of a controlling stake in Banca Italo Romena S.p.A. ("**Banca Italo Romena**") and the subsequent diversification of the Group's activities in Romania with the acquisition in 2005 of a controlling stake of the leasing company Italo Romena Leasing IFN S.A.;
- in other parts of central and eastern Europe, the purchases, both in 2006, of 100% of the share capital of B.C. Eximbank S.A. ("**Eximbank**"), a Moldavian bank, and of a controlling interest in the Croatian bank Gospodarsko Kreditna Banka d.d., since renamed "**Veneto Banka d.d.**";

- in 2008, a strategic and commercial agreement concluded with the shareholders of Banca Intermobiliare di Investimenti e Gestioni S.p.A. ("**BIM**"), operating in the private banking and asset management sectors, which led to the purchase by the Issuer of a 40% interest in Compagnia Finanziaria Torinese S.p.A. ("**Co.Fi.To**"), the main shareholder of BIM (see also below);
- in 2009, completion of the acquisition of a controlling interest in the Albanian bank Banca Italiana di Sviluppo Sh.a (now Veneto Banka Sh.a);
- also in 2009, a commercial agreement with the insurance partner Uniqa Versicherungen AG for the distribution of life insurance products;
- to reinforce the Group's presence along the Adriatic ridge, the acquisition in 2010 of a controlling stake in Cassa di Risparmio di Fabriano e Cupramontana S.p.A. ("**Carifac**") and bancApulia S.p.A. ("**bancApulia**") which merged with and incorporated Banca Meridiana with effect from May 2010; and
- in April 2010, a further agreement with the majority shareholders of Co.Fi.To by which: (i) Co.Fi.To merged by incorporation into the Issuer in February 2011; (ii) as a result, the Issuer acquired a 54.93% stake in BIM, which accordingly became a subsidiary of the Issuer; and (iii) following the completion of the transaction, Veneto Banca reacquired a 24% stake in Banca Italo Romana from the former shareholders of Co.Fi.To. and thereby returned to having a 100% shareholding in that bank.

The Veneto Banca Group's expansion has also been accompanied by a series of post-acquisition transactions and reorganisations, including the following:

- in December 2007, the transfer of the Issuer's branch network to a newly incorporated, wholly-owned subsidiary named Veneto Banca S.p.A. (following which the Issuer changed its name from "Veneto Banca S.C.P.A." to "Veneto Banca Holding S.C.P.A.");
- in 2008, a tender and exchange offer to the residual shareholders of Banca Popolare di Intra, which then became a wholly owned subsidiary of the Issuer;
- in 2009, the takeover by Banca Popolare di Intra of the networks and head offices of Banca di Bergamo and of Banca Popolare di Monza e Brianza S.p.A. ("**Banca Popolare di Monza e Brianza**");
- in September 2010, the merger by incorporation into the Issuer of Banca Popolare di Monza e Brianza and Banca di Bergamo, both subsidiaries of the Issuer, which held stakes of 93.7 per cent. and 99.7 per cent., respectively, in those companies;
- in November 2010, the merger by incorporation into the Issuer of Banca Popolare di Intra and Veneto Banca S.p.A., both wholly owned subsidiaries of the Issuer, following which the Issuer's name reverted to its current name, i.e. "Veneto Banca S.C.P.A."; and
- a mandatory takeover offer on the residual shares of BIM, for a cash sum of €4.25 per share, which closed in April 2011 and resulted in the Issuer increasing its shareholding in BIM to 71.39%;

In the insurance sector, the subsidiary Claris Broker S.p.A. was sold during the first half of 2010 and another subsidiary, Claris Assicurazioni, was placed in liquidation in May 2011 as a result of a process of "bancassurance" set in motion by the Issuer in order to comply with new laws and regulations affecting the insurance sector, as a result of which agency appointments have been moved to the banks within the Veneto Banca Group by means of direct agreements with the various insurance companies.

Selected Financial Information

The following table sets out selected financial information of the Issuer as at and for the years ended 31 December 2010 and 2009:

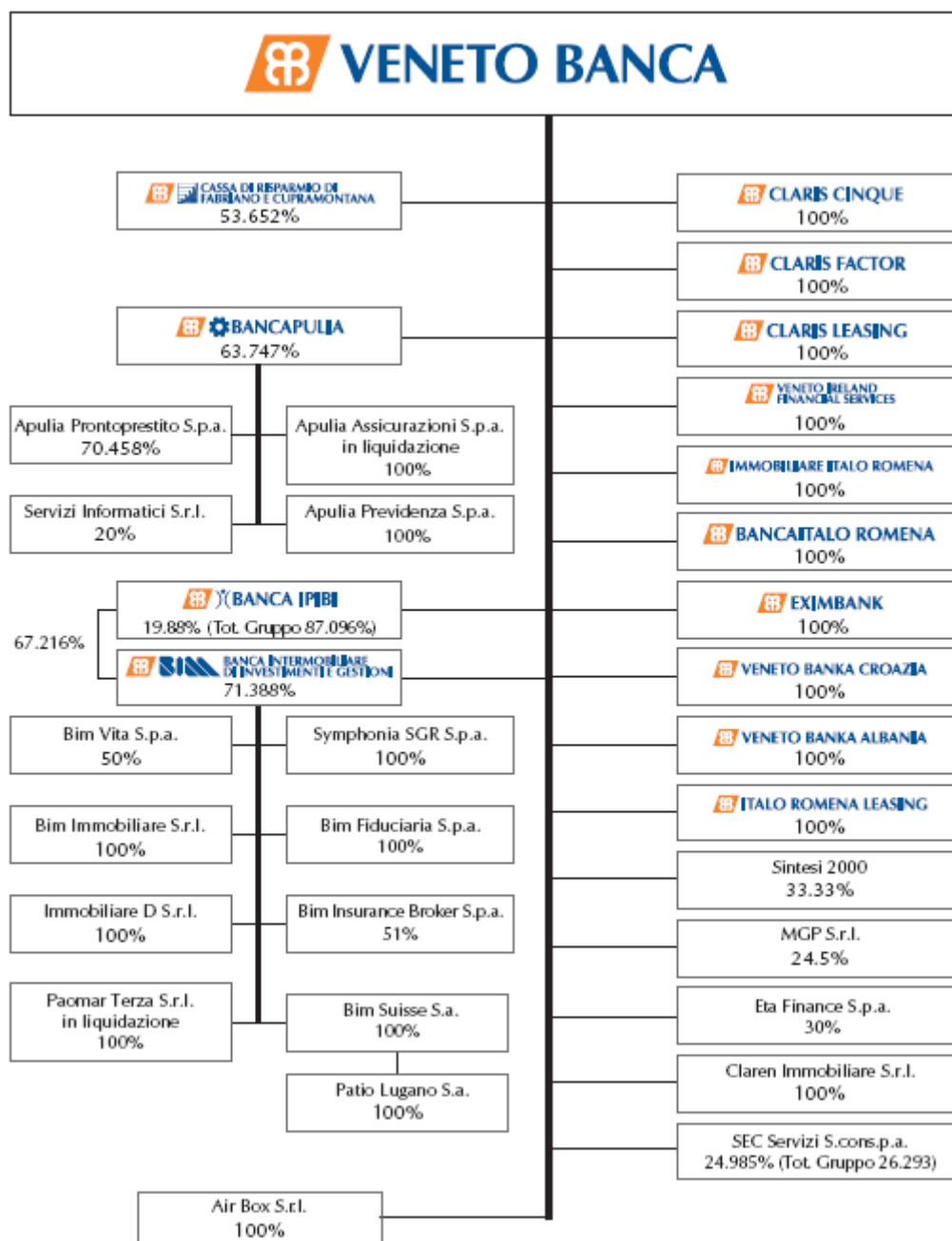
	As at and for the year ended 31 December	
	2010	2009
	<i>(thousands of euro)</i>	
Loans to customers	25,736,159	17,798,787
Customer deposits (including certificates of deposit, bonds and discounting of commercial paper)	48,350,603	27,852,719
Profit on ordinary activities before taxes	195,992	167,517

Parent Company profit for the year.....	113,933	121,070
Adjusted Return on equity ^(*)	4.26	5.05

(*) Calculated as the ratio between profit and average equity for the year, net of any profit or equity owned by minority interests.

Description of the Group

As at the date of this Base Prospectus, the Veneto Banca Group's composition is as follows:



The tables below summarise the specialist areas of the Issuer's subsidiaries.

Commercial Banks

Geographical area	Bank
Italy	
North Italy	Veneto Banca S.C.P.A. Banca Intermobiliare di Investimenti e Gestioni S.p.A. Banca IPIBI Financial Advisory S.p.A.
Centre of Italy	Cassa di Risparmio di Fabriano e Cupramontana S.p.A.
South-Eastern Italy	bancApulia S.p.A.
Abroad	
Romania	Banca Italo Romena S.p.A.
Moldova	B.C. Eximbank S.A.
Croatia	Veneto Banka d.d.
Albania	Veneto Banka Sh.A.

Special purpose/product companies

Sector	Company
Leasing	Clariss Leasing S.p.A. Italo Romena Leasing IFN S.A. (Romania)
Factoring	Clariss Factor S.p.A.
Loans secured by one-fifth of salary	Clariss Cinque S.p.A. Apulia Prontoprestito S.p.A.
Finance	Veneto Ireland Financial Services Ltd. (Ireland)
Real Estate	Claren Immobiliare S.R.L. (Italy) Immobiliare Italo Romena S.r.l. (Romania)

Areas of Activity: General Overview

The main business areas of the Issuer and of the Group are:

- traditional banking activities, i.e. accepting deposits from the public and granting loans (in particular to companies and individuals) and other connected and incidental activities; with specific financial products provided by the subsidiaries Clariss Factor S.p.A. (factoring), Clariss Leasing S.p.A. (leasing) and Clariss Cinque S.p.A. and Apulia Prontoprestito S.p.A. (consumer loans and salary backed loans);
- financial broking, i.e. investment and ancillary services;
- bank insurance, i.e. the placing of standardised life and non-life insurance products through its own sales network, to both individuals and companies, on the basis of agreements with insurance companies; and
- accessory services to the above activities.

The Group's customer target is composed mainly of individuals and professionals, in their various segments, and companies, mainly of medium and small dimensions.

The Veneto Banca Group now has a distribution network which ranges from the foothills of the Alps of Friuli Venezia Giulia, through Veneto and Lombardy, to Piedmont and the Aosta Valley and Liguria, with a subsidiary operating in Puglia and Basilicata and another in Le Marche and Abruzzo, and is also present on certain eastern European markets through its subsidiaries in Romania, Croatia, Moldavia and Albania. More specifically, the territorial network can be broken down as follows:

- northern Italy, under the direct control of the Issuer and BIM;
- central Italy, operated by Carifac;
- southern Italy, operated by bancApulia; and
- foreign networks, operated by Banca Italo Romena (Romania), Veneto Banka d.d. (Croatia), Eximbank (Moldavia) and Veneto Banka Sh.A. (Albania).

Organisational Structure

The Group's structure is typical of "network banks", with the parent company performing not only the role of management and coordination, but also providing services to its subsidiaries. The Group's organisation is based on the following principles: (i) central administrative and technical activities at the Issuer's offices, together with sales support for subsidiaries; and (ii) a wide commercial role for subsidiaries.

The Issuer's organisational structure develops along the following lines of command: (i) central internal audit division; (ii) central administration division; (iii) central group finance division; (iv) central foreign markets division; (v) central Italian markets division; (vi) central credit division; (vii) central technical resources division; (viii) central human resources division; (ix) central planning and control division and (x) central compliance division. The other banks of the Group are structured substantially as sales networks, in line with their strategic role within the Group.

Distribution Network

The Group distributes its products to customers through its (i) banking network, (ii) network of financial consultants and (iii) Internet and telephone banking services.

Branch network

The Group operates in the Italian, Croatian, Moldovan, Albanian and Romanian banking markets through a traditional distribution structure. In December 2010, the Group's network was composed of 432 branches.

The table below sets out the number of branches per each bank forming part of the group as at 31 December 2010 and 2009.

	As at 31 December	
	2010	2009
Veneto Banca s.c.p.a.	317	1
Veneto Banca S.p.A.	-	186
Banca Popolare di Intra	-	128
Banca Popolare di Monza e Brianza	-	1
Banca Meridiana	-	53
bancApulia	103	-
Cassa di Risparmio di Fabriano e Cupramontana	60	-
Co.Fi.To (BIM and Banca IPIBI Financial Advisory S.p.A.)	32	-
Banca di Bergamo	-	1
Banca Italo Romena	23	22
Eximbank	20	20
Veneto Banka d.d.	7	12
Veneto Banka Sh.A.	8	8
Total number of branches	570	432

In relation to other operating outlets, as at 31 December 2010, the Group had 660 ATMs and approximately 15,500 point of sale terminals installed at retail outlets.

Innovative Channels

Following the various corporate acquisitions that took place during 2010 and the subsequent integrations into the structure of the Veneto Banca Group, at the end of 2010, the Group had three separate structures of advisors and private bankers, to meet the demands of most of the geographical areas that the Group oversees: the North East (via the financial advisor network, Claris NET), the North West (via BIM Group) and the South East (via Apulia Puntofinanziario):

- Claris Net had 84 professionals, mainly operating in the north-east of Italy and fully integrated in the branch network of the Issuer;
- 351 individuals worked for BIM and its subsidiaries (the "**BIM Group**"), of which 133 were employed by BIM, while the remaining 218 were external professionals (56 for BIM and 162 for its subsidiary, Banca IPIBI Financial Advisory S.p.A. ("**IPIBI**")) and, overall, the BIM Group was present in Italy with 29 operating branches of BIM, while IPIBI had three operating offices (in Milan, Turin and Rome) and 28 financial advisory offices and private offices;
- the network of Apulia Puntofinanziario financial advisors, coordinated by bancApulia's External Networks Department under the scope of its Market Management, could rely on 54 professionals operating in 14 sales outlets spread over four regions (Abruzzi, Lazio, Marche and Apulia) and within bancApulia's branch network.

Virtual banking services, due to constant improvement of the remote banking services offered, registered a growth in 2010, with more than 118,000 Veneto Banca Group customers using the internet banking service, representing an increase of 54% on the previous year. These customers consulted their accounts 5 and half million times and carried out over 600,000 payment transactions, representing approximately 27.4% more than the previous year.

The following table shows a breakdown of the virtual banking transactions carried out by the Group's customers.

Virtual Banking - Transactions per product (number)

	As at 31 December		Variation (%)
	2010	2009	
Credit transfers.....	331,101	277,006	19,52%
F24 tax payment forms	69,599	49,820	39,7%
TV licence fee payment	3,668	2,713	35,2%
Telephone credit top-ups	190,220	137,122	38,72%
Utility payments.....	208	122	70,49%
Total	594,796	466,783	27,42%

Customers

At the end of December 2010 the Veneto Banca Group, in Italy only, had more than 533,000 customers⁶, representing an increase of about 37.9% compared to the number of customers at the end of 2009.

With reference to the customer base served, as at 31 December 2010 the largest component by far was represented by "Affluent and Universal" private banking customers, representing 74% of the total, followed by the small business segment, which accounted for about 19%. All together, these categories represent about 93% of the customer base.

With the entrance of BIM, the "Private" component of the customer base significantly increased, from less than 2% to 5.4% of total customers as at 31 December 2010, whilst the proportion of "Corporate" customers was reduced from 2.0% to 1.7%.

Lending

The following table sets out the Group's loans to customers broken down according to the type of facility.

Loans to customers by type of facility

	As at 31 December			
	2010		2009	
	(thousands of euro)	(%)	(thousands of euro)	(%)
Current accounts	5,355,558	22.52	4,096,310	24.78
Repurchase agreements.....	45,830	0.19	62,490	0.38
Mortgages	12,770,401	53.71	8,142,969	49.26
Credit cards, personal loans and one-fifth transfer	893,304	3.76	135,936	0.82
Leases	775,807	3.26	738,881	4.47
Factoring	73,112	0.31	102,359	0.62
Other transactions	3,404,490	14.32	2,925,268	17.70
Debt securities	457,987	1.93	324,804	1.97
Total	23,776,489	100.00	16,529,017	100.00

The following table sets out loans and deposits with banks broken down according to type of facility.

⁶ Taking into consideration also the customers of banks operating abroad - estimated at about 114,000 – the Veneto Banca Group had more than 667,000 customers at the end of December 2010.

Loans and deposits with banks by type

	As at 31 December			
	2010		2009	
	(thousands of euro)	(%)	(thousands of euro)	(%)
Loans to Central Banks	329,370	23.68	385,959	28.03
Loans to banks	1,061,3526	76.32	990,956	71.97
of which:				
- Current accounts and demand deposits	305,954	22.00	167,368	12.16
- Term deposits	47,648	3.43	38,434	2.79
- Other loans	297,763	21.41	11,004	0.80
- Debt securities	409,987	29.48	774,150	56.22
Total	1,390,722	100.00	1,376,915	100.00

As at 31 December 2010, secured and guaranteed loans amounted to €20,320 million, representing 78.96% of the total loans portfolio compared to €12,744 million as at 31 December 2009, representing 71.60%, as shown below.

Secured and guaranteed loans

	As at 31 December			
	2010		2009	
	(thousands of euro)	(%)	(thousands of euro)	(%)
Secured exposures to customer				
- Fully secured	18,607,306	72.30	11,145,105	62.62
- Partially secured	1,712,915	6.66	1,598,847	8.98
Total secured exposures to customers	20,320,221	78.96	12,743,952	71.60
Unsecured customer loans	5,415,938	21.04	5,054,835	28.40
Total	25,736,159	100.00	17,798,787	100.00

Credit Procedures

Credit risk evaluation

Credit approval procedures are centralised and are conducted by a specific department within the relevant sales area. Analysts (i) review proposals received from branches, (ii) examine material provided and (iii) assess creditworthiness, in particular in relation to the client's financial situation and the associated risks. The relevant credit approval centre reviews the documentation for any collateral guarantee that the client provides, checks that the guarantee meets the Issuer's requirements and conducts both formal and informal checks on the security provided. Subsequently, credit applications are submitted for approval by the manager of the relevant credit approval centre to an overseeing body.

Operating units are currently monitored by a specific department and action is taken, where any anomalies are found, to limit risk. Any defaulting or non-performing loans are also monitored, and reports submitted to the relevant senior management bodies. Legal or non-contentious action to recover loans and/or manage non-performing loans is pursued by the relevant legal and dispute resolution departments.

Problem loans

In accordance with Italian legal requirements for banks, the Issuer reports to the Bank of Italy on its loan classifications. Specific allocations are made on the basis of anticipated losses on each problem and/or non-performing loan. The Group's loan portfolio is regularly reviewed to assess the chances of making a recovery and in order to estimate losses. Troubled and restructured loans are reviewed monthly using internal procedures and in light of the data supplied by the Bank of Italy's Risk Centre. The Board of Directors, together with the Credit Supervision Service and Legal Affairs, set levels for the allocation of non-performing loans in accordance with the Bank of Italy's guidelines.

The following table sets out a breakdown of problem loans and their proportion to total loans of the Issuer as at 31 December 2010 and 2009:

Problem loans

	As at 31 December			
	2010		2009	
	(thousands of euro)	(%)	(thousands of euro)	(%)
Non-performing loans.....	822,666	3.20	305,869	1.72
Watch-list.....	769,098	2.99	565,675	3.18
Restructured loans	28,395	0.11	63,049	0.35
Expired loans	339,511	1.32	335,177	1.88
Total doubtful loans.....	1,959,670	7.62	1,269,770	7.13
Performing loans.....	23,776,489	92.38	16,529,017	92.87
Total loans to customers.....	25,736,159	100.00	17,798,787	100.00

As at 31 December 2010, the Group's total net doubtful loans amounted to €1,959,670 thousand (or 7.62% of total net loans to customers), compared to €1,269,770 (or 7.13%) as at 31 December 2009. The increases in non-performing loans was mainly due to the entry into the Veneto Banca Group of three new banks (see "Recent History") and the worsening economic climate in recent years.

Funding

As part of its policy of diversifying its sources of funding, the Issuer has sought funding from the national interbank market (for short-term deposits) and international markets (Eurobonds and syndicated loans).

The following table sets out a breakdown of the Group's funding base as at 31 December 2010 and 2009:

Funding by type

	As at 31 December			
	2010		2009	
	(thousands of euro)	(%)	(thousands of euro)	(%)
Due to banks	2,775,593	10.13	1,512,035	7.83
Due to customers	15,250,985	55.67	11,860,632	61.40
Other unlisted securities.....	467,371	1.71	416,514	2.16
Bonds.....	8,615,404	31.45	5,447,544	28.20
Financial liabilities designated at fair value	284,851	1.04	80,463	0.42
Total	27,394,204	100.00	19,317,188	100.00

Securitisations

The securitisation transactions which have taken place since 2002 have allowed the Veneto Banca Group substantially to diversify its sources of deposits. Up until 2008, the decreased spreads paid to the market for subscription of the securities issued contributed to establishing and developing recourse to this type of funding. The securitisation transactions carried out in 2009, on the other hand, allowed for the issue of securities which, as they were subscribed for by the Issuer, were eligible collateral for the purposes of the European Central Bank and were therefore used as a source of refinancing. Except in one case, the securitised assets were represented solely by performing mortgage loans and the transactions were set up as traditional non-recourse transfers, pursuant to the Italian Securitisation Law No. 130 of 30 April 1999. The risks connected to these transactions are primarily credit risks.

Periodically, or at the same time as each quarterly report on the securitisation transactions completed in 2002, 2003, 2005 and 2007 are published (and each semi-annual report for the 2006, 2007 and 2009 transactions are published), the analyses used for monitoring the performance of these securitisations are prepared. These reports cover the performance, during the relative "collection period" of the transferred portfolios and also provide details regarding the flows related to the transactions. On the same date, a summary of the changes to the transferred assets is prepared. The quarterly and semi-annual reports for the various securitisation transactions, which summarise the collection period and provide the information set forth in the investor reports, are reviewed by the corporate officers who are constantly informed of the risks connected to these transactions.

The following table shows the key details of the Group's securitisations from July 2002 up to 31 December 2010.

Class	Moody's	Rating S&P	Fitch	Listing	Amount (Euro)	Interest	Maturity
July 2002 Securitisation - Issuer: Claris Finance S.r.l.							
A	-	AAA	-	Luxembourg	346,700,000	Quarterly, floating rate	2030
B	-	AA	-	Luxembourg	11,600,000	Quarterly, floating rate	2030
C	-	BBB	-	Luxembourg	13,200,000	Quarterly, floating rate	2030
D	-	-	-	-	1,300,000	Quarterly, fixed rate	2030
December 2002 Securitisation - Issuer: Intra Mortgage Finance S.r.l.							
A	Aaa	AAA	-	Luxembourg	413,500,000	Quarterly, floating rate	2028
B	A1	A+	-	Luxembourg	17,500,000	Quarterly, floating rate	2028
C	Baa2	BBB	-	Luxembourg	14,000,000	Quarterly, floating rate	2028
D	-	-	-	-	13,000,000	Quarterly, floating rate	2028
October 2003 Securitisation - Issuer: Claris Finance 2003 S.r.l.							
A	-	AAA	-	Luxembourg	315,500,000	Quarterly, floating rate	2032
B	-	AA	-	Luxembourg	9,000,000	Quarterly, floating rate	2032
C	-	BBB	-	Luxembourg	20,200,000	Quarterly, floating rate	2032
D1	-	-	-	-	3,950,000	Quarterly, fixed rate	2032
D2	-	-	-	-	2,170,000	Quarterly, fixed rate	2032
June 2005 Securitisation - Issuer: Claris Finance 2005 S.r.l.							
A	Aaa	AAA	-	Luxembourg	442,700,000	Quarterly, floating rate	2037
B	A1	A	-	Luxembourg	23,800,000	Quarterly, floating rate	2037
C-1	-	-	-	Luxembourg	7,659,262	Quarterly, floating rate	2037
C-2	-	-	-	-	1,854,268	Quarterly, floating rate	2037
July 2006 Securitisation - Issuer: Claris Finance 2006 S.r.l.							
A	-	AAA	-	-	220,000,000	Half-yearly, floating rate	2047
B	-	AAA	-	-	17,000,000	Half-yearly, floating rate	2047
C	-	BBB+	-	-	60,000,000	Half-yearly, floating rate	2047
D	-	-	-	-	2,850,000	Half-yearly, floating rate	2047
January 2007 Securitisation - Issuer: Claris Finance 2007 S.r.l.							
A	-	AAA	AAA	Ireland	488,600,000	Quarterly, floating rate	2053
B	-	AA	AA	Ireland	6,450,000	Quarterly, floating rate	2053
C	-	BBB+	BBB+	Ireland	13,200,000	Quarterly, floating rate	2053
D1	-	-	-	-	5,594,316	Quarterly, floating rate	2053
D2	-	-	-	-	1,343,022	Quarterly, floating rate	2053
D3	-	-	-	-	1,838,141	Quarterly, floating rate	2053
June 2008 Securitisation - Issuer: Claris Finance 2008 S.r.l.							
A	-	-	AAA	Ireland	492,350,000	Half-yearly, floating rate	2055
B	-	-	BBB	Ireland	44,450,000	Half-yearly, floating rate	2055
C-1	-	-	-	-	41,059,039	Half-yearly, floating rate	2055
C-2	-	-	-	-	14,389,822	Half-yearly, floating rate	2055
January 2009 Securitisation - Issuer: Claris Finance 2009 S.r.l.							
A	-	-	AAA	Ireland	547,950,000	Half-yearly, floating rate	2055
B1	-	-	Unrated	-	31,638,460	Half-yearly, floating rate	2055
B2	-	-	Unrated	-	20,847,370	Half-yearly, floating rate	2055
B3	-	-	Unrated	-	8,448,790	Half-yearly, floating rate	2055
March 2009 Securitisation - Issuer: Claris Lease Finance 2009 S.r.l.							
A	-	-	AAA	Ireland	319,000,000	Half-yearly, floating rate	2031
B	-	-	A	-	53,000,000	Half-yearly, floating rate	2031
C	-	-	unrated	-	77,400,000	Half-yearly, floating rate	2031
September 2009 Securitisation - Issuer: Claris Finance 2009 S.r.l.							
A	-	-	AAA	Ireland	648,300,000	Half-yearly, floating rate	2055
B1	-	-	Unrated	-	40,108,171	Half-yearly, floating rate	2055
B2	-	-	Unrated	-	41,944,205	Half-yearly, floating rate	2055
B3	-	-	Unrated	-	9,749,342	Half-yearly, floating rate	2055
December 2009 Securitisation - Issuer: BVG Credit Finance S.r.l.							
A	-	-	Unrated	-	167,700,000	Half-yearly, floating rate	2030
B	-	-	Unrated	-	13,700,000	Half-yearly, floating rate	2030
C	-	-	Unrated	-	14,200,000	Half-yearly, floating rate	2030

In the first few months of 2011, the Issuer completed two important securitisations, as follows:

- the first, with effect from 1 January 2011, involved around 5,400 loans for economic operators, backed by mortgages and other security, for a total amount of €955 million, involving the issue of securities subscribed by the Issuer in order to constitute eligible collateral and thereby permit the Issuer to undertake refinancing transactions with the European Central Bank; and

- the second, with effect from 1 March 2011, involved the sale of around 12,350 residential mortgages for a residual debt of €1,354 million, which is a particularly significant transaction as it represents only the second issue of residential mortgage backed securities on the market by an Italian bank in the three years following the financial crisis.

Interbank deposits

The Issuer's total interbank deposits were €2,776 million as at 31 December 2010, compared to €1,512 million as at 31 December 2009. The following table sets out a breakdown of interbank deposits of the Issuer as at and for the years ended 31 December 2010 and 2009:

	Interbank deposits			
	As at 31 December			
	2010		2009	
	<i>(thousands of euro)</i>	<i>(%)</i>	<i>(thousands of euro)</i>	<i>(%)</i>
Current accounts and demand				
Deposits	372,634	13.43	480,372	31.77
Term deposits	985,610	35.51	565,780	37.42
Loans	189,595	6.83	63,275	4.18
Repurchase agreements.....	1,217,959	43.88	402,608	26.63
Other payables	9,795	0.35	-	-
Total	2,775,593	100.00	1,512,035	100.00

Deposits from customers

As at 31 December 2010, the Issuer's funding from customers was €24,619 million, as compared to €17,805 million as at 31 December 2009.

	Deposits from customers			
	As at 31 December			
	2010		2009	
	<i>(thousands of euro)</i>	<i>(%)</i>	<i>(thousands of euro)</i>	<i>(%)</i>
Due to customers	15,250,985	61.95	11,860,632	66.61
- current accounts and demand deposits.....	13,655,460	55.47	10,265,186	57.65
- term deposits	415,070	1.69	300,403	1.69
- loans	1,167,374	4.74	824,405	4.63
- other debts.....	13,081	0.05	470,638	2.64
Short term securities	9,082,775	36.89	5,864,058	32.93
Financial liabilities designated at fair value	284,851	1.16	80,463	0.45
Total	24,618,611	100.00	17,805,153	100.00

Capital Adequacy

Capital for supervisory purposes is the main reference point for the Bank of Italy's evaluation of the stability of individual banks and the banking system as a whole. More specifically, a bank's assets are determined to be adequate or otherwise in relation to the ratio between capital for supervisory purposes (Tier I capital and Tier II capital) and the total of weighted risk assets. Assets for supervisory purposes must amount to no less than 8% of weighted risk assets on a consolidated basis. In terms of capital adequacy, the consolidated net position of the Issuer, calculated as the difference between capital for supervisory purposes and total prudential requirements, ensured a surplus of over €988 million with respect to the minimum requirements set by the Bank of Italy at the end of December 2010. As a consequence of the trends outlined above, the total capital ratio stood at 12.04%, while the ratio between Tier 1 capital and the total weighted assets (known as the "**Tier 1 capital ratio**") stood at 8.70%.

Capital adequacy ratios

	As at 31 December	
	(%)	
	2010	2009
Tier I capital ratio	8.70	8.55
Total capital ratio	12.04	12.04

Securities Portfolio

As at 31 December 2010, the Issuer's bond and securities portfolio (excluding equity securities) was €2,656 million, compared to €1,169 million as at 31 December 2009. The following table sets out the composition of the Issuer's debt securities portfolio as at 31 December 2010 and 2009.

Debt securities

	As at 31 December			
	2010		2009	
	(thousands of euro)	(%)	(thousands of euro)	(%)
Financial assets held for trading.....	619,176	23.30	193,371	16,54
Level 1 ⁽¹⁾	234,891		979	
Level 2 ⁽²⁾	314,690		182,509	
Level 3 ⁽³⁾	69,595		9,883	
Financial assets designated at fair value	68,476	2.58	53,098	4.54
Level 1	-	-	-	-
Level 2	39,028		17,318	
Level 3	29,448		35,780	
Financial assets available for sale	1,962,916	73.88	761,726	65.15
Financial assets held to maturity.....	6,384	0.24	161,082	13.78
Total	2,656,952	100.00	1,169,277	100.00

- (4) Level 1: prices (without adjustments) quoted in an active market – according to the definition given by IAS 39 – for the assets and liabilities being valued.
- (5) Level 2: inputs other than prices quoted as per the previous point, which are observable directly (prices) or indirectly (derived from prices) on the market.
- (6) Level 3: inputs that are not based on observable market data.

Veneto Ireland Financial Services Ltd. ("**Veneto Ireland Financial Services**") manages some of the market and credit risk exposure of the Group's securities portfolio (principally floating rate bonds).

Internal Control Systems

The internal control system is the combination of rules, procedures and organisational structures that, in compliance with the law and directives of the relevant supervisory authority, allows for proper management of all the bank's activities. It involves the Board of Directors, the Board of Statutory Auditors, management and all personnel in various roles and applies both to the Issuer and to the Italian and foreign banks in the Veneto Banca Group.

The internal control system, which was set up in accordance with the supervisory instructions of the Bank of Italy, provides for:

- *Line controls*, aimed at ensuring that operations are conducted properly. These are carried out by the business units themselves, incorporated into their procedures or carried out as part of the back office activities of the various operational units (branches and central operational departments).
- *Risk management controls*, aimed at helping to specify risk assessment procedures, to check compliance with the limits assigned to the various operational departments and to check that the activities of the individual areas of production are in line with the set risk/return targets. The Central Planning Division carries out these controls on market, liquidity and interest rate risks, and the Central Credit Division carries out the credit risk controls. Compliance risk controls are carried out by the Compliance Division, which monitors the risk of non-compliance with laws, rules and regulations.
- *Internal audit activities*, aimed at ensuring transactions are carried out correctly, identifying anomalous trends, breaches of procedures and regulations, and assessing the functioning of the overall internal control system. Audits

are conducted on an ongoing basis, both periodically or at random, including through on-site checks, by the Central Internal Audit Division.

As part of Group management, coordination and control activities, Veneto Banca has established an internal control system of the parent company, the banking network and the product development companies, so as to permit control of both the strategic choices of the Group as a whole and the balanced management of the individual components. The system is continuously updated and adapted to the various activities of the Issuer and companies to which it applies. Audits, guided by the results of specific risk assessments, include controls of branches and the central structures of the Issuer, the network banks and the other subsidiaries, indicating the assessment of the outcome of audits performed on the basis of "residual risk" (i.e. those risks in respect of which the matters giving rise to such risk have not been rectified). The assessment is made on the basis of a summary evaluation of an individual risk that could cause loss in the form of either fines or financial loss or damage to reputation, taking account of the relevant company's governance and organisation model and resulting in the risk being categorised as "Limited", "Low", "High" or "Very high".

Risk Assessment and Management

The ordinary and extraordinary operations of the Veneto Banca Group are carried out in accordance with prudent standards, limiting exposure to risk to the greatest extent possible, in compliance with the need for stability in exercising its banking activities, reflecting the shareholders' position towards risk, and the mutual/co-operative status of the Issuer.

The main objectives that the Group intends to pursue via a careful policy and managing the overall business risks can be summarised as follows:

- constant growth in corporate value;
- creation of value for the shareholders to an adequate extent with respect to alternative but comparable funding having regard to risk-return analysis;
- high apportionment rate of credit risk, on a consistent basis with reference commercial targets, i.e. households and small and medium sized companies;
- undertaking of market risks to a limited extent, on a consistent basis with the Group's commercial vocation;
- exposure to the structural interest rate risk at a contained level;
- exclusion of risks extraneous to the core activities and accurate assessment of the initiatives which lead to new types of risk;
- development of more complete and accurate methods to monitor risks to be able to recognise risks through internal models in the future, for prudential regulation reasons among others;
- transparency vis-à-vis the market regarding the Group's exposure to risk.

In order to safeguard the financial soundness and reputation of the Group with respect to undesirable events, the Veneto Banca Group has equipped itself with organisational structures and processes, and established human and technological resources and skills to ensure the identification, control, and management of risks associated with its core operations. In detail, the entire process is overseen and co-ordinated by the Issuer, where the parties and the structures tasked with monitoring and handling the various risks are based. This process is organised at different levels of the Issuer's organisational structure. The leading role however is carried out by the Board of Directors of the Issuer, which is responsible for establishing strategies and policies for the assumption of risk, and approving strategic and operational limits and related guidelines.

The Group's Risk Committee operates in relation to these matters, supporting the Board of Directors and the Managing Director, with regard to the powers granted to them. The committee's role and responsibilities are clarified and formalised in specific regulations. Specifically, the Group's Risk Committee assists the Managing Director and the Board of Directors of the Issuer in drawing up risk strategies and policies, providing the means and the information necessary for an informed decision-making capability. This committee is assigned the objective of proposing action for optimising the use of the Group's capital and that of the individual companies, maintaining the relevant company's propensity to risk within the limits established by the Board of Directors and as indicated by the management bodies of the individual companies within the Group.

The focal role the Group has assigned to risk management is also reflected in the management and control model, which is based on certain fundamental principles such as:

- clear identification of responsibilities and their assumption;
- adoption of gauging and control systems in line with international best practices; and
- separation of the organisational units responsible for management and the divisions tasked with control.

These principles are formalised and clarified in the policy manuals for the risks identified as significant.

These guiding documents are proposed and validated by the Group's Risk Committee, submitted for the approval of the Issuer's Board of Directors and subsequently acknowledged by the Boards of Directors of the subsidiary companies. They specify the scope of the risks, the significant indicators subject to periodic monitoring, the supervisory thresholds, the operating limits, the methods for handling overruns, the stress tests applied and the organisational structure – corporate bodies and divisions – tasked with the performance risk management activities and the related assignment of roles and responsibilities.

The purpose of risk management is to ensure effective management of the main risks to which the Group is exposed in terms of assessment, control and management. It also ensures regulatory compliance and effective support for the decision-making process and contributes to the development of business strategies by providing consulting services, evaluating products, and identifying and managing associated risks.

Credit risk

The Group's loan strategy is aimed at the efficient selection of borrowers by means of an analysis of creditworthiness in order to reduce the risk of default while keeping sales targets in mind. Accordingly, the loan portfolio must be diversified in order to limit the concentration of exposure on individual counterparties or specific business sectors. In addition, portfolio performance is subject to control, allowing the Group to identify any symptoms of loan deterioration in a timely manner and to manage these through a specific loan supervision system. These activities are entrusted to the internal credit supervision departments of the banking network, and coordinated at central level by the corresponding parent company division. Management of the loan portfolio is followed throughout all the phases of the lending process – approval process, disbursement, control, credit supervision – by Central Credit Division, sometimes involving interaction with other bank departments, such as the Risk Management and Internal Audit divisions.

Concentration risk

Pursuant to Bank of Italy Circular No. 263/2006, concentration risk is defined as "the risk deriving from exposure towards a single counterparty or groups of linked customers (single business or single name concentration) or counterparties operating in the same economic sector or geographic area (geographic-sector concentration)". The Risk Management Unit of the Veneto Banca Group has developed methods for the measurement and monitoring of concentration risk and the results are summarised in a monthly management report.

Market risk

As regards market risk, the Issuer quantifies the overall exposure in terms of the value at risk on a daily basis, and checks the profits and losses on individual trading portfolios, regularly incorporating these evaluations into estimates of the impact of different scenarios on the existing risk position in various markets.

The Issuer has a structure of envisaged limits which reflects the levels of risk considered acceptable with reference to individual business areas and represents a mechanism which makes it possible to check that operating practices, at the various organisational structure levels, are performed on a consistent basis, with the management approaches defined by senior figures. Financial transactions are regulated by a control system on the basis of:

- management limits, aimed at keeping the Veneto Banca Group within overall risk limits consistent with the degree of aversion to risk set by the Issuer's Board of Directors; and
- operating limits, which monitor financial transactions on the basis of detailed risk limits, aimed at directing activities on the markets in compliance with the limits specified above.

Once the authorised operating limits are exceeded, senior management is advised in order to make a decision, and all contingent or forecast risk situations that are considered to merit attention on the basis of market performance and set principles are also evaluated.

Interest rate risk

Interest rate risk is caused by a sudden change in market interest rates that may have negative repercussions on:

- the bank's interest margins, thereby using the year as the time period, or the closing of the financial statements (the current earnings approach);
- the current net value of interest-bearing assets and interest-paying liabilities (the market value multi-period approach).

In banks, interest rate risk arises from the different expiry and re-pricing structures of its assets and liabilities, and from the accounting deficit between its interest-bearing assets and interest-paying liabilities with regard to the current earnings approach. The Issuer uses ALMPro software, and has used Prometeia as a consultant since 2003 to monitor interest rate risk.

Liquidity risk

Liquidity risk is subject to systematic monitoring, the frequency of which depends on the timescale of the relevant risk. In detail, the handling of short-term liquidity has the aim of ensuring the bank's ability to meet both envisaged or unexpected cash payment commitments, without prejudicing the normal continuity of operations, guaranteeing on-going and instantaneous rebalancing, with a view to economy, of the monetary dynamics, with a three-month reference time limit.

The typical action carried out for liquidity purposes involves:

- handling of access to the payments system or management of operating liquidity;
- handling of the profile of the liquidity disbursements to be made, monitoring of the consistency and the degree of use of liquidity reserves, which expresses itself in the analysis and active management of the maturity ladder;
- active managing of the collateral, including securities which can be refinanced and committed credit facilities;
- integrating the action for handling short-term liquidity with the needs for structural liquidity, over the time period ranging between 1 day and 3 months.

The corporate governance model adopted by the Veneto Banca Group is based on a management process centred on liquidity risk. The Issuer is responsible for related policy, as well as specifying gauging methods and the handling of this risk, in addition to administering the funding activities for all the Group's banks.

Operational risk

Operating risk may be defined as the risk of incurring losses resulting from errors, violations, interruptions or damage caused through internal procedures, persons, systems or external events. Some examples of operating risks to which the companies are potentially exposed are errors in the execution of transactions, in the processing of data, interruptions in the IT network, damage to real estate, theft and fraud. The most advanced method with which operating risk profiles are measured requires the combined use of internal and external information on historical operating losses and qualitative factors deriving from scenario analyses and assessments of the control system and operating context.

The Issuer implemented a firm-wide system for the detection and measurement of operational risk, initiated in 2006 through consulting with a leading international company, thereby laying the foundation for the extension of policies, models and methods for operational risk management to all the other Group companies.

The Veneto Banca Group is a member of the ABI – DIPO consortium, the "Italian database of operating losses". Joining the consortium entails making a more detailed definition of the scope of the companies that are taken into account in the context of the operational risk management project and where, consequently, the procedures necessary to optimise the collecting of operational loss information will have to be implemented through, *inter alia*, the creation and/or alteration of dedicated structures. Self risk assessment procedures will then also be implemented in the structures of the Issuer that contribute to loss data collection.

Shareholders and Share Capital

Share capital

As at 30 June 2011, the subscribed and fully-paid share capital of the Issuer was €285,397,611, comprising 95,132,537 ordinary shares with a nominal value of €3 each. The Issuer's shares are not listed on any securities exchange.

Shareholders

The Issuer's shareholder base represents a direct relationship with the local region and its strength as a co-operative company lies in its wide and constantly growing shareholder base. The Issuer fully distinguishes itself through its characteristics as a

credit institution, built on the mutual principles typical of a co-operative company and the business purpose of distributing profits to shareholders. The cooperative nature of the Issuer is reinforced by its broad-based customer shareholding structure and its constant growth.

In terms of geographical areas, the majority of shareholders continue to come from historical areas of operation. However, the progressive expansion of the shareholder base has led to a gradual rise in the number of shareholders from other provinces and regions. Applications for admission as shareholders are received through the branch network, as admission requirements include the existence of a consolidated and ongoing customer relationship with the Issuer. Other requirements are linked to the good reputation and general standing of the person wishing to become a shareholder. The Issuer's ordinary shares are freely transferable in accordance with the law but, under Article 9 of the Issuer's By-laws, a transfer has no effect vis-à-vis the Issuer until it is authorised by the Board of Directors. If no authorisation is provided, the transferor may not exercise any of the rights arising under the shares, other than rights to the assets of the Issuer.

Each shareholder has only one vote, regardless of the number of shares held. Pursuant to Article 30(2) of Legislative Decree No. 385 of 1 September 1993 and Article 12 of the Issuer's By-laws, no shareholder or non-shareholder other than collective investment bodies may have a shareholding in a cooperative bank (*banca popolare*) of more than 0.5 per cent of the share capital. Accordingly, as soon as a breach of such threshold is identified, the Issuer notifies the holder. The shares exceeding such limit (i) may not be recorded on the shareholders' register, (ii) must be transferred within one year of notice by the Issuer to their holder and (iii) the asset rights accruing prior thereto are acquired by the Issuer.

There are no individuals or bodies corporate that individually or jointly, directly or indirectly, exercise or are capable of exercising control over the Issuer and the Issuer is not aware of any shareholders' agreement or other arrangements, the operation of which may at a subsequent date result in a change of control of the Issuer.

Shareholders' Equity

At the end of 2010, consolidated shareholders' equity, inclusive of profit for the year, totalled about €3.5 billion, representing an increase of €776 million or 29% over 2009. The following table shows the Issuer's consolidated shareholders' equity as at 31 December 2010 and 2009.

Shareholders' equity

	As at 31 December	
	2010	2009
	<i>(thousands of euro)</i>	
Valuation reserve	4,280	(11,698)
Equity instruments	41	41
Reserves	443,284	429,320
Issue premiums	2,112,044	1,857,971
Share capital	276,218	254,371
Minority interests	520,323	20,054
Profit (loss) for the year	113,933	121,070
Total shareholders' equity	3,470,123	2,694,525

Affiliates

The "affiliates" are all the companies in which the shareholding percentage (generally over 20%) held by the Issuer is such as to classify them as being under significant influence on the part of the Issuer. The Issuer's affiliates and the relative shareholdings as at 31 December 2010 included the following:

- Co.Fi.To (40%), Eta Finance S.p.A. (30%), MGP S.r.l. (24.5%) and Sintesi 2000 S.r.l. (33.33%), the percentages of which are unchanged compared to 2009;
- SEC Servizi S.C.P.A. ("**SEC Servizi**") in which the Issuer's shareholding increased to 26.29% following the mergers by incorporation into the Issuer of its subsidiaries Banca Popolare di Intra, Banca di Bergamo, Banca Popolare di Monza e Brianza and Veneto Banca S.p.A. (see also "*Information Technology*" below); and
- IPIBI, whose interest dropped from 20.287% to 20.254% following the sale of small lots to minority shareholders.

Since 31 December 2011, Co.Fi.To has merged into the Issuer (as described in "Recent history" above) and, as a consequence, IPIBI has become a subsidiary of the Issuer.

Information Technology

The Issuer outsources its information technology, as it believes that those services have the least added value. Since 1984, the Issuer uses systems and information technology services provided by SEC Servizi, a provider of outsourcing services to the banking sector based in Padua, for all of its main activities. The safety of data is ensured by specialised security products which prevent unauthorised access and unsupervised updating of the system. The Issuer holds 25.185% per cent of SEC Servizi, the remainder being held by other banks that also use its services.

Employees

On 31 December 2010, the Veneto Banca Group had 4,629 employees, an increase of 122 employees, compared to the previous year end. The following table provides a breakdown of the Group's staff by employee type based on a headcount as at 31 December 2010.

Employees of Group companies

Bank/Non-bank staff	As at 31 December	
	2010	2009
Veneto Banca ⁽¹⁾	3,236	3,183
Carifac	438	-
bancApulia ⁽²⁾	798	405
Banca Italo Romena	316	306
- Italy	16	16
- Romania	300	290
Eximbank	429	478
Veneto Banka d.d.	101	110
Veneto Banka Sh.a	70	69
Co.Fi.To	674	-
Total banks consolidated using the line by line method	6,062	4,551
Veneto Ireland Financial Services Ltd.	6	5
Clarifactor	9	8
Clarifactor Leasing	21	22
Italo Romena Leasing	26	28
Clarifactor Broker	-	6
Clarifactor Cinque	11	9
Apulia Prontoprestito	47	-
Total non-banks consolidated using the line-by-line method	120	78
Total	6,182	4,629

(7) Pro forma figure for 2009, including staff of the Issuer, Veneto Banca S.p.A. and Banca Popolare di Intra.

(8) The figure recorded for bancApulia as of 31 December 2009 includes the workforce of the subsidiary Banca Meridiana subsequently transferred to bancApulia.

Investments in human resources, or rather, in human capital and the values, knowledge and specific know-how of that capital, are an increasingly important part of the value creation process for the company. The Issuer believes that its relations with its employees are good and in the last five years there have not been any work stoppages other than banking industry-wide or nationwide stoppages.

Management

Board of Directors

The Issuer is managed by a Board of Directors consisting of 15 members, elected by the shareholders' meeting. The Board of Directors appoints the Chairman and Deputy Chairman. Board members hold office for three financial years, ending with the shareholders' meeting called to approve the financial statements for the last year of their term of office, following which they are eligible for re-election.

The following table sets out the current composition of the Issuer's Board of Directors, following their appointment by shareholders' meetings held on 18 April 2009, 24 April 2010 and 30 April 2011

Name	Office	Principal activity (outside the Issuer)
Flavio Trinca	Chairman	Public accountant
Franco Antiga	Vice Chairman	Entrepreneur
Vincenzo Consoli	Managing Director	-
Francesco Biasia	Director	Entrepreneur
Attilio Carlesso	Director	Public accountant
Fabio Cerchiai	Director	Chairman of ANIA
Vincenzo Chirò	Director	Entrepreneur
Dalla Rovere Ambrogio	Director	Entrepreneur
Alessandro Gallina	Director	Public accountant
Domenico Paolo Raimondo Giraldi	Director	-
Leone Munari	Director	Artisan
Gian Quinto Perissinotto	Director	Public accountant
Paolo Rossi Chauvenet	Director	Doctor
Luigi Terzoli	Director	-
Gianfranco Zoppas	Director	Entrepreneur

In their capacity as directors, the above-mentioned members are domiciled at the Issuer's registered office, Piazza G.B. Dall'Armi 1, 31044 Montebelluna.

Board of Statutory Auditors

The Board of Statutory Auditors (*collegio sindacale*) of the Issuer is made up of three members and two alternate members, who are appointed for a period of three years. The Board of Statutory Auditors is composed of the following members, in charge for the three-year period ending on the date of the shareholders' meeting that approves the Issuer's 2011 annual financial statements.

Name	Office	Principal activity (outside the Issuer)
Diego Xausa	Chairman	Public accountant
Michele Stiz	Auditor	Public accountant
Roberto D'Imperio (*)	Auditor	Public accountant
Martino Mazzocato	Alternate auditor	Public accountant

(*) Former Alternate Auditor, in charge since 7 September 2011 in place of Gianmichele Visentin Graziano, who resigned. As at the date of this Base Prospectus, the ordinary shareholders' meeting required to appoint the new alternate auditor has not yet been convened.

In their capacity as Statutory Auditors, the above-mentioned members are domiciled at the Issuer's registered office, Piazza G.B. Dall'Armi 1, 31044 Montebelluna.

Conflicts of interest

As far as the Issuer is aware, there are no potential conflicts of interest between any of the duties of the Directors and the Statutory Auditors of the Issuer and their private interests and other duties.

Senior management

The following table sets out the names and positions of the Issuer's senior management.

Name	Office
Mosè Fagiani	Joint General Manager
Romeo Feltrin	Joint General Manager
Mauro Gallea	Vice General Manager
Stefano Bertolo	Officer in charge of Preparing Corporate Financial Reports

Auditors

By a shareholders' resolution passed on 25 January 2011, PricewaterhouseCoopers S.p.A. ("PwC") was reappointed as independent auditor of the Issuer's financial statements for the period up to 2018, pursuant to Article 159 of Legislative Decree No. 58 dated 24 February 1998. PwC has its head office at Via Monte Rosa 91, Milan, Italy and is registered with CONSOB under registration number 192449. PwC is also a member of Assirevi (the Italian Society of Auditors).

Litigation

The Issuer is subject to certain claims and is a party to a number of legal proceedings in the normal course of business. However, the Issuer's management is confident that, in respect of any liabilities that may arise, adequate provision has been made in the Issuer's financial statements (*fondo per rischi ed oneri*) and such liabilities, if any, are unlikely to have, in the aggregate, a material adverse effect on the Issuer or its financial condition or results of operations.

Recent Developments

Merger by incorporation of Apulia Service into bancApulia

In the second half of 2011, following shareholders' meetings of both companies on 8 September 2011, Apulia Service S.p.A., a wholly owned subsidiary of bancApulia, merged by incorporation into bancApulia, which thereby reacquired direct ownership of its real estate assets and of the shareholdings held by the former subsidiary.

Cash tender offer on Apulia Prontoprestito shares

On 30 January 2012, bancApulia and HDI Assicurazioni S.p.A. ("**HDI**") launched a cash tender offer in respect of 44,700,000 ordinary shares of €1.00 in nominal value of Apulia Prontoprestito S.p.A. ("**Apulia Prontoprestito**") at an offer price of €0.30 per share. Listed on the *Mercato Telematico Azionario* of Borsa Italiana S.p.A., the shares to be purchased represent 18.94 per cent. of the share capital of Apulia Prontoprestito, with the remainder of its share capital already held by the offerors, bancApulia and HDI. The offer period was originally intended to expire on 24 February 2012, but has been extended to 16 March 2012, with payment of the consideration for the shares expected to be made on 21 March 2012.

Securitisation

During 2011, Veneto Banca, together with bancApulia and Carifac, set up a securitisation transaction with the assignment of residential mortgages to the vehicle Claris ABS 2011 S.r.l. at a price equal to the outstanding debt on those assets, which was then followed by the issue by the vehicle in February 2012 of asset backed securities of a principal amount of approximately Euro 2.6 million, which were wholly subscribed for by Veneto Banca and other banks in the Group so as to constitute eligible collateral and thereby obtain funding from the European Central Bank.

OVERVIEW FINANCIAL INFORMATION RELATING TO THE ISSUER

The following tables present:

- (i) consolidated balance sheet and profit and loss account information of the Issuer as at and for the years ended 31 December 2010 and 2009, derived from the Issuer's audited consolidated annual financial statements as at and for the year ended 31 December 2010; and
- (ii) consolidated balance sheet information of the Issuer as at 30 June 2011 and 31 December 2010 and consolidated profit and loss account information of the Issuer for the six months ended 30 June 2011 and 2010, derived from the Issuer's unaudited consolidated half-yearly financial information as at and for the six months ended 30 June 2011.

This information should be read in conjunction with, and is qualified in its entirety by reference to the full audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2010 and 2009, and the unaudited consolidated half-yearly financial information of the Issuer as at and for the six months ended 30 June 2011, in each case together with the accompanying notes and auditors' reports, all of which are incorporated by reference in this Base Prospectus.

The Issuer has prepared its consolidated annual financial statements and its half-yearly financial information in accordance with International Financial Reporting Standards, as adopted by the European Union and as implemented under the Bank of Italy's instructions contained in Circular 262 of 22 December 2005 and related transitional regulations in Italy. PricewaterhouseCoopers S.p.A., auditors to the Issuer, have audited the annual consolidated financial statements of the Issuer as at and for the years ended 31 December 2010 and 2009, and have performed a limited review on the half-yearly financial information of the Issuer as at and for the six months ended 30 June 2011 in accordance with CONSOB Regulation No. 10867 of 31 July 1997.

CONSOLIDATED ANNUAL BALANCE SHEETS

Assets	As at 31 December	
	2010	2009
	<i>(thousands of Euros)</i>	
Cash and balances	171,835	140,992
Financial assets held for trading	619,176	193,371
Financial assets designated at fair value	71,396	58,414
Financial assets available for sale	1,962,916	761,726
Financial assets held to maturity	6,384	161,082
Loans to banks	1,390,722	1,376,915
Loans to customers	25,736,159	17,798,787
Hedging derivatives	76,202	31,827
Value adjustment to financial assets covered by generic hedging (+/-)	21,976	-
Equity Investments	13,639	182,417
Tangible fixed assets	491,863	261,774
Intangible fixed assets	1,395,135	1,070,620
<i>of which</i>		
- goodwill	1,275,021	1,002,369
Tax assets	323,639	207,846
<i>a) current</i>	56,487	39,282
<i>b) prepaid</i>	267,152	168,564
Non-current assets and groups of assets held for sale	241,386	-
Other assets	534,038	599,546
Total assets	33,056,466	22,845,317

CONSOLIDATED ANNUAL BALANCE SHEETS

Liabilities	As at 31 December	
	2010	2009
	<i>(thousands of Euros)</i>	
Due to bank.....	3,310,594	1,512,035
Due to customers	15,250,985	11,860,632
Short-term securities	9,082,775	5,864,058
Financial liabilities held for trading	350,169	144,771
Financial liabilities designated at fair value	284,851	80,463
Hedging derivatives	53,114	3,432
Tax liabilities	113,051	40,036
<i>a) current</i>	48,566	20,547
<i>b) deferred</i>	64,485	19,489
Liabilities associated with groups of assets held for sale	230,622	-
Other liabilities	771,837	541,715
Employees' severance fund	52,740	42,067
Provisions for risks and charges.....	85,605	61,583
<i>a) pension funds and similar provisions</i>	508	-
<i>b) other provisions</i>	85,097	61,583
Valuation reserve	4,280	11,698
Equity instruments	41	41
Reserves.....	443,284	429,320
Issue premiums	2,112,044	1,857,971
Share Capital.....	276,218	254,371
Minority interests	520,323	20,054
Profit (loss) for the year (+/-).....	113,933	121,070
Total liabilities and shareholders' equity	33,056,466	22,845,317

CONSOLIDATED ANNUAL PROFIT AND LOSS ACCOUNTS

	For the year ended 31 December	
	2010	2009
	<i>(thousands of Euro)</i>	
Interest income and similar items	977,192	893,568
Interest expense and similar items	(409,345)	(418,772)
Interest margin.....	567,847	474,796
Fees and commission income	402,516	237,621
Fees and commission expenses	(87,404)	(52,932)
Net commissions	315,112	184,689
Dividends and similar income	9,282	2,619
Net profit on trading	47,378	32,113
Net profit on hedging operations	4,660	1,640
Profit (loss) on disposal or repurchase of:	33,086	(1,603)
<i>a) loans.....</i>	<i>2,785</i>	<i>(34,124)</i>
<i>b) financial assets available for sale</i>	<i>12,781</i>	<i>6,706</i>
<i>c) financial assets held to maturity.....</i>	<i>9,225</i>	<i>-</i>
<i>d) financial liabilities</i>	<i>8,295</i>	<i>25,815</i>
Net profit on financial assets and liabilities designated at fair value ..	(837)	(3,780)
Earning margin.....	976,528	690,474
Net write-downs/write-backs for deterioration of:	(120,540)	(116,524)
<i>a) loans.....</i>	<i>(115,075)</i>	<i>(113,961)</i>
<i>b) financial assets available for sale</i>	<i>(4,669)</i>	<i>(46)</i>
<i>d) other financial transactions.....</i>	<i>(796)</i>	<i>(2,517)</i>
Net financial profit.....	855,988	573,950
Administrative expenses:	(638,960)	(463,293)
<i>a) personnel costs</i>	<i>(371,258)</i>	<i>(273,955)</i>
<i>b) other administrative expenses</i>	<i>(267,702)</i>	<i>(189,338)</i>
Net allocations to provisions for risks and charges	(20,093)	(25,040)
Net write-down/write-back of tangible fixed assets	(32,697)	(25,376)
Net write-down/write-back of intangible assets	(10,879)	(5,594)
Other operating income/ charges	40,829	36,477
Operating expenses	(661,800)	482,826
Profit (Loss) on all equity investments	534	4,335
Adjustments to goodwill	(1,396)	-
Profit (Loss) on disposal of investments	2,666	72,058
Profit (Loss) on ordinary activities before taxes.....	195,992	167,517
Income taxes for the year on ordinary activities	(72,563)	(43,450)
Profit (Loss) on ordinary activities net of taxes.....	123,429	124,067
Profit (loss) on groups of assets held for sale net of taxes	2,040	-
Profit (loss) for the year.....	125,469	124,067
Third party (profit) loss for the year	11,536	(2,997)
Parent company profit (loss) for the year	113,933	121,070

CONSOLIDATED SEMI-ANNUAL BALANCE SHEETS

Assets	As at 30 June 2011 Unaudited	As at 31 December 2010 Unaudited
	<i>(thousands of Euro)</i>	
Cash and liquid funds	206,892	171,835
Financial assets held for trading.....	707,744	619,176
Financial assets designated at fair value	71,448	71,396
Financial assets available for sale	3,382,409	1,962,916
Financial assets held to maturity.....	6,675	6,384
Loans to banks	1,590,292	1,390,722
Loans to customers	26,682,245	25,736,159
Hedging derivatives	64,119	76,202
Adjustment of value of financial assets subject to generic coverage.....	13,512	21,976
Equity Investments	14,406	13,639
Technical reserves chargeable to reinsurers.....	15,195	-
Tangible assets.....	498,527	535,041
Intangible assets.....	1,382,458	1,368,269
<i>of which</i>		
- goodwill.....	1,184,423	1,184,423
Tax assets.....	556,074	323,639
a) current.....	70,538	56,487
b) prepaid.....	485,536	267,152
Non-current assets and groups of assets being disposed.....	76	241,386
Other assets.....	647,558	543,161
Total assets	35,839,630	33,081,901

	As at 30 June 2011 Unaudited	As at 31 December 2010 Unaudited
	<i>(thousands of Euros)</i>	
Due to banks	3,871,466	3,310,594
Due to customers	15,571,426	15,250,985
Short-term securities	10,736,015	9,082,775
Financial liabilities held for trading	338,209	350,169
Financial liabilities designated at fair value	250,678	284,851
Hedging derivatives	73,442	53,114
Tax liabilities	133,385	140,649
a) current.....	14,847	48,566
b) deferred.....	118,538	92,083
Liabilities associated with groups of assets being disposed	28	230,622
Other liabilities	1,118,234	771,837
Employees' severance fund	52,258	52,740
Funds for risks and charges.....	81,815	85,605
a) retirement and similar obligations.....	488	508
b) other provisions.....	81,327	85,097
Technical reserves	213,816	-
Valuation reserve	49,608	4,280
Equity instruments	41	41
Reserves.....	363,889	443,284
Issue premiums	2,158,568	2,112,044
Share capital	285,398	276,218
Own shares.....	(5,039)	-
Minority interests.....	414,857	519,025
Profit (loss) for the year (+/-).....	131,536	113,068
Total liabilities and shareholders' equity	35,839,630	33,081,901

UNAUDITED CONSOLIDATED HALF-YEARLY PROFIT AND LOSS ACCOUNT

	For the six months ended 30 June	
	2011	2010
	Unaudited	Unaudited
	<i>(thousands of euro)</i>	
Interest income and similar revenues	574,787	465,672
Interest expense and similar charges	(288,484)	(191,991)
Interest margin	286,303	273,681
Commission income	203,228	171,957
Commission expense	(36,776)	(35,251)
Net commissions	166,452	136,706
Dividends and similar income	6,553	7,822
Net profit on trading	18,588	2,830
Net profit on hedging	6,627	1,634
Profits (losses) from sale of	6,054	17,375
<i>a) loans</i>	<i>1,553</i>	<i>1,109</i>
<i>b) financial assets available for sale</i>	<i>1,298</i>	<i>5,208</i>
<i>c) financial assets held to maturity</i>	<i>-</i>	<i>9,145</i>
<i>d) financial liabilities</i>	<i>3,203</i>	<i>1,913</i>
Net result of financial assets and liabilities measured at fair value	217	(570)
Earning margin	490,794	439,478
Net write-downs/write-backs for impairment of	(81,529)	(57,659)
<i>a) loans</i>	<i>(75,660)</i>	<i>(53,152)</i>
<i>b) financial assets available for sale</i>	<i>(6,677)</i>	<i>(5,183)</i>
<i>d) other financial operations</i>	<i>808</i>	<i>676</i>
Net result of financial management	409,265	381,819
Net premiums	4,197	-
Balance other income/expense of the insurance management ...	(6,347)	-
Net result of financial and insurance management	407,115	381,819
Administrative costs	(337,816)	(294,661)
<i>a) personnel costs</i>	<i>(201,707)</i>	<i>(176,555)</i>
<i>b) total other administrative expenses</i>	<i>(136,109)</i>	<i>(118,106)</i>
Net allocations to provisions for risks and charges	(7,532)	(7,656)
Net write-downs/write-backs of tangible fixed assets	(16,018)	(15,544)
Net write-downs/write-backs on intangible fixed assets	(8,690)	(5,066)
Other operating income/charges	21,465	16,445
Operating expenses	(348,591)	(306,482)
Profit (Loss) on equity investments	(344)	1,407
Profit (Loss) on disposal of investments	(4)	299
Profit (Loss) on ordinary activities before taxation	58,176	77,043
Income taxes for the year	75,665	(37,102)
Profit (Loss) on ordinary activities net of taxation	133,841	39,941
Profit (Loss) of groups of assets being disposed, net of taxation	(12)	1,010
Profit (Loss) for the year	133,829	40,951
Minority interests (profit) loss for the year	2,293	(871)
Parent (bank) company profit (loss) for the year	131,536	41,822

TAXATION

The following is a general description of certain Italian tax considerations relating to the purchase, the ownership and the disposal of Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes and does not discuss every aspect of Italian taxation that may be relevant to a holder of the Notes if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

This summary is based upon Italian tax laws and practice in effect as at the date of this Base Prospectus, which may be subject to change, potentially with retroactive effect. For Noteholders who are not resident in Italy for tax purposes, applicable tax treaties may reduce or nullify the tax rates set out below.

Prospective Noteholders should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction, of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any State, regional or local tax laws. This summary will not be updated to reflect changes in laws and if such a change occurs the information in this summary could become invalid.

Italian Tax Treatment of the Notes

Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented ("**Decree No. 239**"), regulates 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 certain securities issued, *inter alia*, by Italian resident banks. The provisions of Decree No. 239 apply to Notes issued by the Issuer that qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree No. 917**"). A tax reform relating to income from securities and capital gains was introduced by Law Decree No. 138 of 13 August 2011, converted into Law No. 148 of 14 September 2011, entered into force as from 1 January 2012 ("**Decree No. 138**"). Pursuant to Decree No. 138, as from 1 January 2012, the maturity date of Notes is not relevant for the application of the tax regime provided for by Decree No. 239. As a consequence the described tax treatment applies irrespective as to whether or not the maturity date of the Notes exceeds 18 months.

Taxation of interest

Italian resident Noteholders

Pursuant to Decree No. 239, as amended:

- (a) payments of Interest accrued as from 1 January 2012 are subject to a final *imposta sostitutiva* at the rate of 20 per cent. if made to beneficial owners who are: (i) individuals resident in Italy for tax purposes not holding the Notes in connection with entrepreneurial activities, unless they have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the *Risparmio Gestito* regime according to Article 7 of Legislative Decree No. 461 of 21 November 1997 (see "*Capital gains*" below); (ii) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), *de facto* partnerships not carrying out commercial activities and professional associations; (iii) Italian resident public and private entities, other than companies and trusts, not carrying out commercial activities; and (iv) investors exempt from Italian corporate income taxation.

In the event that the Noteholders described under (i) and (iii) above are engaged in entrepreneurial activities to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

- (b) payments of Interest in respect of Notes are not subject to *imposta sostitutiva* if made to beneficial owners that are: (i) Italian resident corporations or permanent establishments in Italy of non-resident entities to which the Notes are effectively connected; (ii) Italian resident collective investment funds, Italian resident pension funds and Italian resident real estate investment funds; (iii) Italian resident partnerships carrying out commercial activities (*società in nome collettivo* or *società in accomandita semplice*); (iv) Italian resident individuals not holding the Notes in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the *Risparmio Gestito* regime.

To ensure that payment of Interest in respect of Notes is made without the application of the *imposta sostitutiva*, investors indicated in sub-paragraph (b) above must (i) be the beneficial owners of Interest payments; and (ii) deposit the Notes and the relevant coupons (if any) in due time directly or indirectly with an Italian authorised financial intermediary or a

permanent establishment in Italy of a foreign intermediary (hereinafter referred to as the "**Intermediary**" and collectively, the "**Intermediaries**").

Interest accrued on the Notes are included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholders, also in the net value of production for the purposes of regional tax on productive activities - IRAP) of beneficial owners who are Italian resident corporations or Italian permanent establishments of foreign entities to which the Notes are effectively connected, subject to taxation according to the ordinary rules and at the ordinary rates.

Italian resident collective investment funds (the "**Funds**") would not be subject to *imposta sostitutiva* provided that the Notes and the relevant coupons (if any) are deposited in a proper and timely manner directly or indirectly with an Intermediary. In such case, Interest are included in the annual net accrued result of the Fund, which may be subject to a withholding tax of 20 per cent. upon distribution to the unitholders (final or on account depending on the status of the unitholder).

Italian pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 of 5 December 2005 (the "**Pension Funds**") are generally subject to an 11 per cent substitute tax on their annual net accrued result. To the extent that the Notes and the relevant coupons (if any) are deposited in a proper and timely manner directly or indirectly with an Intermediary, Interest on Notes is not subject to *imposta sostitutiva* but is included in the calculation of said annual net accrued result.

Where a Noteholder is an Italian resident real estate investment fund to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply, Interest accrued on the Notes is subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund to the extent that the Notes and the relevant Coupons (if any) are deposited in a proper and timely manner directly or indirectly with an Intermediary. Law Decree No. 70 of 13 May 2011 ("**Decree No. 70**") recently introduced some amendments to the tax regime applicable to the amounts paid by real estate investment funds to their unitholders. However, Decree No. 70 did not amend the tax regime applicable to Interest received by Italian real estate investment funds.

Non-Italian resident Noteholders

Interest in respect of Notes paid to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, are not subject to *imposta sostitutiva* provided that:

- (a) such beneficial owners are resident, for tax purposes, in a white-listed State or territory included in the list set forth by the Italian Ministerial Decree dated 4 September 1996, as amended from time to time. According to Law No. 244 of 24 December 2007, a decree still to be issued is proposed to introduce a new "white list" replacing the current one; and
- (b) all the requirements and procedures set forth in Decree No. 239 and in its implementation rules in order to benefit from the exemption from *imposta sostitutiva* are met and complied with in due time.

Decree No. 239 also provides for additional exemptions from *imposta sostitutiva* on Interest paid to (i) international bodies or entities set up in accordance with international agreements which have entered into force in Italy; (ii) institutional investors, whether or not subject to tax, established in a State or territory allowing for an adequate exchange of information with Italy; and (iii) Central Banks or other entities managing, *inter alia*, the official reserves of a foreign State.

To ensure that payment of Interest in respect of Notes is made without the application of *imposta sostitutiva*, investors indicated above must (i) be the beneficial owners of Interest payments (or must be certain non-Italian resident institutional investors); (ii) deposit in due time the Notes together with the relevant coupons (if any) directly or indirectly with an Intermediary; and (iii) file in due time with the relevant depository a declaration, in which they declare that they are eligible to benefit from the applicable exemption from *imposta sostitutiva* (certain non-Italian resident institutional investors may be required to file certain additional documentation). Such declaration is valid until withdrawn or revoked and must not be submitted if a certificate, declaration or other similar document meant for equivalent uses has been submitted previously to the same depository.

Notes classified as atypical securities

Interest payments relating to Notes qualifying as *titoli atipici* ("atypical securities") pursuant to Article 5 of Law Decree No. 512 of 30 September 1983, as amended by Decree No. 138, as from 1 January 2012, are subject to withholding tax levied at a rate of 20 per cent. (final or on account depending on the "status" and tax residence of the Noteholder).

Fungible issues

Pursuant to article 11, paragraph 2 of Decree No. 239, where the relevant Issuer issues a new Tranche forming part of a single series with a previous Tranche, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva*, the issue price of the new Tranche is deemed to be the same amount as the issue price of the original Tranche. This rule

applies where the (a) the new Tranche is issued within 12 months from the issue date of the previous Tranche and (b) the difference between the issue price of the new Tranche and that of the original Tranche does not exceed 1 per cent. multiplied by the number of years of duration of the Notes.

Capital gains

Italian resident Noteholders

Pursuant to Legislative Decree No. 461 of 21 November 1997 ("**Decree No. 461**") as amended, *inter alia*, by Decree No. 138, a 20 per cent. Italian capital gains tax ("**CGT**") is in certain cases applicable to capital gains realised on the sale or transfer of the Notes for consideration or on redemption thereof.

For the purposes of determining the taxable capital gain, any Interest on the Notes accrued and unpaid up to the time of, respectively, the purchase and the sale of the Notes must be deducted both from the purchase price and the sale price.

The CGT is payable on capital gains realised by Italian resident individual Noteholders not engaged in entrepreneurial activities to which the Notes are effectively connected. Such Noteholders can opt for one of the three following regimes:

- (a) pursuant to the tax return regime (*Regime della Dichiarazione*), which is the standard regime, the Noteholder has to assess the overall capital gains realised in a given fiscal year, net of any relevant incurred capital losses, in his annual income tax return and pay CGT due on capital gains so assessed together with the income tax due for the same fiscal year. Capital losses exceeding capital gains can be carried forward to offset capital gains of the same kind in the following fiscal years up to the fourth. Pursuant to Decree No. 138, only 62.5 per cent. of capital losses incurred up to 31 December 2011 can be offset against capital gains realised after 31 December 2011 (within the original time framework). As such regime constitutes the ordinary regime, the Noteholder must apply it whenever he does not opt for any of the two other regimes;
- (b) pursuant to the discretionary investment portfolio regime (*Risparmio Amministrato* regime), the Noteholder may elect to pay CGT separately on capital gains realised on each sale, transfer or redemption of the Notes. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with an Intermediary and (ii) an express election for the *Risparmio Amministrato* regime being made in due time in writing by the relevant Noteholder. The *Risparmio Amministrato* lasts for the entire fiscal year unless revoked. The Intermediary is responsible for accounting for CGT in respect of capital gains realised on each sale, transfer or redemption of the Notes. Where a particular sale, transfer or redemption of the Notes results in a net loss, the Intermediary is entitled to deduct such loss from gains subsequently realised on assets held by the Noteholder with the same Intermediary within the same relationship of deposit, in the same fiscal year or in the following fiscal years up to the fourth. Pursuant to Decree No. 138, only 62.5 per cent. of capital losses incurred up to 31 December 2011 can be offset against capital gains realised after 31 December 2011 (within the original time framework). The Noteholder is not required to declare the gains in its annual income tax return and remains anonymous; and
- (c) pursuant to the discretionary investment portfolio regime (*Risparmio Gestito* regime), if the Notes are part of a portfolio managed by an Italian asset management company, capital gains are not subject to CGT, but contribute to determine the annual net accrued result of the portfolio, which is subject to an ad-hoc 20 per cent. substitute tax to be applied on behalf of the Noteholder by the asset management company. Any net capital losses of the investment portfolio accrued at year-end may be carried forward and offset against future net profits accrued in each of the following fiscal years up to the fourth one. Under such regime the Noteholder is not required to declare the capital gains in its annual income tax return and remains anonymous. Pursuant to Decree No. 138, only 62.5 per cent. of net capital losses of the investment portfolio accrued until 31 December 2011 may be carried forward and offset against future net accrued profits (within the original time framework).

Any capital gain realised upon the sale for consideration or redemption of the Notes is treated as part of the taxable business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant tax provisions, if derived by Noteholders who are (i) Italian resident companies or similar commercial entities; (ii) Italian permanent establishments of foreign entities to which the Notes are effectively connected; or (iii) Italian resident individuals engaged in entrepreneurial activities, where such capital gains are realised within the scope of the entrepreneurial activity carried out.

In the case of Notes held by Funds, capital gains realised upon disposal of the Notes are not taxable at the level of such Funds. Generally, a 20 per cent. withholding tax applies on distributions to the unitholders (on account of taxes or as final tax depending on the status of the unitholder), subject to certain exemptions. This rule applies from 1 July 2011 pursuant to the recent reform of the tax regime applicable to investment funds introduced by Law Decree No. 225 of 29 December 2010, converted into Law No. 10 of 26 February 2011.

In the case of Notes held by Italian Pension Funds, capital gains on the Notes contribute to determine the annual net accrued result of same Pension Funds, which is generally subject to an 11 per cent. substitute tax.

Capital gains on Notes held by Italian Real Estate Investment Funds are not taxable at the level of same Real Estate Investment Funds, save for the tax regime recently introduced by Law Decree No. 70 of 13 May 2011 with respect to the taxation of units holders (see paragraph "*Taxation of Interest*" above).

Non-Italian resident Noteholders

The 20 per cent. CGT may in certain circumstances be payable on capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market (as defined in the EC Directive No. 2004/39/EC) in Italy or abroad, and that in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions of any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

- (a) pursuant to the provisions of Legislative Decree No. 461, Law Decree No. 350 of 25 September 2001 and Decree No. 239, as modified in particular by Article 41 of Law Decree No. 269 of 30 September 2003, non-Italian resident beneficial owners of Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from taxation in Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes, in a country which recognises the Italian tax authorities' right to a satisfactory exchange of information (included in the "white list" as amended and supplemented, see paragraph "*Taxation of Interest*" above).

In this circumstance, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the *Risparmio Gestito* regime, exemption from Italian taxation on capital gains applies on the condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement of residence, for tax purposes, in one of the above mentioned countries which recognises the Italian fiscal authorities' right to a satisfactory exchange of information;

- (b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, subject to the relevant procedural requirements are not subject to taxation in Italy on any capital gains realised upon sale for consideration or redemption of the Notes.

In these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the *Risparmio Gestito* regime, exemption from Italian taxation on capital gains generally applies on the condition that they file in time with the authorised financial intermediary appropriate documents which include, *inter alia*, a certificate of residence from the competent tax authorities of the country of residence of the non-Italian resident.

Inheritance and gift taxes

Subject to certain conditions, transfer of Notes, mortis causa or by reason of donation, are subject to inheritance and gift taxes.

Inheritance and gift taxes apply according to the following rates and exclusions:

- (a) transfers to spouses and to direct relatives: 4 per cent. on the value of the Notes exceeding €1 million for each beneficiary;
- (b) transfers to brothers and sisters: 6 per cent. on the value of the Notes exceeding €100,000 for each beneficiary;
- (c) transfers to relatives (*parenti*) within the fourth degree, to direct relatives in law (*affini in linea retta*), indirect relatives in law (*affini in linea collaterale*) within the third degree other than the relatives indicated above: 6 per cent. on the value of the Notes; and
- (d) other transfers: 8 per cent. on the value of the Notes.

If the heir/beneficiary is affected by a handicap deemed "critical" pursuant to Law No. 104 of 5 February 1992, inheritance and gift taxes apply only on the value of the Notes exceeding € 1,500,000.

Transfer tax and stamp duty (bollo) on securities account (deposito titoli)

Article 37 of Law Decree No. 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, abolished the Italian transfer tax (*fissato bollato*) provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) executed in Italy should be subject to a lump sum €168 registration tax; (ii) private deeds (*scritture private non autenticate*) should be subject to a lump sum €168 registration tax only in the case of use or voluntary registration.

In this respect, the European Commission has recently formulated a proposal for a Council Directive on a common system of financial transaction tax applicable, from 1 January 2014, to all financial transactions with certain exemption (see Communication COM(2011)594 of 28 September 2011).

Pursuant to Law Decree 6 December 2011, No. 201 a stamp duty (*bollo*) is due at the rate of 0.1 per cent. for the fiscal year 2012 and 0.15 per cent. as of fiscal year 2013 computed on the market value of the Notes, if deposited c/o an Italian resident financial intermediary or c/o an Italian permanent establishment of a foreign financial intermediary. Should the market value be absent the tax base would correspond to the nominal or redemption value of the Notes .

If the Notes are held abroad (i.e. c/o foreign financial intermediary or c/o a foreign permanent establishment of an Italian financial intermediary) by Italian resident individuals, a property tax is due at the rate of 0.1 per cent. for the fiscal year 2012 and 0.15 per cent. as of fiscal year 2013, computed on the market value of the Notes. Should the market value be absent the tax base would correspond to the nominal or redemption value of the Notes.

Tax monitoring obligations

Pursuant to Law Decree No. 167 of 28 June 1990, individuals, non-profit entities and certain partnerships (in particular, *società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy under certain conditions are required to report in their yearly income tax declaration, for tax monitoring purposes:

- (a) the amount of securities (including the Notes) held abroad at the end of each tax year, if exceeding €10,000 in the aggregate; and
- (b) the amount of any transfers from abroad, sent abroad and occurring abroad, related to such securities, that occurred during each tax year, if exceeding €10,000 in the aggregate, even if at the end of the tax year the securities are no longer held by such investors.

The above persons are, however, not required to comply with the above reporting requirements in respect of securities deposited for management with qualified Italian financial intermediaries and in respect of contracts entered into through their intervention, upon condition that the items of income derived from such securities are collected through the intervention of the same intermediaries.

Luxembourg Taxation

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 Base 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 Issuer 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) application of the Luxembourg Law of 21 June 2005 implementing the Savings Tax Directive (as defined below) and several agreements concluded with certain dependent or associated territories and providing for the possible application of a withholding tax (at 35 per cent. since 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 above-mentioned directive and agreements (see "*EU Directive on the Taxation of Savings Income*" below); and
- (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 law of 21 June 2005 implementing the Savings Tax Directive), which applies to savings income accrued as from 1 July 2005 and paid as from 1 January 2006.

Pursuant to the Law of 23 December 2005 as amended by the Law of 17 July 2008, Luxembourg resident individuals can opt to declare the relevant income and pay a 10 per cent. levy on interest payments made by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an agreement directly relating to the Savings Tax Directive. The 10 per cent. withholding tax described above or the 10 per cent. levy are final when Luxembourg resident individuals are acting in the context of the management of their private wealth. Responsibility for the withholding of tax in application of the above-mentioned laws is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.

EU Savings Tax Directive

Under the EU Savings Tax Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings 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 rates rising over time to 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 full 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.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, 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

Italy has implemented the Savings Tax Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and which are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian Tax Authorities details of the relevant payments and personal information relating to the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the beneficial owner's State of residence.

Implementation in Luxembourg

The EU Savings Tax Directive was implemented in Luxembourg by the Law 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 an amended and restated dealer agreement dated 7 March 2012 (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 Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of 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 permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer 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 the subject of the offering contemplated by the 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 such Notes to the public in that Relevant Member State:

- (a) *Qualified investors:* at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) *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
- (c) *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 above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of 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, the expression "**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 and includes any relevant implementing measure in each Relevant Member State.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer 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.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that sales of the Notes in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

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 or any other document relating to the Notes in Italy except:

- a) 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 in Articles 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**"); or
- b) in any other circumstances where an express exemption from compliance with offering 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 the Base Prospectus or any other document relating to the Notes in Italy must be:

- a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in 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 Italy (with a minimum denomination lower than €50,000 - or €100,000 from 1 July 2012 - or its equivalent in another currency), Article 100-bis of 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 Decree No. 58 applies.

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 Dealer 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 and 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

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other 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 possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

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

GENERAL INFORMATION

Approval, Listing 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 which will be admitted to trading on the official list 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.

For the purposes of obtaining admission of any Tranche of Notes to trading on a regulated market in a Member State of the European Economic Area (an "**EEA Member State**"), the Issuer may, on or after the date of this Base Prospectus, make applications to the CSSF for one or more certificates of approval under Article 18 of the Prospectus Directive (as implemented in Luxembourg) to the competent authority of any other EEA Member State.

Authorisation

The 2012 update of the Programme was authorised by the Board of Directors of the Issuer on 31 January 2012. 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.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

Trend Information

Since 31 December 2010 there has been no material adverse change in the prospects of the Issuer.

No Significant Change

Since 30 June 2011 (being the end of the last period for which audited financial information or interim financial information has been published), there has been no significant change in the financial or trading position of the Group.

Auditors

PricewaterhouseCoopers S.p.A. has audited, and rendered unqualified audit opinions on the consolidated financial statements of the Issuer as of and for the years ended 31 December 2009 and 2010.

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, where the Notes are issued in a currency other than euro, the equivalent amount in such other currency).

Documents on Display

For so long as the Programme remains in effect or the Notes are outstanding, physical copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the specified office of Fiscal Agent:

- (a) the constitutive documents of the Issuer;
- (b) 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 half-yearly financial information of the Issuer as at and for the six months ended 30 June 2011;

- (c) the Agency Agreement;
- (d) the Deed of Covenant;
- (e) the Dealer Agreement;
- (f) the Programme Manual (which contains the forms of the Notes in global and definitive form);
- (g) 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);
- (h) this Base Prospectus and any supplement to this Base Prospectus and any other document incorporated by reference herein or therein; and
- (i) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form).

Post-issuance information

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

Material Contracts

Neither the Issuer nor any of its subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may be reasonably expected to be material to their ability to meet their obligations to Noteholders.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates, including parent companies, have engaged, and may in the future engage, in investment banking and/or commercial banking transactions (including the provision of loan facilities and/or securitisation transactions) and other related transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.

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 Tranche will be specified in the relevant Final Terms. 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.

Rating Agencies

Each of Fitch Italia S.p.A., Moody's Italia S.r.l. and Standard & Poor's Credit Market Services Italy S.r.l. is established in the EEA and registered under the CRA Regulation, and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-CRAs>.

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To the Dealers as to Italian and English law:
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