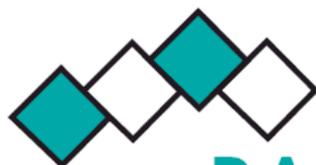


BANCA CARIGE S.p.A.—CASSA DI RISPARMIO DI GENOVA E IMPERIA



BANCA CARIGE

Cassa di Risparmio di Genova e Imperia

(Incorporated with limited liability in the Republic of Italy)

€4,000,000,000

Euro Medium Term Note Programme

Arranger

UBS Investment Bank

Dealers

Banca IMI

BNP PARIBAS

Crédit Agricole Corporate & Investment Bank

Deutsche Bank

HSBC

J.P. Morgan

Morgan Stanley

UBS Investment Bank

WestLB AG

Barclays Capital

BofA Merrill Lynch

Credit Suisse

Goldman Sachs International

ING Commercial Banking

Mediobanca S.p.A.

Natixis

UniCredit Bank

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**) and for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries and affiliates taken as a whole (the **Group**) which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. The Issuer (the **Responsible Person**) accepts responsibility for the information contained in this Prospectus. 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 this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”).

This Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for 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, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Under the Euro Medium Term Note Programme described in this Prospectus (the **Programme**), Banca Carige S.p.A.—Cassa di Risparmio di Genova e Imperia (the **Issuer** or the **Bank**), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the **Notes**). The aggregate nominal amount of Notes outstanding will not at any time exceed €4,000,000,000 (or the equivalent in other currencies).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, for the approval of this Prospectus as a base prospectus for the purposes of the Prospectus Directive. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme for the period of 12 months from the date of this Prospectus to be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange. Such market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and traded on the regulated market of the Luxembourg Stock Exchange (or any other stock exchange).

Each Series of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a **temporary Global Note**) or a permanent global note in bearer form (each a **permanent Global Note**). Notes in registered form will be represented by registered certificates (each a **Certificate**), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. If the Global Notes are stated in the applicable Final Terms to be issued in new global note (**NGN**) form they are intended to be eligible collateral for Eurosystem monetary policy and the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) (the **Common Depositary**).

Global Notes which are not issued in NGN form (**Classic Global Notes** or **CGNs**) and Certificates will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the **Common Depositary**). The provisions governing the exchange of interests in

Global Notes for other Global Notes and definitive Notes are described in “*Summary of Provisions Relating to the Notes while in Global Form*”.

As more fully set out in “*Taxation—Italy*”, capital gains realised on any sale of the Notes for consideration are subject, in principle, to a 12.5 per cent. capital gains tax (referred to as *imposta sostitutiva*).

Payment of interest, premium or other proceeds relating to the Notes which (a) qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Italian Presidential Decree No. 917 of 22 December 1986, as amended, and (b) have an original maturity of 18 months or longer are subject to a withholding tax (referred to as *imposta sostitutiva*) of 12.5 per cent. in certain circumstances.

In order to obtain exemption at source from *imposta sostitutiva* in respect of payments of interest, premium or other proceeds relating to the Notes, each Noteholder not resident in the Republic of Italy and resident in a country which allows for an adequate exchange of information with the relevant tax authorities is required to provide a declaration valid up to revocation in which such Noteholder declares that such Noteholder meets the exemption requirements set forth in Article 6, 1st paragraph of Legislative Decree 239/96, as amended, all as more fully set out in “*Taxation—Italy*”.

In the absence of the foregoing declaration, payments of interest, premium or other amounts relating to the Notes are subject to *imposta sostitutiva* of 12.5 per cent.

Notes which (a) qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Italian Presidential Decree No. 917 of 22 December 1986, as amended, and (b) have an original maturity of less than 18 months are subject to a withholding tax at the rate of 27.0 per cent. per annum (final or on account) in respect of interest, premium (if any) and other proceeds, pursuant to Italian Presidential Decree No. 600 of 29 September 1973, as amended. The Issuer will not be liable to pay any additional amounts to Noteholders in relation to any such withholding.

Notes that are not deemed to fall within the category of *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Italian Presidential Decree No. 917 of 22 December 1986, as amended, but qualify as *titoli atipici* (atypical securities) for Italian tax purposes, are subject to a withholding tax at the rate of 27 per cent. (final or on account) in respect of interest and other proceeds, pursuant to Italian Law Decree No. 512 of 30 September 1983 (implemented by Law No. 649 of 25 November 1983), as amended. The Issuer will not be liable to pay any additional amounts to Noteholders in relation to any such withholding. No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in “*General Description of the Programme*”). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 (the **Securities Act**) and include Notes in bearer form that 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. For a description of certain restrictions on offers and sales of Notes and on the distribution of this Prospectus, see “*Subscription and Sale*”.

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

The Arranger and the Dealers have not separately verified the information contained in this Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. To the fullest extent permitted by law, none of the Dealers or the Arranger accepts any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above, which they might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be

considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Prospective investors should have regard to the factors described under the section headed “*Risk Factors*” in this Prospectus. The Prospectus does not describe all of the risks of an investment in the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche of Notes, 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 persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to **USD**, **U.S.\$** and **\$** are to the lawful currency of the United States of America and to **€** or **euro** are to the lawful currency of the member states of the European Union (the **Member States**) that have adopted the single currency in accordance with the Treaty on the Functioning of the European Union as amended.

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

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Summary of the Programme

This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (an **EEA State**), no civil liability will attach to the Responsible Person in any such Member State solely on the basis of this summary, including any translation hereof, if it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

The following summary is qualified in its entirety by the remainder of this document.

Overview: Banca Carige S.p.A. (**Banca Carige**, **Carige**, the **Bank**, or the **Parent Company**) is the largest retail bank in the north-western Italian region of Liguria and is the parent company of the Banca Carige Group (**Carige Group** or the **Group**), one of the largest Italian banking groups in terms of market capitalisation. As at 30 June 2010, the Carige Group had market shares in Liguria of 29.66 per cent. of deposits, 24.57 per cent. of loans and 26.40 per cent. of banking branches (*Source: Bank's calculations based on data published by the Bank of Italy*).

The Bank's retail customer base provides a relatively stable source of low-cost funding. As at 30 June 2010, customer deposits represent about 73.8 per cent. of total funding. On a consolidated basis, total assets amounted to €39,442.8 million, with deposits at €26,249.5 million and loans at €24,275.7 million; the net income for the period was €71.3 million.

As at 30 June 2010, the Bank's network consisted of 554 branches and total assets amounted to €32,446.5 million on a non-consolidated basis, with deposits of €23,864.5 million, loans of €20,606.7 million and net income of €93 million for the first six months of the year.

The Carige Group's strategies are focused on providing a wide variety of traditional banking activities through its banks: Banca Carige, Cassa di Risparmio di Savona S.p.A. (**CR Savona**), Banca del Monte di Lucca S.p.A. (**Banca del Monte di Lucca**), Cassa di Risparmio di Carrara S.p.A. (**CR Carrara**) e Banca Cesare Ponti S.p.A. (**Banca Ponti**). These activities include treasury services, the sale of money market products, foreign exchange dealing, underwriting, trading and selling of debt and equity securities, as well as a range of other financial services provided by specialised divisions of the Bank or its associated or subsidiary companies, including leasing, factoring, payment services, home banking, telephone banking and e-banking. Carige also operates in the insurance business through its subsidiaries, the non-life company Carige Assicurazioni S.p.A. (**Carige Assicurazioni**) and the life company Carige Vita Nuova S.p.A. (**Carige Vita Nuova**), in the asset management business through its subsidiary Carige Asset Management SGR S.p.A. (**Carige AM SGR**) and in the consumer credit business through Creditis Servizi Finanziari S.p.A. (**Creditis**).

The Group's network is based on an integrated multi-channel distribution model combining traditional, remote and mobile channels.

The traditional distribution channel is comprised, on the one hand, of branches and insurance outlets and, on the other hand, of a network of banking advisors for private, corporate, affluent customers and small businesses.

As at 31 July 2010, the Group had 667 branches of which 666 were located in 13 Italian regions and 1 in France (Nice); this network was distributed as follows:

- 554 branches of Banca Carige;
- 50 branches of Cassa di Risparmio di Savona in Liguria and Piedmont;
- 35 branches of Cassa di Risparmio di Carrara in Tuscany and Liguria;

- 22 branches of Banca del Monte di Lucca in Tuscany; and
- 6 branches of Banca Cesare Ponti in Lombardy.

As at 30 June 2010, the Group's personal financial advisory service, dedicated to high-profile private customers, consisted of a network of 127 advisors; in addition to this, a corporate financial consultancy service consisting of 151 advisors is targeted to large and medium-sized companies. The financial investment advice service is dedicated to affluent customers and is provided by 310 advisors, while the services to small businesses are structured on a network of 271 advisors.

As at 30 June 2010, the Carige Group's remote channels included 784 Automated Teller Machines (ATM) as well as internet and call centre services with more than 216,000 subscribers. The Group's distribution channel includes 427 insurance outlets distributed throughout Italy.

History:

The origins of Banca Carige can be traced back to 1483 with the foundation of Monte di Pietà di Genova. The Bank was established in its current form in 1991, following the enactment of the Amato Law in 1990, which required separation between the ownership and business of the former public savings banks.

Since the 1990s, the main strategy of Banca Carige has been maintaining its independence through growth.

In response to the changing competitive environment of the banking systems, the Bank developed from a local savings bank into a full-service bank listed on the Italian stock exchange through (i) its initial public offering and subsequent capital increases between 1990 and 2008 and (ii) the development of the Bank from a regional player into a network with nationwide distribution through several acquisitions.

Strategy:

The strategic goal of the Group, in line with the path started at the beginning of the 1990s, is the creation of value for all stakeholders in the medium/long-term, with a particular focus on the development of relations with retail customers and balancing dimensional growth, which are key requirements for maintaining a significant role in the domestic banking system.

The Carige Group's mission is to consolidate its position as a banking, financial, welfare and insurance group at the national level, through:

- a widespread presence in Italy, significant coverage in certain areas of the country and the core centre in Liguria, where it is characterised by a particular focus on the development of relations with local entities (multilocalism);
- a focus on families, small and medium sized enterprises, craftsmen, merchant segments and local public entities;
- ability to distinguish itself in the quality of the service offered through an integrated and multi-channelled approach and progressive development in terms of quality of resources and structures; and
- leveraging on a wide use of technology.

In line with the fundamental strategic goal and in order to fully realise this mission, the following strategies have been outlined:

- increasing level of productivity, efficiency and profitability;
- growth in traded volumes, maintaining an adequate level of capitalisation; and
- risk protection and management.

Programme Details:

Notes of up to €4,000,000,000 (or the equivalent in other currencies at the date of issue) in nominal amount may be outstanding at any one time.

The Notes:

Notes will be issued on a syndicated or non-syndicated basis. Notes may be issued in various forms, in bearer or registered form, and will be represented by global notes

Summary of the Programme

or certificates.

Notes will be cleared through Clearstream, Luxembourg, Euroclear and such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

The terms of the Notes will be governed by English law except in relation to subordination.

Terms of the Notes: Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Notes may be issued in any agreed currency and with any agreed maturity, subject to compliance with relevant laws. Notes will be issued in any denominations of €1,000 and above as specified in the Final Terms, subject to compliance with relevant laws and certain selling restrictions.

The terms of the Notes will be specified in the Final Terms. The following types of Notes may be issued (i) Fixed Rate Notes, (ii) Floating Rate Notes, (iii) Zero Coupon Notes, (iv) Dual Currency Notes, and (v) Index Linked Notes.

Interest periods, rates of interest and the terms of and/or amounts payable on redemption may differ depending on the Notes being issued.

Certain events of default will cause the Notes to accelerate.

Status of Notes: The Notes will constitute unsubordinated and unsecured obligations of the Issuer and Subordinated Notes will constitute subordinated obligations of the Issuer.

Tax: All payments of principal and interest in respect of the Notes will be made free and clear of withholding tax imposed by the Republic of Italy, subject to certain exceptions, all as described in “*Terms and Conditions of the Notes—Taxation*”.

Notes will be redeemable at the option of the Issuer for tax reasons.

Selling Restrictions: Certain restrictions apply in relation to sales of the Notes in the United States, European Economic Area, United Kingdom, Republic of Italy, Japan, the Netherlands and France.

Listing and Admission to Trading: Application has been made to list Notes on the Official List and to admit them to trading on the regulated market of the Luxembourg Stock Exchange or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

Use of Proceeds: The net proceeds of the sale of the Notes will be used by the Issuer for general funding purposes. If in respect of any particular issue there is a specific identified use of proceeds, this will be stated in the applicable Final Terms.

Risk Factors: *Prospective investors should note that the risks described below are not the only risks relating to the Notes. The Issuer has described only those risks relating to the Notes that it considers to be material and of which it is currently aware. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware, and any of these risks could have an effect on the market price of the Notes held by Noteholders, or could cause amounts of interest and principal received on such Notes to be less than anticipated.*

Risk Factors relating to the 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 certain such features:

- The Notes may be subject to optional redemption by the Issuer, including (in the case of Subordinated Notes) redemption due to regulatory reasons. Any redemption of Subordinated Notes is subject to the prior approval of the Bank of Italy.
- 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.
- 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.

- 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 its investment.
- The Issuer may issue Notes with variable interest rates which can be volatile investments.
- The Issuer may issue Inverse Floating Rate Notes, which 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 will further adversely affect the market value of these Notes.
- The Issuer's ability to convert the interest rate will affect the secondary market and the market value of any Fixed/Floating Rate Notes the Issuer may issue.
- The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.
- The Issuer is under no obligation to redeem Subordinated Notes issued at any time and may elect not to pay interest on any given interest payment date. Furthermore, the Holders of Subordinated Notes have no right to call for their redemption.
- The Issuer's obligations under Subordinated Notes are subordinated.
- Under certain conditions, payments of principal and/or interest on the Subordinated Notes may be reduced and/or deferred.

Risks related to the market generally

Investors in the Notes may face certain risks common to the market, including the risk that they may not be able to sell their Notes at prices that will provide a yield comparable to similar investments that have a developed secondary market. In addition, if principal and interest on any Notes is paid in a Specified Currency, investors may be subject to exchange rate risk or the risk that exchange controls may be imposed.

Risk Factors relating to the Issuer

The Issuer may be subject in particular to the following risks, which should be carefully considered together with the other information contained in this Prospectus, prior to any investment decision. Prospective investors should note that the risks described below are not the only risks the Issuer faces. The Issuer has described only those risks relating to its business, operations, financial condition or prospects that it considers to be material and of which it is currently aware. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware, and any of these risks could have an effect on its financial position and results of operations.

- The Issuer's financial performance is affected by borrower credit quality and general economic conditions, in particular in Italy and Europe.
- Changes in interest rates, foreign exchange rates, equity prices and other market factors affect the Issuer's business.
- The Issuer's insurance businesses are subject to inherent risks involving claims.
- Operational risks are inherent in the Issuer's businesses.
- The Issuer's businesses are subject to substantial regulation and regulatory oversight. Any significant regulatory developments could have an effect on how the Issuer conducts its businesses and on the results of operations.
- Future growth in the Issuer's earnings and shareholder value depends on strategic decisions regarding organic growth and potential acquisitions.

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- The Issuer is subject to capital requirements that could limit its operations.
- The Issuer's businesses are conducted in a marketplace that is consolidating and significant cross-border mergers and acquisitions may happen in the coming years.
- The Issuer's businesses are conducted in highly competitive environments.
- The Issuer's provisions for credit losses are inherently uncertain and depend on many factors.

General Description of the Programme

The following General Description does not purport to be complete and is taken from, and is qualified in its entirety by, the Summary and the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a supplement to the Prospectus will be published.

This General Description constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

Words and expressions defined in “*Terms and Conditions of the Notes*” shall have the same meanings in this General Description.

Issuer:	Banca Carige S.p.A.—Cassa di Risparmio di Genova e Imperia
Description:	Euro Medium Term Note Programme
Size:	Up to €4,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger:	UBS Limited
Dealers:	Banca IMI S.p.A. Barclays Bank PLC BNP Paribas Crédit Agricole Corporate & Investment Bank Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Goldman Sachs International HSBC Bank plc ING Bank N.V. J.P. Morgan Securities Ltd. Mediobanca-Banca di Credito Finanziario S.p.A. Merrill Lynch International Morgan Stanley & Co. International plc Natixis UBS Limited UniCredit Bank AG WestLB AG

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to **Permanent Dealers** are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to **Dealers** are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Fiscal Agent: Citibank, N.A., London Branch

**Luxembourg Listing,
Paying and Transfer
Agent:**

BNP Paribas Securities Services, Luxembourg Branch

Registrar: Citigroup Global Markets Deutschland AG

Method of Issue: The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a **Series**) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a **Tranche**) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and

General Description of the Programme

	<p>nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms for such Tranche (the Final Terms).</p>
Issue Price:	<p>Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.</p>
Form of Notes:	<p>The Notes may be issued in bearer form only (Bearer Notes), in bearer form exchangeable for Registered Notes (Exchangeable Bearer Notes) or in registered form only (Registered Notes). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “<i>Selling Restrictions</i>” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as Global Certificates.</p>
Clearing Systems:	<p>Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system (including without limitation Monte Titoli S.p.A.) as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.</p> <p>Pursuant to regulations of the <i>Commissione Nazionale per le Società e la Borsa (CONSOB)</i>, as from 5 October 1998 all securities cleared through Monte Titoli S.p.A are required to be in dematerialised form.</p>
Initial Delivery of Notes:	<p>On or before the issue date for each Tranche, if the relevant Global Note is intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, the Global Note will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may (or, in the case of Notes listed on the Luxembourg Stock Exchange, shall) be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.</p>
Currencies:	<p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.</p>
Redenomination:	<p>If so specified in the applicable Final Terms, the Issuer may redenominate Notes issued in the currency of a country that subsequently participates in the third stage of European economic and monetary union, or otherwise participates in European economic and monetary union in a manner with similar effect to such third stage, into euro. The provisions relating to any such redenomination will be contained in the applicable Final Terms.</p>
Maturities:	<p>No maximum or minimum maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. As at the date hereof, (i) Lower Tier II Subordinated Notes will have a maturity of not less than five years, (ii) Upper Tier II Subordinated Notes will have a maturity of not less than ten years and (iii) Tier III Subordinated Notes will have a maturity of not less than two years.</p>

Under the Luxembourg Law of 10 July 2005 on prospectuses for securities, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such law.

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “*Subscription and Sale*”.

Denomination:

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that (i) the Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as specified in the applicable Final Terms save that the minimum denomination of each Note admitted to trading on a European Economic Area exchange and/or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and 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 section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Fixed Rate Notes:

Fixed interest will be payable in arrears on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes:

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

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

Zero Coupon Notes:

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

Dual Currency Notes:

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

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms or otherwise.

Interest Periods and Interest Rates:

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms or otherwise.

General Description of the Programme

Redemption:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and 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 section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Redemption by Instalments:	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the Issuer, and any Dealer or Dealers may agree to issue under the Programme will be set out in a Prospectus Supplement or the relevant Final Terms or otherwise.
Status of Notes:	Senior Notes will constitute unsubordinated and unsecured obligations of the Issuer. Lower Tier II Subordinated Notes, Upper Tier II Subordinated Notes and Tier III Subordinated Notes all constitute subordinated obligations of the Issuer. All are described in “ <i>Terms and Conditions of the Notes—Status</i> ”.
Loss Absorption on Upper Tier II Subordinated Notes:	To the extent that the Issuer at any time suffers losses which, in accordance with Italian laws and regulations, would require the Issuer to reduce its capital to below the minimum capital required for the Issuer as provided by the Bank of Italy from time to time for the issuance or maintenance of 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 subject to reinstatement in certain circumstances.
Deferral of Interest on Upper Tier II Subordinated Notes:	The Issuer is not required to pay interest on Upper Tier II Subordinated Notes on an Interest Payment Date if (i) no annual dividend has been approved by the shareholders of the Issuer or paid in respect of any class of shares during the 12-month period ended on the date immediately preceding such Interest Payment Date; or (ii) 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 months immediately preceding such Interest Payment Date that, based on such accounts, no sums are available at such time in accordance with Italian law for the payment of interim dividends.
Tier III Subordinated Notes:	Tier III Subordinated Notes shall be subject to the same restrictions provided in respect of similar indebtedness qualifying as Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes except that any Tier III Subordinated Notes shall (i) have a different minimum maturity period, as specified in the relevant Final Terms, and (ii) be subject to a lock-in clause (<i>clausola di immobilizzo</i>) pursuant to which the payments of the sums due from the Issuer with respect to principal and interest will be entirely suspended and deferred without such suspension and deferral constituting an Event of Default under Condition 9 (<i>Events of Default</i>) if, at the time such payment becomes due, any such payment would reduce the Issuer’s total amount of Regulatory Capital (<i>ammontare complessivo dei fondi patrimoniali</i>) (as defined in the Regulations of the Bank of Italy (<i>Istruzioni di Vigilanza della Banca d’Italia</i>) and Bank of Italy Circular No. 263 of 27 December 2006 as amended and supplemented (the Bank of Italy Regulations) below the aggregate of the capital requirements of the Issuer (<i>complesso dei requisiti patrimoniali</i>), as provided in Title I Chapter II, of the Bank of Italy Regulations, as amended from time to time.
Cross Default:	Applicable to Senior Notes only. See “ <i>Terms and Conditions of the Notes—Events of Default</i> ”.

Early Redemption:	Except as provided in “ <i>Optional Redemption</i> ” below, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons or (in the case of Subordinated Notes) for regulatory reasons, subject to the prior approval of the Bank of Italy. See “ <i>Terms and Conditions of the Notes—Redemption, Purchase and Options</i> ”.
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Republic of Italy, subject to certain exceptions, all as described in “ <i>Terms and Conditions of the Notes—Taxation</i> ”.
Governing Law:	The Notes and all related contractual documentation, and any non-contractual obligations arising out of or in connection with the Notes and related contractual documentation, will be governed by and construed in accordance with English law, with the exception of the subordination provisions of Subordinated Notes which will be governed by Italian law.
Listing and Admission to Trading:	Application has been made to list the Notes on the Official List and admit them to trading on the regulated market of the Luxembourg Stock Exchange or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.
Selling Restrictions:	<p>The United States, the Public Offer Selling Restriction under the Prospectus Directive (in respect of Notes having a specified denomination of less than €50,000 or its equivalent in any other currency as at the date of issue of the Notes), United Kingdom, Republic of Italy, Japan, the Netherlands and France. See “<i>Subscription and Sale</i>”.</p> <p>The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.</p> <p>The Notes will be issued in compliance with U.S. Treas. Reg. 1/21.163-5(c)(2)(i)(D) (the D Rules) unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. 1/21.163-5(c)(2)(i)(C) (the C Rules) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.</p>

Risk Factors

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All 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.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

The Issuer's business is subject to risks concerning liquidity

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

Following concerns over US sub-prime residential mortgage loans and related securities, the credit markets (primarily in the US and Europe) have been experiencing substantial dislocations, liquidity disruptions and market corrections whose scope, duration, severity and economic effect remain uncertain. This global liquidity crisis has had, and may continue to have, an adverse effect on markets in the US, Europe and Asia, and has affected conditions in the European economies, on which the Issuer's business depends. The global financial system has yet to overcome such difficulties and financial market conditions have remained challenging and, in certain respects, have deteriorated. For example, the continued concern about sovereign credit risks in the Euro-zone progressively intensified, becoming more acute in early May 2010. In July 2010, the sovereign debts of Portugal and Ireland were downgraded by Moody's. The large sovereign debts and/or fiscal deficits in European countries have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries, in particular following the recently agreed International Monetary Fund and European Union support package for Greece. These concerns may have an impact on the ability of Euro-zone banks to access the funding they need, or may increase the costs of such funding, which may cause such banks to suffer liquidity stress. If the current concerns over sovereign and bank solvency continue, there is a danger that inter-bank funding may become generally unavailable or available only at elevated interest rates, which might have an impact on the Issuer's access to, and cost of, funding. Should the Issuer be unable to continue to source a sustainable funding profile which can absorb these sudden shocks, the Issuer's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected.

In addition, the value of a number of the investment securities that the Issuer holds is sensitive to the volatility of the credit markets and accordingly, such investment securities may be adversely affected by future developments in the credit markets. Adverse and continued constraints in the supply of liquidity may adversely affect the cost of funding the business and extreme liquidity constraints may limit growth possibilities. An inability to access funds or to access the markets from which it raises funds may create stress on the Issuer's ability to finance its operations adequately. A dislocated credit environment compounds the risk that funds will not be available at favourable rates.

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

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Issuer's businesses. Adverse changes in the credit quality of the Issuer's borrowers and counterparties or a general deterioration in the Italian, European or global economic conditions,

or arising from systemic risks in the financial systems, could affect the recoverability and value of the Issuer's assets and require an increase in the Issuer's provision for bad and doubtful debts and other provisions.

Changes in interest rates, foreign exchange rates, equity prices and other market factors affect the Issuer's business

The most significant market risks which the Issuer faces are interest rate, foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange dealing. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has implemented risk management methods to mitigate and control these and other market risks to which the Issuer is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance and business operations.

The Issuer's insurance businesses are subject to inherent risks involving claims

Future claims in the Issuer's general and life assurance businesses may be higher than expected as a result of changing trends in claims experience resulting from catastrophic weather conditions, demographic developments, changes in mortality rates and other causes outside the Issuer's control. Such changes would affect the profitability of current and future insurance products and services. The Issuer re-insures some of the risks that it has assumed.

Operational risks are inherent in the Issuer's businesses

The Issuer's businesses are dependent on the ability to process a very large number of transactions efficiently and accurately. Operational risk and losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and Conduct of Business rules, equipment failures, natural disasters or the failure of external systems, for example, those of the Issuer's suppliers or counterparties. Although the Issuer has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures and to staff training, it is only possible to be reasonably, but not absolutely, certain that such procedures will be effective in controlling each of the operational risks faced by the Issuer.

The Issuer's businesses are subject to substantial regulation and regulatory oversight. Any significant regulatory developments could have an effect on how the Issuer conducts its businesses and on the results of operations

The Issuer is subject to financial services laws, regulations, administrative actions and policies in each location in which the Issuer operates. This supervision and regulation, in particular in Italy, if changed, could materially affect the Issuer's business, the products and services it offers or the value of its assets.

Future growth in the Issuer's earnings and shareholder value depends on strategic decisions regarding organic growth and potential acquisitions

The Issuer devotes substantial management and planning resources to the development of strategic plans for organic growth and identification of possible acquisitions, supported by substantial expenditure to generate growth in customer business. If these strategic plans do not meet with success, the Issuer's earnings could grow more slowly or decline.

The Issuer is subject to capital requirements that could limit its operations

The Issuer is subject to capital adequacy guidelines adopted by the Bank of Italy for a bank or a bank holding company, which provide for a minimum ratio of total capital to risk-adjusted assets both on a consolidated basis and on a solo-consolidated basis expressed as a percentage. At least half of the total capital must be maintained in the form of Tier I capital. The Issuer's failure to maintain its ratios may result in administrative actions or sanctions against it which may impact the Issuer's ability to fulfil its obligations under the Notes.

Risk Factors

The Issuer's businesses are conducted in a marketplace that is consolidating and significant cross-border mergers and acquisitions may happen in the coming years

In addition to its important strategy of organic growth, one of the Issuer's aims is to remain alert for opportunities to participate in the further consolidation of the financial services industry, both in Italy and overseas. The Issuer cannot be sure that it will ultimately be able to make any such mergers or acquisitions.

The Issuer's businesses are conducted in highly competitive environments

The market for Italian financial services and the other markets within which the Issuer operates are highly competitive. Management expects such competition to intensify in response to consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors, which could result in a reduction in profit margins.

The Issuer's provisions for credit losses are inherently uncertain and depend on many factors

The Issuer's provisions for credit losses provide for losses inherent in loans and advances and other credit exposures. Estimating losses is inherently uncertain and depends on many factors, including general economic conditions, rating migration, structural and technological changes within industries and changes in customer preferences that alter competitive positions, mismanagement by customers and other external factors such as legal and regulatory requirements.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Notes may not be a suitable investment for all investors

Each potential investor in any 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 relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment 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 relevant Notes, including where principal or interest is 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 relevant 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 advisor) 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 and such instruments may be purchased by Noteholders 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 the help of a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such 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 certain such features:

Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. 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 may also 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 light of other investments available at that time.

In addition, the Issuer may also, at its option, redeem Subordinated Notes following a regulatory event in accordance with Condition 5(e) (*Redemption for Regulatory Reasons*). Any redemption of Subordinated Notes is subject to the prior approval of the Bank of Italy.

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

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor 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 Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable 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. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisors about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

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 its investment.

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 such 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

Risk Factors

secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal 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.

Perpetual Notes

The Issuer is under no obligation to redeem the Perpetual Notes at any time and may elect not to pay interest on any given interest payment date. Furthermore, the Holders of Perpetual Notes have no right to call for their redemption.

The Issuer's obligations under Subordinated Notes are subordinated

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of holders of Senior Notes (as defined in "*Terms and Conditions of the Notes*" herein). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is an enhanced risk that an investor in Subordinated Notes will lose all or some of its investment should the Issuer become insolvent.

Under certain conditions, principal and interest payments under Upper Tier II Subordinated Notes must be reduced

To the extent that the Issuer at any time suffers losses which, in accordance with Italian laws and regulations, would require the Issuer to reduce its capital to below the minimum capital (as determined by the external auditors of the Issuer), the obligations of the Issuer in respect of interest and principal under the 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 the Upper Tier II Subordinated Notes which are so reduced will be reinstated whether or not the maturity date of the relevant obligation has occurred: (i) in whole, in the event of bankruptcy, dissolution, liquidation or winding-up of the Issuer or in the event that the Issuer becomes subject to an order for *Liquidazione Coatta Amministrativa* and with effect prior to the commencement of such bankruptcy, dissolution, liquidation or winding-up or order for *Liquidazione Coatta Amministrativa* as if such obligations of the Issuer were not so reduced in accordance with this Condition 3(c); and (ii) in whole or in part, from time to time, to the extent that the Issuer, by reason of it obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the minimum capital and would not be required, in accordance with Italian laws and regulations, to reduce its capital to below the minimum capital.

Under certain conditions, interest payments under Upper Tier II Subordinated Notes may be deferred

The Issuer is not required to pay interest on the Upper Tier II Subordinated Notes on an Interest Payment Date if (a) no annual dividend has been approved by the shareholders of the Issuer or paid in respect of any class of shares during the 12-month period on the date 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 months immediately preceding such Interest Payment Date that, based on such accounts, no sums are available at such time in accordance with Italian law for the payment of interim dividends.

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 (x) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of share of the Issuer; (y) the date for repayment of the Upper

Tier II Subordinated Notes; and (z) the insolvency of the Issuer or the date the Issuer becomes subject to a liquidation order.

Under certain conditions, principal and interest payments under Tier III Subordinated Notes must be suspended and deferred

Tier III Subordinated Notes (*Passività Subordinate di 3° Livello*) (being those Notes that are specified in the relevant Final Terms as being Tier III Subordinated Notes) and the Receipts and Coupons relating to them constitute unsecured obligations of the Issuer and rank *pari passu* among themselves. Tier III Subordinated Notes shall be subject to the same restrictions provided in respect of similar indebtedness qualifying as Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes except that any Tier III Subordinated Notes shall (i) have a different minimum maturity period, as specified in the relevant Final Terms, and (ii) be subject to a lock-in clause (*clausola di immobilizzo*) pursuant to which the payments of the sums due from the Issuer with respect to principal and interest will be entirely suspended and deferred without such suspension and deferral constituting an Event of Default under Condition 9 (*Events of Default*) if, at the time such payment becomes due, any such payment would reduce the Issuer's total amount of Regulatory Capital (*ammontare complessivo dei fondi patrimoniali*) (as defined in the Bank of Italy Regulations, as amended from time to time) below the aggregate of the capital requirements of the Issuer (*complesso dei requisiti patrimoniali*), as provided in Title I Chapter II, of the Bank of Italy Regulations, as amended from time to time.

In addition, Subordinated Notes shall not benefit from the *fondo di tutela dei depositi* (i.e., depositor insurance fund).

Risks related to Notes generally

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

Modification and waiver

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

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

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:

- EU Directive 2009/111/EC (**CRD II**), due to be implemented by 31 December 2010, will change the criteria for assessing hybrid capital eligible to be included in Tier I Capital and may require the Issuer to replace, over a staged grandfathering period, existing capital instruments that do not fall within these revised eligibility criteria. Pending the transposition of CRD II into Italian law, there is still significant uncertainty around the interpretation and the implementation of the Directive and any transposing Italian law as it relates to the Issuer.
- EU Capital Requirements Directive III (**CRD III**) currently subject to consultation, with implementation of the relevant rules expected to occur by 31 December 2011) will introduce a number of changes in response to the recent and current market conditions, which may:
 - increase the capital requirements for trading books to ensure that a bank's assessment of the risks connected with its trading book better reflects the potential losses from adverse market movements in stressed conditions;
 - limit investments in securitisations holding in the trading book and re-securitisations by imposing higher capital requirements for re-securitisations to make sure that banks take proper account of the risks of investing in such complex financial products; and
 - improve disclosure standards.

Risk Factors

- In December 2009, the Basel Committee on Banking Supervision proposed strengthening the global capital framework by, among other things:
 - raising the quality of the Core Tier 1 Capital base in a harmonised manner (including through changes to the items which give rise to adjustments to that capital base);
 - strengthening the risk coverage of the capital framework;
 - promoting the build up of capital buffers; and
 - introducing a global minimum liquidity standard for the banking sector (no changes are expected to be implemented until after 2012).

Such proposals have since been largely taken up by the European Commission in its public consultation document on further possible changes to the Capital Requirements Directive IV (**CRD IV**).

- In July and August 2010, the Basel Committee on Banking Supervision issued for consultation two proposals regarding, respectively, (i) a countercyclical capital buffer regime and (ii) loss absorption of all regulatory capital instruments in the event that the issuing bank reaches the point of non-viability;
- On 12 September 2010, the Basel Committee on Banking Supervision published a press release announcing a substantial strengthening of existing capital requirements to be presented, with the introduction of a global liquidity standard, to the forthcoming Seoul G20 Leaders summit in November 2010. Under the current Basel approach, as of January 2013, banks will be required to meet new minimum requirements in relation to risk-weighted assets.

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.

EU Savings Directive

Under EU Council Directive 2003/48/EC on the taxation of savings income, each Member State, is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State; however, for a transitional period, Austria, and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The ending of such transitional period is dependent on the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required, save as provided in Condition 6(e) of the Notes, to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive or any law implementing or complying with, or introduced in order to conform to, such Directive.

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

Loss of investment

If, in the case of any particular Tranche of Notes, the relevant Final Terms specify that the Notes are Index Linked, there is a risk that any investor may lose the value of their entire investment or part of it if it is possible for such loss to be incurred in accordance with the Conditions of such Tranche of Notes.

Bearer Notes where denominations involve integral multiples: definitive Bearer Notes

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Bearer Note in respect of such holding (should definitive Bearer Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of certain 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 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 (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

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

Risk Factors

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) 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.

Regulatory classification of the Notes

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

Although it is the Issuer's expectation that the Notes qualify as "Lower Tier II capital", "Upper Tier II capital" or "Tier III capital", as applicable, there can be no representation that this is or will remain the case during the life of the Notes or that the Notes will be grandfathered under the implementation of future EU capital requirement regulations. If the Notes are not grandfathered, or for any other reason cease to qualify, as "Lower Tier II capital", "Upper Tier II capital" or "Tier III capital", as applicable, the Issuer will have the right to redeem the Notes in accordance with Condition 5(e) (*Redemption for Regulatory Reasons*). Any redemption of Subordinated Notes is subject to the prior approval of the Bank of Italy.

Documents Incorporated by Reference

The following documents which have previously been published or which are published simultaneously with this Base Prospectus and which have been filed with the CSSF shall be incorporated in, and form part of this Base Prospectus:

Document	Information incorporated	Page numbers
The Banca Carige Group audited annual consolidated financial statements including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ending on 31 December 2008 (the Banca Carige Group 2008 Annual Report)	Balance sheet	Pages 75-76
	Income statement	Page 77
	Cash Flow Statement	Page 80
	Statement of Changes in Shareholders' Equity	Pages 78-79
	Explanatory notes	Pages 81-310
	Auditors' report	Pages 320-321
	The Banca Carige S.p.A. audited annual financial statements including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ending on 31 December 2008 (contained in the Banca Carige Group 2008 Annual Report)	Balance sheet
Income statement		Page 371
Cash Flow Statement		Pages 374-375
Statement of Changes in Shareholders' Equity		Pages 372-373
Explanatory notes		Pages 376-550
Auditors' report		Pages 573-574
The Banca Carige Group audited annual consolidated financial statements including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ending on 31 December 2009 (the Banca Carige Group 2009 Annual Report)		Balance sheet
	Income statement	Page 69
	Cash Flow Statement	Page 73
	Statement of Changes in Shareholders' Equity	Pages 71-72
	Explanatory notes	Pages 74-307
	Auditors' report	Pages 311-313
	The Banca Carige S.p.A. audited annual financial statements including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ending on 31 December 2009 (contained in the Banca Carige Group 2009 Annual Report)	Balance sheet
Income statement		Page 352
Cash Flow Statement		Page 356
Statement of Changes in Shareholders' Equity		Pages 354-355
Explanatory notes		Pages 357-522
Auditors' report		Pages 553-555

Documents Incorporated by Reference

Document	Information incorporated	Page numbers
The Banca Carige Group consolidated financial statements including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the six months ending on 30 June 2010	Balance sheet	Page 15
	Income statement	Page 16
	Cash Flow Statement	Page 21
	Statement of Changes in Shareholders' Equity	Pages 18-20
	Explanatory notes	Pages 22-99
	Auditors' review report	Pages 117-118
	The Banca Carige Group consolidated financial statements including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the six months ending on 30 June 2009	Balance sheet
Income statement		Page 16
Cash Flow statement		Page 21
Statement of Changes in Shareholders' equity		Pages 18-20
Explanatory notes		Pages 22-100
Auditors' review report		Pages 118-119
Banca Carige S.p.A. memorandum of association (<i>Atto Costitutivo</i>)		Entire document
Banca Carige S.p.A. by-laws (<i>Statuto</i>)	Entire document	
Press Release dated 9 November 2010	Entire document	

Any information not listed above but included in the above documents does not form part of this Prospectus and is not relevant for investors.

Availability of Documents

Copies of all documents incorporated by reference herein may be obtained at the registered office of the Issuer and on the Issuer's website (www.gruppocarige.it), and will also be available without charge from the office of the Luxembourg Listing Agent in Luxembourg and the website of the Luxembourg Stock Exchange (www.bourse.lu).

Supplement to the Prospectus

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes whose inclusion would reasonably be required by investors and their professional advisors, and would reasonably be expected by them to be found in this Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare a supplement to this Prospectus pursuant to article 13 of the Luxembourg Law on Prospectuses or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

Terms and Conditions of the Notes

The following is the text of the terms and conditions that, save for the text in italics and subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an amended and restated agency agreement dated 16 November 2010 (as further amended, supplemented or replaced as at the Issue Date, the **Agency Agreement**) between Banca Carige S.p.A.—Cassa di Risparmio di Genova e Imperia (the **Issuer**), Citibank, N.A., London Branch in its capacities as fiscal agent (the **Fiscal Agent**, which expression shall include any successor to Citibank, N.A., London Branch in its capacity as such) and as transfer agent, Citigroup Global Markets Deutschland AG in its capacity as registrar (the **Registrar**, which expression shall include any successor to Citigroup Global Markets Deutschland AG in its capacity as such) and BNP Paribas Securities Services, Luxembourg Branch, as paying agent (together with the Fiscal Agent, the **Paying Agents**, which expression shall include any successor or additional paying agents appointed in accordance with the Agency Agreement) and as transfer agent (together with the transfer agent mentioned above, the **Transfer Agents**, which expression shall include any successor or additional transfer agents appointed in accordance with the Agency Agreement). For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculations in accordance with the Conditions of any Series of Notes (as defined below), the Bank may appoint a calculation agent (the **Calculation Agent**) for the purposes of such Notes, in accordance with the provisions of the Agency Agreement, and such Calculation Agent shall be specified in the applicable Final Terms. The Notes have the benefit of an amended and restated deed of covenant dated 16 November 2010 (as further amended, supplemented or replaced, the **Deed of Covenant**) executed by the Issuer in relation to the Notes. Copies of the Agency Agreement and the Deed of Covenant are available for inspection free of charge during normal business hours at the specified offices of the Paying Agents, the Registrar and the Transfer Agents. All persons from time to time entitled to the benefit of obligations under the Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of the Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Notes.

The Notes are issued in series (each, a **Series**), and each Series may comprise one or more tranches (**Tranches** and each, a **Tranche**) of Notes. Each Tranche will be subject to a final terms supplement (each, the relevant **Final Terms**), a copy of which will be available for inspection during normal business hours at the specified office of the Fiscal Agent or, as the case may be, the Registrar or the Paying Agent and will be obtainable at the specified office of the Paying Agent in Luxembourg (so long as the Notes are listed on the Luxembourg Stock Exchange). In the case of a Tranche of Notes in relation to which application has not been made for listing on any stock exchange, copies of the Final Terms will only be available for inspection by a Holder of or, as the case may be, a Beneficiary (as defined in the Deed of Covenant) in respect of, such Notes.

References in these Terms and Conditions to Notes are to Notes of the relevant Series and any references to Coupons (as defined in Condition 1) and Receipts (as defined in Condition 1) are to Coupons and Receipts relating to the Notes of the relevant Series.

References in these Terms and Conditions to **euro** or **€** are to the currency introduced on 1 January 1999 pursuant to the Treaty on the Functioning of the European Union.

References in these Terms and Conditions to the Final Terms are to the Final Terms prepared in relation to the Notes of the relevant Tranche or Series.

In respect of any Notes, references herein to these Terms and Conditions are to these terms and conditions as supplemented or modified or (to the extent thereof) replaced by Part A of the Final Terms.

1 FORM, DENOMINATION AND TITLE

The Notes are issued in bearer form (**Bearer Notes**, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (**Registered Notes**) or in bearer form exchangeable for

Registered Notes (**Exchangeable Bearer Notes**) in each case in the Specified Denomination(s) shown in the relevant Final Terms save that the minimum denomination of each Note admitted to trading on a European Economic Area exchange and/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 €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the relevant Final Terms.

Bearer Notes are serially numbered and have attached thereto at the time of their initial delivery coupons (**Coupons**) (and, where appropriate, a talon (**Talon**)), save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more payment receipts (**Receipts**) attached in respect of the instalments of principal.

Registered Notes are represented by registered certificates (**Certificates**) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the **Register**). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, **Noteholder** means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), **holder** (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 EXCHANGES OF EXCHANGEABLE BEARER NOTES AND TRANSFERS OF REGISTERED NOTES

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

Terms and Conditions of the Notes

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the approval of the Fiscal Agent, the Transfer Agents and the Registrar. A copy of the current regulations will be made available to Noteholders upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(b), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 5(e)) and/or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or any Transfer Agent (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition (d), **business day** means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) Exchange Free of Charge

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the applicant of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3 STATUS

(a) Status of Senior Notes

This Condition 3(a) is applicable in relation to Notes specified in the Final Terms as being Senior Notes.

The Senior Notes and the Receipts and Coupons relating to them constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Receipts and Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

(b) Status of Lower Tier II Subordinated Notes and Upper Tier II Subordinated Notes

The Lower Tier II Subordinated Notes (*Passività Subordinate di 2° Livello*) and Upper Tier II Subordinated Notes (*Strumenti Ibridi di Patrimonializzazione*) (being those Notes that specify their Status as Lower Tier II Subordinated Notes or Upper Tier II Subordinated Notes, respectively) (together, **Subordinated Notes**, which term shall also include any Tier III Subordinated Notes as referred to in Condition 3(e)) and the Receipts and Coupons relating to them constitute unsecured obligations of the Issuer and, subject to Conditions 3(c) and 3(d), the Lower Tier II Subordinated Notes rank *pari passu* and without any preference among themselves and the Upper Tier II Subordinated Notes rank *pari passu* and without any preference among themselves. In relation to each Series of Lower Tier II Subordinated Notes or Upper Tier II Subordinated Notes, all Lower Tier II Subordinated Notes or Upper Tier II Subordinated Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and interest thereon will be paid *pro rata* on all Lower Tier II Subordinated Notes or Upper Tier II Subordinated Notes, as the case may be, of such Series. In the event of the bankruptcy, dissolution or winding-up of the Issuer, the payment obligations of the Issuer under all Subordinated Notes and the Receipts and Coupons relating to them shall rank in right of payment after unsubordinated, unsecured creditors (including depositors) of the Issuer but *pari passu* with all of the present and future subordinated obligations of the Issuer that are not expressed by their terms to rank junior to or senior to the Subordinated Notes, and in priority to the claims of shareholders of the Issuer.

(c) Special Provisions relating to Upper Tier II Subordinated Notes

To the extent that the Issuer at any time suffers losses which, in accordance with Italian laws and regulations, would require the Issuer to reduce its capital to below the minimum capital (as determined by the external auditors of the Issuer), the obligations of the Issuer in respect of interest and principal under the 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 the Upper Tier II Subordinated Notes which are so reduced will be reinstated whether or not the maturity date of the relevant obligation has occurred:

- (i) in whole, in the event of bankruptcy, dissolution, liquidation or winding-up of the Issuer or in the event that the Issuer becomes subject to an order for *Liquidazione Coatta Amministrativa* and with effect prior to the commencement of such bankruptcy, dissolution, liquidation or winding-up or order for *Liquidazione Coatta Amministrativa* as if such obligations of the Issuer were not so reduced in accordance with this Condition 3(c); and
- (ii) in whole or in part, from time to time, to the extent that the Issuer, by reason of it obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the minimum capital and would not be required, in accordance with Italian laws and regulations, to reduce its capital to below the minimum capital.

(d) Deferral of Interest

The Issuer is not required to pay interest on the Upper Tier II Subordinated Notes on an Interest Payment Date if (a) no annual dividend has been approved by the shareholders of the Issuer or paid in respect of any class of shares during the 12-month period on the date 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 months immediately preceding such Interest Payment Date that, based on such accounts, no sums are available at such time in accordance with Italian law for the payment of interim dividends.

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 (x) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of share of the Issuer; (y) the date for repayment of the Upper Tier II Subordinated Notes; and (z) the insolvency of the Issuer or the date the Issuer becomes subject to a liquidation order.

(e) Tier III Subordinated Notes

Tier III Subordinated Notes (*Passività Subordinate di 3° Livello*) (being those Notes that are specified in the relevant Final Terms as being Tier III Subordinated Notes) and the Receipts and Coupons relating to them

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constitute unsecured obligations of the Issuer and rank *pari passu* among themselves. Tier III Subordinated Notes shall be subject to the same restrictions provided in respect of similar indebtedness qualifying as Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes except that any Tier III Subordinated Notes shall (i) have a different minimum maturity period, as specified in the relevant Final Terms, and (ii) be subject to a lock-in clause (*clausola di immobilizzo*) pursuant to which the payments of the sums due from the Issuer with respect to principal and interest will be entirely suspended and deferred without such suspension and deferral constituting an Event of Default under Condition 9 (*Events of Default*) if, at the time such payment becomes due, any such payment would reduce the Issuer's total amount of Regulatory Capital (*ammontare complessivo dei fondi patrimoniali*) (as defined in the Bank of Italy Regulations, as amended from time to time) below the aggregate of the capital requirements of the Issuer (*complesso dei requisiti patrimoniali*), as provided in Title I Chapter II, of the Bank of Italy Regulations, as amended from time to time.

Subordinated Notes shall not benefit from the *fondo di tutela dei depositi* (i.e., depositor insurance fund).

4 INTEREST AND OTHER CALCULATIONS

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(h).

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

- (i) *Interest Payment Dates*: Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(h). Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a

Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the relevant Final Terms;
- (b) the Designated Maturity is a period specified in the relevant Final Terms; and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity, Reset Date** and **Swap Transaction** have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (a) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:
 - (I) the offered quotation; or
 - (II) the arithmetic mean of the offered quotations,
- (i) (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.
- (ii) If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.
 - (b) if the Relevant Screen Page is not available, or if sub-paragraph (a)(I) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (a)(II) applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
 - (c) if paragraph (b) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer

than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.

(c) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).

(d) Dual Currency Notes

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating the Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

(e) Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.

(f) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

(g) Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding

- (i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph;

- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be;
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes **unit** means the lowest amount of such currency that is available as legal tender in the country or countries, as the case may be, of such currency.

(h) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount Specified in the relevant Final Terms and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count fraction shall be for the period for which interest is required to be calculated.

(i) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange (or other relevant authority) so require, such exchange (or other relevant authority) as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Accrual Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

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(j) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

Business Day means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a **TARGET Business Day**); and/or
- (iii) in the case of a currency and/or one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres;

Day Count Fraction means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the **Calculation Period**):

- (i) if “Actual/Actual” or “Actual/Actual—ISDA” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that 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);
- (ii) if “Actual/365 (Fixed)” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“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;

- (v) if “30E/360” or “Eurobond Basis” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“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;

- (vi) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

- (vii) if “Actual/Actual—ICMA” is specified in the relevant Final Terms,

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

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- (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

Determination Date means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

Determination Period means the period from and including a Determination Date in any year to but excluding the next Determination Date;

Euro-zone means the region comprised of member states of the European Union that have adopted the single currency in accordance with the Treaty on the Functioning of the European Union, as amended by the treaty on European Union;

Interest Accrual Period means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

Interest Amount means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

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

Interest Determination Date means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

Interest Period means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

Interest Period Date means each Interest Payment Date unless otherwise specified in the relevant Final Terms;

ISDA Definitions means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms;

Number of Actual Calculation Periods means, in relation to Day Count Fraction above, the number of Actual Calculation Periods normally ending in any year;

Payment Date means, in relation to Day Count Fraction above, the date on which interest for the relevant period falls due;

Rate of Interest means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the relevant Final Terms;

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as in the relevant Final Terms;

Reference Rate means the rate specified in the relevant Final Terms;

Relevant Screen Page means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms;

Specified Currency means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated;

Start Date means, in relation to Day Count Fraction above, the date from which interest for the relevant period begins to accrue; and

TARGET System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto.

(k) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5 REDEMPTION, PURCHASE AND OPTIONS

(a) Redemption by Instalments and Final Redemption

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption

(i) Zero Coupon Notes

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Conditions 5(c) or 5(e) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.

(c) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part (but subject to consent thereto having been obtained from the Bank of Italy in the case of Subordinated Notes) on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 5 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 5(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 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, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and 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.

(d) Redemption at the Option of the Issuer

If Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 5 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holders of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

Any redemption of Subordinated Notes is subject to the prior approval of the Bank of Italy.

(e) Redemption for Regulatory Reasons (Regulatory Call)

This Condition 5(e) applies only to Notes specified in the applicable Final Terms as being Subordinated Notes.

If Regulatory Call is specified in the applicable Final Terms, the Notes may be redeemed at the option of the Issuer (subject to the prior approval of the Bank of Italy), 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 this 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 13, the Noteholders (which notice shall be irrevocable), if a proportion equal to or more than the Minimum Disqualification Amount of the Subordinated Notes ceases to qualify as "Lower Tier II capital", "Upper Tier II capital" or "Tier III capital", as applicable, as a result of changes after the date of issue of the relevant Subordinated Notes to the standards and guidelines of the Bank of Italy.

In this Condition 5(e), the **Minimum Disqualification Amount** means 10 per cent. of the aggregate outstanding nominal amount of the relevant Subordinated Notes.

Upon the expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(e). Notes redeemed pursuant to this Condition 5(e) will be redeemed at their Early Redemption Amount referred to in Condition 5(b) above together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Any redemption of Subordinated Notes is subject to the prior approval of the Bank of Italy.

(f) Redemption at the Option of Noteholders

If Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (**Exercise Notice**) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

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(g) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.

(h) Purchases

The Issuer and any of its subsidiaries (with the consent of the Bank of Italy in the case of Subordinated Notes) may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6 PAYMENTS AND TALONS

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Registered Notes

- (i) Payments of principal (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of the Registrar or any of the Transfer Agents and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the **Record Date**). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a bank in the principal financial centre of the country of such currency, subject as provided in paragraph (a) above, and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and, subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of such currency.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts

and (iii) such payment is then permitted by United States law, without involving, in the sole opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments Subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents and Transfer Agents having specified offices in at least two major European cities, one of which will be Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange, (vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 13.

(f) Unmatured Coupons and Receipts and unexchanged Talons

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index linked Notes) such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Interest Note or Index Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon

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relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(h) Non-Business Days

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, **business day** means any day which is:

(a) a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in

- (i) in the case of Notes in definitive form only, the relevant place of presentation, and
- (ii) each such jurisdiction as shall be specified as “Additional Financial Centres” in the relevant Final Terms; and

(b) either (A) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, a day on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or (B) (in the case of a payment in euro) a TARGET Business Day.

7 TAXATION

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Republic of Italy or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required. The requirement to pay such additional amounts shall not apply:

- (a) in respect of any Note, Receipt or Coupon presented for payment:
 - (i) in the Republic of Italy; or
 - (ii) by or on behalf of a Noteholder or Couponholder who is:
 - (A) entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption; or
 - (B) liable to such taxes or duties by reason of his having some connection with the Republic of Italy, other than the mere holding of the Note, Receipt or Coupon; or
 - (iii) more than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such additional amount on presenting the same for payment on such thirtieth day; or
 - (iv) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN

Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (v) (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union or
- (b) in relation to any payment or deduction of any interest, principal or proceeds of any Note, Receipt or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 as amended.

As used in these Conditions, **Relevant Date** in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) **principal** shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) **interest** shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) **principal** and/or **interest** shall be deemed to include any additional amounts that may be payable under this Condition.

8 PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

9 EVENTS OF DEFAULT

(a) In the case of Subordinated Notes

- (i) This Condition 9(a) applies only in respect of Subordinated Notes and references to **Noteholders** or to **Holders of Notes, Receipts or Coupons** in this Condition 9(a) shall be construed accordingly.
- (ii) If the Issuer is wound-up or dissolved (otherwise than for purposes of any amalgamation, merger or reconstruction on terms previously approved by an Extraordinary Resolution of Noteholders) the Notes are, and they shall immediately become due and repayable at their Redemption Amount together with, if appropriate, accrued interest thereon.
- (iii) No remedy against the Issuer other than as specifically provided by this Condition 9(a) shall be available to Holders of the Notes, Receipts or 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.

(b) In the case of Senior Notes

The following events or circumstances as modified, 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 interest on any of the Notes when due and, in the case of interest, such failure continues for a period of five days; or
- (ii) *Breach of Other Obligations*: The Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Fiscal Agency Agreement which default is incapable of remedy within 30 days after written notice requiring such default to be remedied has been delivered to the Issuer at the specified office of the Fiscal Agent by the relevant Noteholder; or

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- (iii) *Cross-Default*: Any other 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 by reason of default, or (1) any such indebtedness is not paid when due or, as the case may be, within any applicable grace periods, or (2) 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 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 9(b)(iii) have occurred equals or exceeds €20,000,000 or its equivalent in another currency as determined by the Fiscal Agent; or
- (iv) *Enforcement Proceedings*: A distress, attachment, execution or 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 Subsidiaries and is not discharged or stayed within 30 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 Subsidiaries becomes enforceable over any material part of the property, assets or revenues of the Issuer or such 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 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, stops, suspends or threatens 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 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 Subsidiaries, or the Issuer or any of its 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 to cease, to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; 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 any of the foregoing paragraphs.

As used in these Conditions, **Subsidiary** means, at any particular time, a company which is then directly or indirectly controlled, or more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned, by the Issuer and/or one or more of its respective Subsidiaries. For a company to be **controlled** by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the Board of Directors or other governing body of that company or otherwise controls or has the power to control the affairs and policies of that company.

- (c) If any Event of Default shall occur in relation to any series of Notes, any Holder of a Note of the relevant Series of Notes may, by written notice to the Issuer, at the specified office of the Fiscal Agent or, in the case of Registered Notes, at the specified office of the Registrar, 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 (the **Early Termination Amount**) (which shall be its Outstanding Principal Amount or, if such Note is non-interest bearing, its Amortised Face Amount or such other redemption amount as may be specified, or determined in accordance with the provisions set out, in the relevant Final Terms), 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.

10 MEETING OF NOTEHOLDERS AND MODIFICATIONS

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10. per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown in the relevant Final Terms, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

(b) Modification of Agency Agreement

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

11 REPLACEMENT OF NOTES, CERTIFICATES, RECEIPTS, COUPONS AND TALONS

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other applicable authority regulations, at the specified office of the Fiscal Agent or any of the Paying Agents (including the Luxembourg Paying Agent) (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these conditions of such notes to **Issue Date** shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to **Notes** shall be construed accordingly.

13 NOTICES

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and such notices shall be valid, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, shall be published in electronic form on the Luxembourg Stock Exchange (*www.bourse.lu*) or in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Notices to the holders of Bearer Notes shall be valid so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, shall be published in electronic form on the Luxembourg Stock Exchange (*www.bourse.lu*) in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

14 CURRENCY INDEMNITY

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

15 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of any Notes under the Contracts (Rights of Third Parties) Act 1999.

16 GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Notes, the Receipts, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with the Notes, the Receipts, the Coupons and the Talons, are governed by, and shall be construed in accordance with, English law except for Condition 3(b), 3(c), 3(d) and 3(e) which shall be governed by, and construed in accordance with, Italian law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons (including a dispute relating to any non-contractual obligations arising out of or in connection with any Notes, Receipts, Coupons or Talons) and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons, including any proceedings relating to any non-contractual obligations arising out of or in connection any Notes, Receipts, Coupons or Talons (**Proceedings**) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of

Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Service of Process

The Issuer irrevocably appoints the representative office of The Italian Chamber of Commerce and Industry for the UK in London located at 1 Princes Street, London W1B 2AY, as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.

Summary of Provisions Relating to the Notes While in Global Form

INITIAL ISSUE OF NOTES

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, they are intended to be eligible collateral for Eurosystem monetary policy and the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem, either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the **Common Depository**) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (the **Alternative Clearing System**) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

EXCHANGE

1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (a) if the relevant Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*General Description of the Programme-Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (b) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for

which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “*Partial Exchange of Permanent Global Notes*”, in part for Definitive Notes or, in the case of (a) below, Registered Notes:

- (a) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (b) otherwise, (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only.

3 Permanent Global Certificates

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (a) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (b) if principal in respect of any Notes is not paid when due; or
- (c) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (a) or (b) above, the Registered Holder has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer.

4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions:

- (a) for Registered Notes, if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or
- (b) for Definitive Notes, if (i) principal in respect of any Notes is not paid when due, or (ii) so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate

Summary of Provisions Relating to the Notes While in Global Form

nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or (ii) if the Global Note is a NGN, the Issuer procures that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, **Definitive Notes** means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

6 Exchange Date

Exchange Date means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

AMENDMENT TO CONDITIONS

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. Payments of interest on Registered Notes shall be made to the person shown on the Register at the close of business on the date immediately preceding the due date for payment as being the holder of the Notes represented by the Global Certificate. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 6(e)(vii) and Condition 7(a)(v) will apply to the Definitive Notes only. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Special Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Special Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

8 NGN nominal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

9 Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 16 November 2010 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

10 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published in electronic form on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

PARTLY PAID NOTES

The provisions relating to Partly Paid Notes are not set out in this Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

Use of Proceeds

The net proceeds of the sale of the Notes will be used by the Issuer for general funding purposes. If in respect of any particular issue there is a specific identified use of proceeds, this will be stated in the applicable Final Terms.

Description of the Issuer

INTRODUCTION

General Description

Banca Carige S.p.A. (**Banca Carige**, **Carige**, the **Bank**, or the **Parent Company**) is the largest retail bank in the north western Italian region of Liguria and is the parent company of the Banca Carige Group (**Carige Group** or the **Group**), one of the largest Italian banking groups by market capitalisation. As at 30 June 2010 the Carige Group had market shares in Liguria of 29.66 per cent. of deposits, 24.57 per cent. of loans and 26.40 per cent. of banking branches (*Source*: Bank's calculations based on data published by the Bank of Italy).

Banca Carige was incorporated in its current form on 31 October 1991 and has a duration until 31 December 2050. The Bank is registered with the commercial registry of Genova under number 03285880104. The Bank's registered office is located at Via Cassa di Risparmio 15, 16123, Genova, Italy. The telephone number of the Bank is +39 010 57 91 and its website is www.gruppocarige.it.

The Bank's retail customer base provides a relatively stable source of low-cost funding. As at 30 June 2010, customer deposits represented about 73.8 per cent. of total funding. On a consolidated basis, total assets amounted to €39,442.8 million, with deposits at €26,249.5 million and loans at €24,275.7 million; the net income for the period was €71.3 million.

The Carige Group's strategies are focused on providing a wide variety of traditional banking activities through its banks: Banca Carige, Cassa di Risparmio di Savona S.p.A. (**CR Savona**), Banca del Monte di Lucca S.p.A. (**Banca del Monte di Lucca**), Cassa di Risparmio di Carrara S.p.A. (**CR Carrara**) and Banca Cesare Ponti S.p.A. (**Banca Ponti**). These activities include treasury services, the sale of money market products, foreign exchange dealing, underwriting, trading and selling of debt and equity securities, as well as a range of other financial services provided by specialised divisions of the Bank or its associated or subsidiary companies, including leasing, factoring, payment services, home banking, telephone banking and e-banking. Carige also operates in the insurance business through its subsidiaries, the non-life company Carige Assicurazioni S.p.A. (**Carige Assicurazioni**) and the life company Carige Vita Nuova S.p.A. (**Carige Vita Nuova**), in the asset management business through its subsidiary Carige Asset Management SGR S.p.A. (**Carige AM SGR**) and in the consumer credit business through Creditis Servizi Finanziari S.p.A. (**Creditis**).

The Carige Group's network is based on an integrated multi-channel distribution model combining traditional, remote and mobile channels.

The traditional distribution channel is comprised, on the one hand, of branches and insurance outlets and, on the other hand, of a network of banking advisors for private, corporate, affluent customers and small businesses.

On 15 January 2010 Banca Carige and Banca del Monte dei Paschi di Siena (**MPS**) signed a sales agreement regarding the transfer of 22 branches of MPS to the Carige Group for a total price of €130 million, paid for the goodwill and subject to an adjustment mechanism based on the actual amount of direct and indirect deposits as at 31 May 2010, the date of the transfer.

As at 30 June 2010, the branches covered by the agreement, mainly located in Florence (Tuscany), had approximately €1,395 million in total customer deposits, about €752 million in loans to customers, 60,000 customers and 148 employees.

As a result of this last acquisition, as at 31 July 2010, the Group had 667 branches of which 666 were located in 13 Italian regions and one in Nice, France; the network was distributed as follows:

- 554 branches of Banca Carige;
- 50 branches of CR Savona in Liguria and Piedmont;
- 35 branches of CR Carrara in Tuscany and Liguria;
- 22 branches of Banca del Monte di Lucca in Tuscany;
- 6 branches of Banca Ponti in Lombardy and Liguria.

As at 30 June 2010, the Carige Group's personal financial advisory service, dedicated to high-profile private customers, was provided by 127 advisors, while the service dedicated to affluent customers was provided by 310 advisors. The corporate financial consultancy service, targeting large and medium-sized companies,

consisted of 151 advisors, while the advisory service dedicated to small businesses companies was provided by 271 advisors.

As at 30 June 2010, the Carige Group's remote channels included 784 Automated Teller Machines (ATM) as well as internet and call centre services with more than 216,000 subscribers. The Group's distribution channel includes 427 insurance outlets distributed throughout Italy.

Since 1 January 2008 the Carige Group has been operating under the new Basel Capital Accord (**Basel II**) ratio standard regime, but it is setting up an internal rating system that is currently at an advanced stage of implementation.

History

The origins of Banca Carige can be traced to 1483 with the foundation of Monte di Pietà di Genova. The Bank was established in its current form in 1991, following the enactment of the Amato Law in 1990, which required separation between the ownership and business of the former public savings banks.

Since the 1990s, the main strategy of Banca Carige has been to maintain its independence through growth.

In response to the changing competitive environment of the banking systems, the Bank developed from a local savings bank into a full-service bank listed on the Italian stock exchange through (i) its initial public offering and subsequent capital increases between 1990 and 2008 and (ii) the development of the Bank from a regional player into a network with nationwide distribution through several acquisitions.

On 3 November 2009 the Extraordinary Shareholders' Meeting resolved to grant the Board of Directors the authority to issue convertible bonds to be offered to the shareholders and the holders of the convertible bonds constituting the loan "Banca CARIGE 1.50% 2003-2013 hybrid subordinated issue with reimbursement convertible into ordinary shares," for a maximum amount of €400 million, with consequent share capital increase for conversion (after 18 months from the date of issue, at the conversion ratio of 1 share per 1 bond) of the maximum number of 400,000,000 ordinary shares at a nominal value of €1.00 each, with regular entitlement and the same characteristics as the shares outstanding at the date of issue.

The offer which began on 15 February 2010, concluded after the bids for the unopted rights on 18 March 2010, with the full subscription of the bonds, for a total value of €391.6 million.

Ownership Structure

As at 14 October 2010, the Bank's share capital amounted to €1,790,308,721, divided into 1,615,999,006 ordinary shares and 174,309,715 convertible savings shares, each with a nominal value of €1.

In accordance with art. 93 of Italian Legislative Decree 58/98, the Bank is not currently controlled by any single shareholder. A shareholders' agreement was signed on 21 October 2008 between shareholders holding 4.23 per cent. of the ordinary share capital of the Bank. There is no party which, jointly or through this agreement, can exercise control over the Bank. The aim of this agreement was to present a list of candidates for the renewal of the Board of Directors (for 30 April 2009) and of the Board of Statutory Auditors (for 30 April 2011). The agreement also imposes restrictions on the sale of the shares to third parties, with the exception of the subsidiaries and the Parent Company as well as other participants to the shareholders' agreements. This agreement will be valid for a period of three years, which can be extended for a further three years, except for in the event of withdrawal.

Based on records of the Bank's company books, notifications received and any other information available to the Bank, as at 14 October 2010 the shareholders holding, directly and/or indirectly, a stake of over two per cent. of the ordinary shares of Banca Carige were as follows:

	As at 14 October 2010	
	Voting shares	Per cent.
Cassa di Risparmio di Genova e Imperia Foundation (The Foundation).....	711,954,403	44.06%
BPCE SA	242,060,434	14.98%
Assicurazioni Generali S.p.A. ⁽¹⁾	47,987,866	2.97%
Minor shareholders	613,996,303	37.99%
Total	1,615,999,006	100.00%

(1) Stake owned directly (1.47 per cent.) and indirectly through Alleanza Toro S.p.A. (1.33 per cent.) and Genertellife S.p.A. (0.17 per cent.).

Description of the Issuer

Regulatory Capital and Solvency Ratios

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

In accordance with Bank of Italy regulations, Capital Ratios are required to be calculated for the Bank and its subsidiaries as a consolidated group (with the Bank as Parent Company) as well as for the Bank on a stand-alone basis. The Bank is required to maintain a regulatory capital ratio on a consolidated basis of at least 8.0 per cent. and on a stand-alone basis of at least 6.0 per cent.

The subordinated instruments issued by the Bank as at 30 June 2010 totalled €1,037.9 million, comprising:

- €159.9 million Tier I (perpetual maturity, callable in December 2018);
- €9.9 million convertible Upper Tier II (due in December 2013);
- €150 million Upper Tier II (due in December 2018); and
- €718.2 million Lower Tier II (€599.6 million due in June 2016, of which about €499.6 million callable in 2011; €98.6 million due in June 2018, callable in 2013; and €20 million, due in 2017).

The following table sets forth the Tier I and Tier II capital levels and the regulatory ratios of the Bank as at 30 June 2010 and 2009, and 31 December 2009 and 2008:

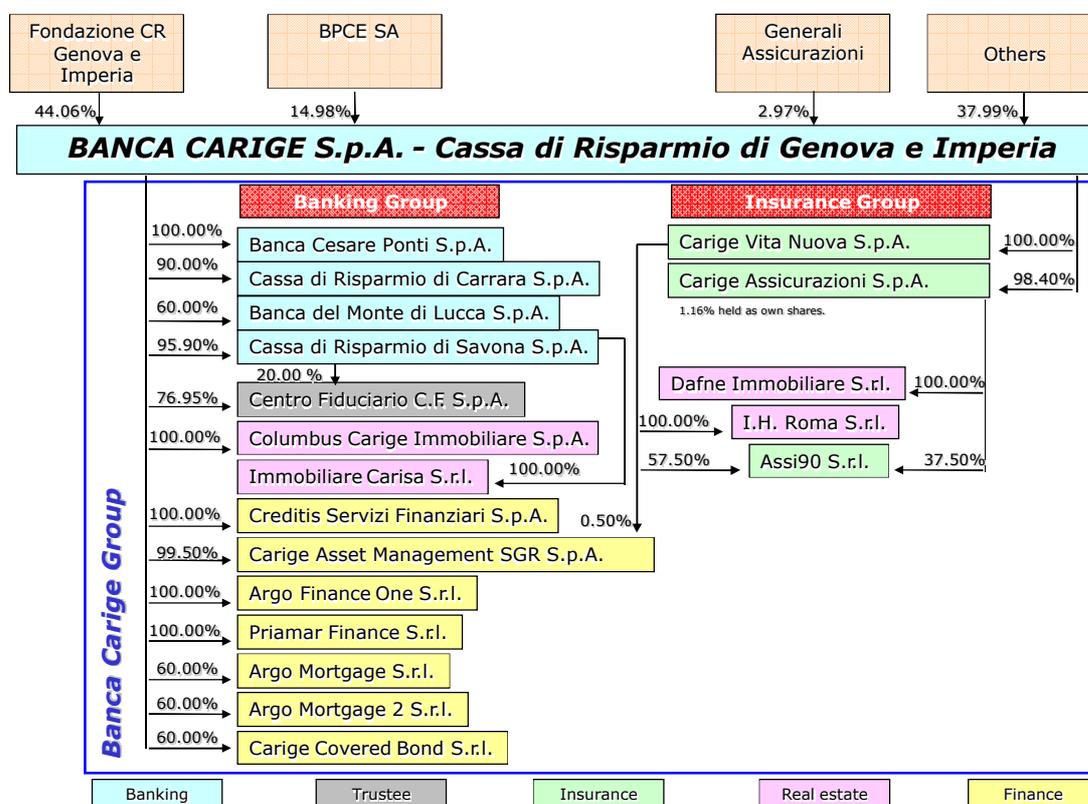
		As at			
		30 June 2010 ⁽¹⁾	31 December 2009 ⁽¹⁾	30 June 2009	31 December 2008
Core Tier 1 capital	(€ millions)	1,433.7	1,533.1	1,526.2	1,524.7
Tier 1 capital	"	1,593.6	1,693.0	1,686.1	1,684.6
Tier 2 capital	"	794.2	732.0	767.3	752.6
Deductions	"	(340.2)	(350.0)	(349.2)	(350.1)
Regulatory capital	"	2,047.6	2,075.0	2,104.3	2,087.2
Tier 3 capital	"	-	16.2	16.2	30.3
Regulatory capital including Tier 3	"	2,047.6	2,091.2	2,120.4	2,117.5
Total weighted assets	"	17,990.6	17,366.1	17,097.1	16,825.6
Solvency ratios					
Core Tier 1 capital/Total weighted assets	(%)	10.63	11.77	11.90	12.08
Tier 1 capital/Total weighted assets ⁽²⁾	(%)	11.81	13.00	13.15	13.35
Regulatory capital including Tier 3/Total weighted assets	(%)	15.18	16.06	16.54	16.78

(1) Official figures disclosed to the Bank of Italy; these data may differ from the operational data shown in the 2010 half-yearly report and in the 2009 financial statements.

(2) As at 31 December 2009 capital ratios incorporate the update dated 18 November 2009 to Bank of Italy Circular no. 262 of 22 December 2005 on the measurement of risk-weighted assets in separate financial statements of the Group banks. Figures as at 30 June 2009 and 31 December 2008 have been reclassified to allow a homogeneous comparison.

Carige Group Structure

The following chart shows the structure of the Carige Group as at 30 September 2010:



In implementation of the project to restructure the subsidiary Banca Ponti, Banca Carige formed Nuova Banca Cesare Ponti S.p.A (wholly owned by Banca Carige) which, following the merger by incorporation of Banca Ponti and the subsequent conferral of a business unit constituted by the brand name and the private banking activities of the latter and by Banca Carige's private banking activities in Lombardy, shall assume the name Banca Cesare Ponti S.p.A. Nuova Banca Cesare Ponti will be included in the Group perimeter when all the necessary authorisations are obtained from the Supervisory Bodies.

The Banca Carige Insurance Group was founded in accordance with Isvap Regulation no. 20/2008 and is listed as a member of the special Register established at Isvap.

Ratings

Carige is rated by the international rating agencies Fitch Ratings Limited (**Fitch**), Moody's Investor Service Limited (**Moody's**) and Standard & Poor's Rating Services, a Division of the McGraw Hill Companies Inc. (**Standard & Poor's**).

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

Any rating downgrades of Carige or other entities of the Group would increase the refinancing costs of the Group and may limit its access to the financial markets and other sources of liquidity, all of which might have a material adverse effect on its business, financial condition and result of operations.

A credit rating may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation and is not a recommendation to buy, sell or hold securities.

Strategy

The strategic goal of the Group, in line with the path started at the beginning of the 1990s, is the creation of value for all stakeholders in the medium/long-term, with a particular focus on the development of relations with retail customers and balancing dimensional growth, key requirements for maintaining a significant role in the domestic banking system.

Description of the Issuer

The Carige Group's mission is to consolidate its position as a banking, financial, welfare and insurance group at the national level:

- with a widespread presence in Italy, significant coverage in certain areas of the country and the core centre in Liguria, where it is characterised by a particular focus on the development of relations with local entities (multilocalism);
- focused on families, small and medium sized enterprises, craftsmen, merchant segments and local public entities;
- able to distinguish itself in the quality of the service offered through an integrated and multi-channelled approach and progressive development in terms of quality of resources and structures; and
- leveraging on the widest use of technology.

In line with the fundamental strategic goal and in order to fully realise this mission, the following strategies were outlined:

- an increasing level of productivity, efficiency and profitability;
- a growth in traded volumes, maintaining an adequate level of capitalisation; and
- risk protection and management.

DESCRIPTION OF THE BUSINESS

Banking Operations

As at 30 June 2010, the Bank operated through 554 branches, 205 of which located in Liguria, and had nearly 1,000,000 customers. At the same date, the Bank also had 643 ATMs connected with *Bancomat*, the Italian interbank ATM network.

The Bank provides commercial banking services to a wide and diversified customer base, but has traditionally concentrated on retail customers as well as on small and medium sized businesses. This focus has enabled the Bank to defend its market position in Liguria despite regulatory liberalisation and increased competition, as well as allowing its growth outside Liguria.

Deposit Taking, Management of Savings and Custodial Services

Deposit-Taking. As at 30 June 2010, the Bank's total deposits amounted to €26,351.2 million (an increase of 9.3 per cent. compared to €24,099 million as at 31 December 2009 and of 20.3 per cent. compared to €21,911 million as at 30 June 2009). Direct deposits, i.e. the deposit taking from customers, amounted to €23,864.5 million (up by 2.8 per cent. in six months and 12.5 per cent. in the twelve-month period; up 1.1 per cent. and 10.7 per cent. respectively, net of the former MPS branches), representing approximately 90.6 per cent. of total funding; the balance was made up mainly of short term deposits from other banks. Substantially all customer funds are denominated in Euro.

The following table shows a breakdown of the Bank's total deposits as at 30 June 2010 and 2009 and 31 December 2009 and 2008:

	As at			
	30 June 2010	31 December 2009	30 June 2009	31 December 2008
	(limited review)	(audited)	(limited review)	(audited)
	(€ millions)			
Customer deposits				
Current accounts.....	12,215.0	12,662.8	11,160.9	9,727.6
Repurchase agreements.....	1,273.5	68.1	9.6	173.8
Saving deposits.....	6.8	16.0	24.3	28.1
Financing	1.8	2.0	1.9	1.7
Funds managed on behalf of third parties	-	-	0.1	0.1
Other debts	399.5	425.9	452.9	499.6
<i>Total customer deposits</i>	<i>13,896.7</i>	<i>13,174.6</i>	<i>11,649.6</i>	<i>10,431.0</i>
Bonds.....	8,747.8	9,285.6	8,743.6	8,475.8
Other securities.....	132.3	152.5	203.4	220.6

Description of the Issuer

Liabilities at fair value	1,087.8	612.2	611.2	577.8
<i>Total direct deposits</i>	<u>23,864.5</u>	<u>23,225.0</u>	<u>21,207.8</u>	<u>19,705.2</u>
Due to banks				
Due to central banks	98.7	24.1	25.0	-
Current accounts	32.5	145.3	132.7	376.2
Term deposits	733.9	324.4	152.2	340.9
Financing	421.2	355.5	320.2	295.1
Repurchase agreements	1,200.4	24.7	73.1	71.3
<i>Total due to banks</i>	<u>2,486.7</u>	<u>874.0</u>	<u>703.1</u>	<u>1,083.5</u>
Total	<u>26,351.2</u>	<u>24,099.0</u>	<u>21,911.0</u>	<u>20,788.7</u>

As at 30 June 2010 the Bank's direct and indirect deposits amounted to €43,349.4 million, with an increase of 5 per cent. compared to December 2009 and 11 per cent. compared to June 2009; excluding the contribution of the business unit acquired as at 31 May 2010 from MPS; these variations amount to 2.3 per cent. in the six-month period and 8.1 per cent. in the twelve-month period, respectively. Customer deposits represented 55.1 per cent. of the Bank's direct and indirect deposits.

The following table shows a breakdown of the Bank's direct and indirect deposits as at 30 June 2010 and 2009 and 31 December 2009 and 2008:

	As at			
	30 June 2010 (limited review)	31 December 2009 (audited)	30 June 2009 (limited review)	31 December 2008 (audited)
(€ millions)				
Customer deposits (Direct deposits)	23,864.5	23,225.0	21,207.8	19,705.2
Other financial activities (Indirect deposits)	19,484.9	18,043.9	17,854.2	17,865.8
<i>Assets under management</i> ⁽¹⁾	8,357.4	7,427.0	6,809.7	6,806.3
<i>Assets in custody</i> ⁽¹⁾	<u>11,127.5</u>	<u>10,616.9</u>	<u>11,044.5</u>	<u>11,059.5</u>
Total direct and indirect deposits	<u>43,349.4</u>	<u>41,268.8</u>	<u>39,062.0</u>	<u>37,571.0</u>

(1) Financial investment processes related to part of the securities portfolio of the Group insurance companies have been reviewed in the second half of 2009. As a consequence of this review, the investment management agreements signed between the Parent Bank and the insurance subsidiaries have been cancelled and replaced by an advisory agreement, appointed to Carige AM SGR. In light of this, amounts pertaining to the insurance companies have been reclassified from assets under management to assets in custody. The aggregates for the previous periods have been adequately reclassified to allow an homogeneous comparison as at 31 December 2009.

Due to the strong increase in competition for funds in recent years, the Bank has introduced new funding strategies, both direct and indirect, with the aim of maintaining and enhancing customer loyalty and increasing its own sources of funding as well as generating fee income.

On the direct deposits side, the Bank has increased the number of products it offers to meet both the investment and liquidity needs of its customers with the aim of stabilizing its low cost core funding. On the indirect deposits side, the Bank has emphasised growth in assets under management rather than assets in custody with the aim of enhancing the Bank's fee income and maintaining customer loyalty.

As at 30 June 2010, the Bank's short-term direct deposits (i.e. those with an original maturity equal to or under 12 months) amounted to €13,734.5 million (an increase of 5.7 per cent. compared to December 2009 and of 19.7 per cent. compared to June 2009), representing 57.6 per cent. of direct deposits, mainly in the form of interest bearing current accounts; in particular, within the amounts owed to customers, there was a significant increase in repurchase agreements (€1,273.5 against €68.1 million and €9.6 million as at 31 December 2009 and 30 June 2009 respectively); furthermore, current accounts and free deposits (€12,215 million) increased by 9.4 per cent. over the 12 months, due mainly to the volumes deriving from the decree law on repatriation of capital, temporarily placed in current accounts and progressively transferred to indirect deposits in the first quarter of 2010.

As at 30 June 2010, the Bank's medium and long-term deposits amounted to €10,130 million (a decrease of 1 per cent. compared to December 2009 and an increase of 4.1 per cent. compared to June 2009), representing 42.4 per cent. of total direct deposits, mainly in the form of bonds. The increase in bonds issued is mainly due to the first public issue in November 2009 of covered bonds for the amount of €1 billion maturing in seven years with a fixed yearly coupon of 3.75 per cent., subscribed by leading institutional investors, mainly Italian,

Description of the Issuer

German, French, British and Finnish, including seven central European banks. Liabilities designated at fair value amounted to €1,087.8 million, an increase of 77.7 per cent. compared to December 2009 and 78 per cent. over June 2009, composed mainly of structured bonds, placed through Poste Italiane; in particular, the reference period saw an increase in issues of step up bonds which, due to hedging reasons, were classified at fair value.

Management of savings and custodial services. As at 30 June 2010, indirect customer deposits amounted to €19,484.9 million (with an increase of 8 per cent. compared to the end of 2009, and of 9.1 per cent. compared to June 2009).

The following table shows the Bank's indirect customer deposits as at 30 June 2010 and 2009 and 31 December 2009 and 2008:

	As at							
	30 June 2010		31 December 2009		30 June 2009		31 December 2008	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(€ millions)							
Assets under management:	8,357.4	42.9	7,427.0	41.2	6,809.7	38.1	6,806.3	38.1
<i>Asset management</i> ⁽¹⁾	536.8		410.3		390.6		430.0	
<i>Mutual funds</i> ⁽¹⁾	4,327.3		3,949.4		3,593.1		3,915.4	
<i>Bancassurance products</i> ⁽¹⁾	3,493.3		3,067.4		2,826.0		2,460.9	
Assets in custody:	11,127.5	57.1	10,616.9	58.8	11,044.5	61.9	11,059.5	61.9
<i>Government securities</i> ⁽¹⁾	3,650.5		5,042.2		4,415.8		5,682.2	
<i>Other bonds</i> ⁽¹⁾	7,477.0		5,574.6		6,628.7		5,377.3	
Total direct and indirect deposits	19,484.9	100.0	18,043.9	100.0	17,854.2	100.0	17,865.8	100.0

(1) Financial investment processes related to part of the securities portfolio of the Group insurance companies have been reviewed in the second half of 2009. As a consequence of this review, the investment management agreements signed between the Parent Bank and the insurance subsidiaries have been cancelled and replaced by an advisory agreement appointing Carige AM SGR as investment advisor. In light of this, amounts pertaining to the insurance companies have been reclassified from assets under management to assets in custody. The aggregates for the previous periods have been adequately reclassified to allow an homogeneous comparison as at 31 December 2009.

The Bank provides asset management services through a wide range of personal financial products (including mutual funds, private banking and bancassurance products) and advisory services, primarily to individuals. As at 30 June 2010, assets under management amounted to €8,357.4 million, accounting for 42.9 per cent. of indirect customer deposits (41.2 per cent. at 31 December 2009 and 38.1 per cent. at 30 June 2009), an increase of 12.5 per cent. from €7,427 million at 31 December 2009 and of 22.7 per cent. from €6,809.7 million at 30 June 2009. In particular there has been an increase in mutual funds which began to move upwards after dropping for two years, to reach €4,327.3 million (an increase of 9.6 per cent. for the six months and of 20.4 per cent. for the year).

Fee income from asset management totalled €28.4 million as at 30 June 2010 (an increase of 1.1 per cent. compared to June 2009). With a view to reinforcing the Bank's position as a full service bank and to increasing the contribution of non-interest income to revenue, the Bank has focused on the development of private banking and on the distribution of bancassurance products.

The Bank, through its subsidiaries, Carige Assicurazioni and Carige Vita Nuova, distributes several bancassurance products, such as pension and annuity policies, mortgage or credit insurance policies, households liability and hazard policies, and motor insurance policies. In 2009 the premiums collected from bancassurance products sold by the Bank's branch network reached €868.3 million, increasing by 46.7 per cent., mainly driven by traditional insurance policies (€858 million compared to €587.7 million in 2008). The premiums collected on the non-life insurance products amount to €10.3 million, more than doubled compared to the €4.1 million in 2008. This growth is due to the policies associated with the *Credit Protection Insurance* (CPI) loans, which rose to €6.9 million (equal to 66.7 per cent. of the total non-life insurance) while the car policies fell by 18.1 per cent.

Assets in custody amounted to €11,127.5 million at 30 June 2010 (an increase of 4.8 per cent. compared to June 2009 and 0.8 per cent. compared to June 2009), accounting for 57.1 per cent. of total indirect deposits (as compared to 58.8 per cent. at 31 December 2009 and 61.9 at 30 June 2009). These assets, comprising mainly Italian Government securities, represent an opportunity for the Bank to encourage the migration from custodial to managed funds, which typically offer greater growth potential and returns to investors and enhanced fee income to the Bank.

Investments

Lending. As at 30 June 2010, the Bank's outstanding loans amounted to €21,810.1 million (an increase of 6.5 per cent. compared to December 2009 and 14.7 per cent. compared to June 2009). Loans to customers, net of value adjustments for €515.2 million, amounted to €20,091.5 million (92.1 per cent. of the total), up by 4.8 per cent. compared to December 2009 (10.9 per cent. up in the twelve-month period). The total amount comes to €20,606.7 million before the value adjustment, showing an increase of 4.9 per cent. in the six-month period and 11.2 per cent. in the twelve-month period (up 1.5 per cent. and 7.6 per cent. respectively, net of the volumes from the former MPS branches).

Loans to banks, net of value adjustments for €0.9 million, amounted to €1,718.6 million (7.9 per cent. of the total), up by 31.6 per cent. compared to December 2009 (91.6 per cent. up in the twelve-month period).

The Bank has pursued a policy of diversifying its loans by market segment, tailoring products to the needs of customers based upon their region, economic sector and risk profile. The Bank's traditional customer base is represented by small and medium sized businesses; the Bank has actively marketed its financial consultancy services with the aim of building customer loyalty and developing the Bank's portfolio of loans in this business area.

The net interbank balance (difference between amounts owed to/due from banks) showed a net debit position of €767.3 million (as compared to a net credit position of €432.5 million at 31 December 2009 and €194.9 million at 30 June 2009), due to the effects of the acquisition of former MPS branches, of more investments, mainly in Government bonds, and of the re-composition in deposits to the benefit of assets under management.

The following table sets out a breakdown of the Bank's total outstanding loans as at 30 June 2010 and 2009 and 31 December 2009 and 2008:

	As at			
	30 June 2010	31 December 2009	30 June 2009	31 December 2008
	(limited review)	(audited)	(limited review)	(audited)
	(€ millions)			
Loans to customers				
Gross Value.....	20,606.7	19,637.2	18,536.7	17,858.4
<i>Current accounts.....</i>	2,406.8	2,456.0	2,199.5	2,344.5
<i>Repurchase agreements.....</i>	460.3	482.1	255.3	658.8
<i>Mortgages⁽¹⁾.....</i>	10,982.6	10,227.4	9,818.8	9,498.0
<i>Consumer credit.....</i>	212.7	252.9	303.1	368.7
<i>Leasing.....</i>	788.0	810.3	810.9	821.9
<i>Factoring.....</i>	166.1	141.1	128.1	121.9
<i>Others.....</i>	3,745.5	3,609.6	3,685.7	2,917.8
<i>Bad loans.....</i>	1,844.8	1,657.9	1,335.4	1,126.7
Allowance for loans losses ⁽¹⁾	(515.2)	(461.4)	(421.2)	(395.6)
Total net loans to customers.....	20,091.5	19,175.8	18,115.5	17,462.8
Loans to banks				
Gross Value.....	1,719.4	1,306.4	898.1	1,031.9
<i>Compulsory reserves.....</i>	190.0	220.0	112.2	327.7
<i>Other loans to central banks.....</i>	-	-	-	-
<i>Current accounts and free deposits.....</i>	496.2	267.0	149.7	120.7
<i>Term deposits.....</i>	246.9	539.2	408.2	438.3
<i>Repurchase agreements.....</i>	231.6	-	147.8	23.1
<i>Financing.....</i>	538.7	264.4	63.8	105.9
<i>Bad loans.....</i>	15.9	15.7	16.3	16.1
Allowance for loans losses.....	(0.9)	(0.9)	(0.9)	(0.8)
Total net loans to banks.....	1,718.6	1,305.6	897.2	1,031.1
Total net loans.....	21,810.1	20,481.4	19,012.7	18,493.9

(1) Based on the new provision issued by the Bank of Italy in the first update of Circular 262/2005 dated 18 November 2009 ("The bank financial statements: drafting tables and provisions"), including the reorganisation of information on "impaired assets" and "assets sold and not cancelled", the latter are now recorded under the relevant technical forms and no more as an independent

Description of the Issuer

item. The corresponding figures for the periods previous to 31 December 2009 have been adequately reclassified to allow a homogeneous comparison.

As at 30 June 2010, short-term loans represented 23.6 per cent. of the Bank's lending to customers.

Based on the Bank of Italy's classification criteria, 57.3 per cent. are loans to non-financial institutions and personal businesses, followed by families (29.2 per cent.), and financial and insurance institutions (7.2 per cent.). The most prominent sectors refer to sales-related services (19.6 per cent.), building and public works (9.4 per cent.) and wholesale and retail trade and salvage and repair services (8.5 per cent.).

Securities portfolio. As at 30 June 2010, the value of the Bank's securities portfolio totalled €5,931.5 million (an increase of 17.1 per cent. compared to December 2009 and of 48.4 per cent. compared to June 2009). Securities available for sale (€4,476.2 million) represented the largest component of the portfolio, 75.5 per cent. of the total.

As at 30 June 2010, debt securities increased by 22.5 per cent. compared to December 2009 and by 65.3 per cent. compared to June 2009, to €4,815.9 million. Equities increased by 1.5 per cent. compared to December 2009 and by 6.7 per cent. compared to June 2009, amounting to €1,018 million; most of this figure was composed by equities available for sale. The available for sale portfolio included an investment in the Bank of Italy's equity accounted for €818.4 million.

As at 30 June 2010 shares in collective investment schemes amounted to €97.6 million, with a decrease of 26.3 per cent. compared to December 2009 and of 24.8 per cent. compared to June 2009.

The table below sets out a breakdown of the Bank's securities portfolio as at 30 June 2010 and 2009 and 31 December 2009 and 2008:

	As at			
	30 June 2010	31 December 2009	30 June 2009	31 December 2008
	(limited review)	(audited)	(limited review)	(audited)
	(€ millions)			
Debt securities	4,815.9	3,932.0	2,913.6	2,435.4
<i>Held for trading</i>	482.6	585.3	682.7	538.1
<i>Available for sale</i>	3,366.2	2,425.6	937.6	575.1
<i>Loans & receivables</i>	967.1	921.0	889.0	900.3
<i>Held to maturity</i>	-	-	404.2	421.9
Equity securities	1,018.0	1,002.7	953.8	888.8
<i>Held for trading</i>	0.0	0.7	1.2	1.5
<i>Available for sale</i>	1,018.0	1,002.0	952.6	887.3
Shares in collective investment schemes	97.6	132.4	129.8	130.8
<i>Held for trading</i>	5.6	45.6	45.4	45.1
<i>Available for sale</i>	92.0	86.8	84.4	85.7
Total	5,931.5	5,067.1	3,997.1	3,455.0
Including:				
<i>Held for trading</i>	488.2	631.6	729.3	584.7
<i>Available for sale</i>	4,476.2	3,514.5	1,974.6	1,548.1
<i>Loans & receivables</i>	967.1	921.0	889.0	900.3
<i>Held to maturity</i>	-	-	404.2	421.9

Consolidated Banking Operations

As at 30 June 2010 the Group recorded total financial activities for €49,278.2 million (an increase of 5 per cent. compared to December 2009 and of 10.4 per cent. compared to June 2009); excluding the contribution of the business unit acquired from MPS, as at 31 May 2010, said variations come to 2 per cent. in the six-month period and 7.3 per cent. in the twelve-month period respectively. In particular, as at 30 June 2010, direct deposits amounted to €26,249.5 million, with an increase of 2.2 per cent. compared to December 2009 and of 10.7 per cent. compared to June 2009 (an increase of 0.3 per cent. and 8.7 per cent. respectively, net of former MPS branches).

Indirect deposits amounted to €23,028.7 million, with an increase of 8.5 per cent. compared to December 2009 and of 10.1 per cent. compared to June 2009 (up 4.2 per cent. and 5.7 per cent. respectively, net of former MPS branches). Loans to customers amounted to €24,275.7 million, with an increase of 5 per cent. compared to

December 2009 and of 11.1 per cent. compared to June 2009 (an increase of 1.8 per cent. and 7.6 per cent. respectively, net of the former MPS branches).

The following table sets out the financial highlights of the Group as at 30 June 2010 and 2009 and 31 December 2009 and 2008:

Carige Group

	As at			
	30 June 2010	31 December 2009	30 June 2009	31 December 2008
	(limited review)	(audited)	(limited review)	(audited)
<i>(€ millions)</i>				
Total assets.....	39,442.8	36,299.4	33,711.3	31,986.4
Direct deposits.....	26,249.5	25,695.8	23,711.5	22,164.1
Indirect deposits.....	23,028.7	21,225.6	20,920.0	20,960.3
Total financial activities.....	49,278.2	46,921.4	44,631.4	43,124.3
Loans to customers ⁽¹⁾	24,275.7	23,116.7	21,854.3	21,119.9

(1) Gross of value adjustments and net of debt securities classified as loans and receivables.

Insurance Services

The Carige Group includes two insurance companies, Carige Assicurazioni and Carige Vita Nuova in which, as at 30 September 2010, Carige holds stakes of 98.4 and 100 per cent. respectively.

Carige Assicurazioni operates throughout Italy with a sales force of 425 agents. Its business is broadly spread across most non-life insurance lines, including compulsory insurance against civil liability in respect of the use of motor vehicles and boats. As at 30 June 2010, Carige Assicurazioni had total assets of €1,213.8 million (compared to €1,235.9 million as at 31 December 2009 and €1,234.6 million as at 30 June 2009), shareholders' equity and reserves of €143.2 million (compared to €136.8 million as at 31 December 2009 and as at 30 June 2009) and reported gross premiums of €295.5 million (compared to €280.9 million as at 30 June 2009) and net income of -€1.9 million (compared to €2.9 million as at 30 June 2009).

Carige Vita Nuova operates throughout Italy, with a sales force of 302 agents as at 30 June 2010. At the same date, it had total assets of €3,682 million (compared to €3,290.8 million as at 31 December 2009 and €2,805.8 million as at 30 June 2009), shareholders' equity and reserves of €158.3 million (compared to €154 million as at 31 December 2009 and 74 million as at 30 June 2009), and reported gross premiums of €481.8 million (compared to €559.3 million as at 30 June 2009) and net income of €7.3 million (compared to €4.5 million as at 30 June 2009).

The following table sets out the financial highlights of the two insurance companies as at and for the period ended 30 June 2010 and 2009 and 31 December 2009 and 2008:

Carige Assicurazioni

	As at			
	30 June 2010	31 December 2009	30 June 2009	31 December 2008
	(limited review)	(audited)	(limited review)	(audited)
<i>(€ millions)</i>				
Total Assets.....	1,213.8	1,235.9	1,234.6	1,207.0
Share capital.....	143.2	136.8	136.8	137.6
Reserves.....	828.8	842.0	863.6	858.8
Net Income.....	(1.9)	6.3	2.9	(30.8)
Total premiums.....	295.5	551.4	280.9	558.3
Number of agencies ⁽¹⁾	425	391	381	377

(1) Nearly all the Carige Assicurazioni agencies are also Carige Vita Nuova's agencies (source: annual reports and unaudited statements).

Description of the Issuer

Carige Vita Nuova

	As at			
	30 June 2010	31 December 2009	30 June 2009	31 December 2008
	(limited review)	(audited)	(limited review)	(audited)
	(€ millions)			
Total assets.....	3,682.0	3,290.8	2,805.8	2,296.3
Share capital.....	158.3	154.0	74.0	53.1
Reserves.....	3,330.4	2,914.3	2,526.7	2,059.3
Net income.....	7.3	19.2	4.5	(24.1)
Total premiums.....	481.8	996.3	559.3	588.0
Number of agencies ⁽¹⁾	302	287	258	256

(1) Nearly all the Carige VitaNuova agencies are also Carige Assicurazioni agencies (Source: annual reports and unaudited statements).

Payment Services

The Group also sells debit and credit cards. The number of “Bancomat” debit cards issued by the Bank totalled almost 404,000 as at 30 June 2010, credit cards of the “CartaSi” system totalled almost 189,000 and pre-paid credit cards exceeded 54,000.

Assets under Management

Following the establishment of the Bank’s asset management company, Carige AM SGR, in 2004, the Carige Group has further developed its wealth management services. Carige AM SGR currently manages funds on behalf of the Carige Group’s customers and also operates in the field of insurance funds.

As at 30 June 2010 total assets managed by the Company amounted to €5 billion, 10.6 per cent. up compared to the beginning of the year (an increase of 24.9 per cent. compared to June 2009). More specifically, the trend showed increases in all segments managed by the Company, both for the semester and year-on-year. The economic result showed a net profit of €503,000 (€218,000 as at 30 June 2009).

The following table sets out the financial highlights of the asset management company as at 30 June 2010 and 2009 and 31 December 2009 and 2008:

Carige AM SGR

	As at			
	30 June 2010	31 December 2009	30 June 2009	31 December 2008
	(limited review)	(audited)	(limited review)	(audited)
	(€ millions)			
Assets under management.....	4,972.8	4,495.5	3,980.1	4,253.5
<i>Mutual funds</i>	4,030.0	3,678.1	3,224.0	3,498.4
<i>Assets management (customer assets)</i>	524.1	421.6	404.8	424.3
<i>Insurance products (customer assets)</i>	170.9	169.0	157.9	161.1
<i>Pension funds</i>	247.8	226.9	193.4	169.6
Total assets.....	17.1	28.4	14.6	17.3
Capital and reserves.....	7.1	6.6	6.5	6.4
Net income.....	0.5	9.7	0.2	2.2

Consumer Credit

The Group supplies personal loans, loans granted under the salary-backed loans and revolving credit lines through Creditis Servizi Finanziari; the company, established in 2008, generated a profit of €2,3 million over the first six months of 2010 (compared with €0.4 million result as at 30 June 2009).

The following table sets out the financial highlights of Creditis as at 30 June 2010 and 2009 and 31 December 2009 and 2008:

Creditis	As at			
	30 June 2010 (limited review)	31 December 2009 (audited)	30 June 2009 (limited review)	31 December 2008 (audited)
	(€ millions)			
Loans to customers	336.8	260.9	167.9	62.7
<i>Personal loans</i>	310.6	251.9	162.9	61.1
<i>Revolving credit risk</i>	14.6	9.0	5.0	1.6
<i>Salary-backed loans</i>	11.7	-	-	-
Total assets	364.4	298.9	189.1	82.9
Capital and reserves	20.3	19.6	19.0	18.8
Net income	2.3	1.7	0.4	(0.6)

Risk Management

The Board of Directors of the Parent Company sets the Group policies related to the assumption of risks in the strategic plan and in the annual budget.

The Parent Company defines orientation and performs supervisory functions on all risks, in particular by managing in an integrated context the First Pillar and Second Pillar risks, in accordance with the Bank of Italy Regulations.

The banks of the Group operate within specific limits of independence and with their own supervisory structures. The different risk categories are monitored by specific structures, namely Planning and Control and Risk Management, that periodically report to the Board of Directors, to the Asset & Liability Management Committee, to the ICAAP (Internal Capital Adequacy Assessment Process) Committee and to Executive Management.

The analyses are supported by regulatory models and by more advanced methodologies which have made it possible to expand the range of risks monitored over time and to improve the assessment of capital adequacy, from both a regulatory and an economic perspective.

The Second Pillar regulations provide that the banks, through proprietary methodologies, assess their current and future capital adequacy, expanding the range of risks to be taken into account compared to the First Pillar. Carige has carried out an initial assessment aimed to identify the risks to which the Group is exposed, taking into consideration its operations and reference markets. Once the risks were identified, Carige defined related assessment procedures, either quantitative (when measurement methods are present) or qualitative (if related to organisational supervision).

The ICAAP analysis includes the risks related to credit, market and operational factors, concentration (both single name and geosectorial components), interest rates, liquidity and reputational and strategic factors, the risks deriving from securitisations and the residual risks.

Internal models for the quantification of credit, market and interest rate risks were used, together with regulatory models for the operating and concentration risks.

The analysis related to the remaining risks is performed through the use of specific scorecards aimed to identify, with qualitative techniques, the potential level of risk and the supervision measures introduced.

Credit Risk

The credit risk measurement, management and control process is carried out through the following activities:

- **Credit Risk Management**, focuses on the governance of credit activities, with careful monitoring of risk indicators resulting from rating (probability of default (**PD**), loss given default (**LGD**) and exposure at default (**EAD**)) on the performing portfolio and monitoring of poor quality loans; and
- **Operational Management**, aims to the efficient management of loans granted. In addition, during 2008, the Parent Company introduced an instrument for the operational monitoring of credit which combines different fields of control activities with risk indicators, developed according to IRB methodology, in order to improve the efficiency of control activities and manage the same activities more consistently with customer risk profiles.

Description of the Issuer

Banca Carige continued this strategy through the fine-tuning and implementation of internal rating models, which are related to the Corporate Small- and Medium-Size Enterprises (SMEs) and Retail segments, i.e. 74.1 per cent. of the customer loan portfolio. In particular, in 2008, all rating models were recalibrated on the basis of the notion of PDs. Rating information was incorporated into the lending procedure in the Retail (Private and Small Business) and Corporate (SME) segments in 2008, and extended to the Large Corporate segment in 2009. Banca Carige also implemented Group models for the determination of LGD and EAD.

Furthermore, Carige established a “Validation Function” to implement the different phases of internal validation, prior to application for Supervisory Body authorisation, for the purposes of reporting of internal ratings.

In the context of the project of internal development of ratings, the statistical models for SMEs and Retail customers were completed and implemented, as for the assessment models for Large Corporate customers. The LGD and EAD models were completed and a credit datawarehouse, which will feed the calculation engines, was installed. Ratings support the decision-making process during the phase of granting and renewal of loans.

As at 30 June 2010, the current estimated regulatory capital for credit risk, calculated by the standard approach is €1,305 million (€1,234.6 million at 31 December 2009) which represents 63.7 per cent. of the Group’s regulatory capital.

Market Risk

Banca Carige uses the standard approach for regulatory capital purposes.

Market risk is also measured on the securities and derivatives portfolio through the daily calculation of the Value at Risk (VaR) in accordance with the Montecarlo approach, with a confidence interval of 99 per cent. and a holding period of ten days. The analysis of VaR on the securities and derivatives has been integrated by the daily monitoring of profitability profiles with the calculation of accrued interests, of profits and losses and of the capital gains/losses recognised on the financial instruments held in the portfolio. The profitability determined in this way is constantly compared with the assumptions made in the budget. Foreign exchange risk and gamma and vega risk on options are calculated using the Bank of Italy’s standard approach.

As at 30 June 2010, the current estimated regulatory capital for market risk is €23.8 million (€30.3 million at 31 December 2009) which represents the 1.2 per cent. of the regulatory capital.

Operational Risk

Banca Carige used the Bank of Italy’s basic approach, which provides for a capital absorption equal to 15 per cent. of the average gross operating income of the last three years. In order to be able to evolve towards more advanced methodologies, the Bank has participated in the DIPO (*Database Italiano Perdite Operative*, or Italian Database of Operating Losses) since its inception following an ABI initiative. Furthermore, specifically as regards the risks connected with failures of the IT system, the Group defined business continuity and disaster recovery plans aimed to the identification of critical processes and of the strategies for minimising the risks and the associated economic consequences, so as to be able to guarantee a prompt restoration of operating processes.

As at 30 June 2010 the current estimated regulatory capital for operational risk is €124.4 (in line with 31 December 2009) which represents 6.1 per cent. of the regulatory capital.

Interest Rate Risk and Asset and Liability Management

Banca Carige analyses the interest rate risk on a monthly basis, using Gap analysis techniques (specifically the three methodologies of incremental gap, incremental beta gap and shifted beta gap), duration analysis and sensitivity analysis. In addition, at a consolidated level, the Parent Company periodically monitors its exposure to interest rate risk, in application of the standard supervisory model. To this end, also as at 30 June 2010, it confirmed its compliance with the maximum threshold, equal to 20 per cent. of regulatory capital.

As at 30 June 2010, funds provided by deposits, which consist primarily of current and savings deposits, constituted 58.2 per cent. of total funds (compared to 56.7 per cent. as at 31 December 2009 and 54.9 per cent. as at 30 June 2009), and 94 per cent. of such amounts (including the short term portion of long term deposits) matured or repriced within one year.

Funds raised by the Bank are primarily used to finance loans and to invest in securities. As at 30 June 2010, net loans to customers amounted to 72.4 per cent. (compared to 75.2 per cent. as at 31 December 2009 and 78.9 per cent. as at 30 June 2009) of total interest earning assets and the investment securities portfolio amounted to 18.3 per cent. of total interest earning assets (compared to 16.5 per cent. as at 31 December 2009 and 13.9 per

cent. as at 30 June 2009). As at 30 June 2010, 75.2 per cent. of the total loan portfolio and 20.2 per cent. of the total securities portfolio was due to mature or be repriced within one year.

Banking portfolio: distribution by residual life of financial assets and liabilities

As at 31 December 2009

Type/Residual life	on sight	Up to 3 months	Over 3 months less than 6	Over 6 months less than 1 year	Over 1 year less than 5 years	Over 5 years less than 10 years	Over 10 years	Life not calculated
<i>(€ thousands)</i>								
Cash assets								
Debt Securities								
- with early repayment option	-	79,344	15,547	7,379	3,017	243,170	-	-
- others	2,261	506,589	321,143	68,978	872,737	373,793	850,984	-
Financing to banks	484,629	746,546	59,523	-	3	14,854	-	-
Financing to customers								
- current account other								
financing	2,521,286	-	-	-	52,806	-	-	-
- with early repayment option	5,872,817	998,169	1,163,045	289,054	800,798	586,658	2,098,373	-
- others	2,196,009	1,414,140	308,286	120,369	350,778	142,543	226,875	-
Cash liabilities								
Amounts owed to customers								
- current account other								
payables	9,841,628	12,508	247	-	2,033	1	2	-
- with early repayment option	-	-	-	-	-	-	-	-
- others	2,844,911	71,407	8,829	16,806	117,351	90,776	54,833	-
Amounts owed to banks								
- current account	132,627	-	-	-	-	-	-	-
- other payables	57,942	157,188	174,977	249,501	78,854	7,748	47	-
Debt Securities								
- with early repayment option	5,876	452,893	104,083	3,701	5,986	160,430	-	-
- others	124,970	3,126,009	1,705,575	1,204,718	1,927,850	1,195,152	-	-
Other liabilities								
- with early repayment option	-	-	-	-	-	-	-	-
- others	110,635	-	-	-	-	-	-	-
Financial derivatives								
With underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Others								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
No underlying security								
- Options								
+ Long positions	-	16,495	12,581	-	-	-	-	-
+ Short positions	-	-	-	-	896	12,022	16,158	-
- Others								
+ Long positions	-	2,059,210	991,549	39,000	1,706,079	1,015,124	130,120	-
+ Short positions	-	1,833,068	817,273	248,063	883,080	811,754	1,347,344	-

Description of the Issuer

Regulatory trading portfolio: distribution by residual life of cash financial assets and liabilities and financial derivatives

Type/Residual life	As at 31 December 2009							
	on sight	Up to 3 months	Over 3 months less than 6 months	Over 6 months less than 1 year	Over 1 year less than 5 years	Over 5 years less than 10 years	Over 10 years	Life not calculated
<i>(€ thousands)</i>								
Cash assets								
Debt Securities								
- with early repayment option	-	22,039	4,811	-	-	-	-	-
- other	-	91,255	150,100	10,910	217,240	65,666	13,657	-
Other assets	-	-	-	-	-	-	-	-
Cash liabilities								
Debt securities in issue	-	12,040	-	5,687	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Financial derivatives								
With underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other								
+ Long positions	-	20,042	61,155	594	4,820	187	2,730	-
+ Short positions	-	71,217	7,995	32	7,481	73	2,730	-
No underlying security								
- Options								
+ Long positions	-	12,350	25,353	4,565	6,014	7,488	8,937	-
+ Short positions	-	7,555	20,158	4,556	3,925	5,152	23,361	-
- Other								
+ Long positions	-	1,331,707	469,389	289,886	202,013	40,290	236,289	-
+ Short positions	-	1,023,341	464,652	307,018	400,130	126,156	248,277	-

Concentration Risk

This risk is quantified through the Herfindahl index, in accordance with the procedures provided by the Bank of Italy, as regards the single name application. With regard to geosectorial concentration risk, reference was made to the method proposed by ABI (Italian Banking Association) and validated by the Bank of Italy. The measurements show a limited exposure, consistent with the retail nature of the Group.

Liquidity Risk

Banca Carige carries out different analyses which aim to assess the financial balance on both the treasury items as well as at a structural level. The short-term liquidity risk is monitored through daily analyses of the net treasury position, liquidity reserves and daily transactions at Group level. The analysis of the overall situation is conducted through liquidity indicators (ratio and absolute value) and a maturity schedule shared with the finance department. The ratios measure the solidity of the treasury situation according to decreasing safety margins. They compare the value of the net financial position with the liquidity reserves on demand, including both securities that can be liquidated in the short-term and strategic securities that can be liquidated.

In 2009, the medium/long-term liquidity risk was analysed by monitoring both asset and liability items maturing in the future and comparing them with the growth objectives of the Bank. These analyses make it possible to conduct a monthly evaluation of the sources of structural liquidity (mainly bond funding on the domestic and international markets) with Group development plans.

Furthermore, for the purposes of more effective control of the structural liquidity risk, Banca Carige defined liquidity indicators in terms of gap ratios on maturities above one year. The objective is to maintain a sufficiently balanced structural liquidity profile, setting restrictions on financing medium/long-term assets with short-term liabilities, in order to maintain a consistent schedule of maturities. In addition, Banca Carige has also introduced a contingency plan, approved by the Board of Directors, which defines and describes the intervention

strategies and processes in stress and crisis situations, the reference organisational structure, risk indicators with the associated trigger points and the related calculation methods.

Reputational Risk, Strategic Risk, Risk on Securitisations and Residual Risk

Banca Carige carries out an analysis of reputational risk, strategic risk, risk on securitisations and residual risk through a specific assessment of the risk exposure as well as the control processes and the mitigation instruments in place. In particular, reputational risk is assessed through the definition and subsequent monitoring of certain indicators related to a variety of stakeholders (customers, shareholders, bond holders and employees) and is mitigated through the provision of organisational controls. Strategic risk is assessed by evaluating aspects such as the extent of the difference between forecasts and final results, the solidity of market assumptions underlying the model, the ability to understand the impact of relevant normative drivers, as well as the risk of inadequate implementation of decisions. The risk on securitisation transactions is assessed through a qualitative investigation with reference to the monitoring of expected cash flows linked to the securitisation, entities involved in the transaction and legal aspects. Finally, residual risk is evaluated on the basis of a qualitative assessment provided by different managers regarding the process of acquisition, management, monitoring and enforcement of guarantees.

The first analysis of the impact on capital of the Second Pillar regulations confirms the sound capitalisation of the Group: the requirements relating to risks not taken into account by the First Pillar regulations are less than the savings on capital generated by the application of more advanced methods on the credit and market risks. In addition, as regards ICAAP, with specific reference to the capital allocation, proprietary methodologies have been implemented in order to measure, as a cautionary approach, some assets that the First Pillar regulations do not take into account, imposing their deduction from regulatory capital. Specifically, this refers to control equity investments in subsidiary insurance companies, in the Bank of Italy and to a portion of goodwill derived from acquisitions made in recent years, deemed 'tangible assets'. This approach makes it possible to take into account the implicit higher capitalisation of the Carige Group, resulting in higher total Capital Ratios and Tier I ratios.

Securitisations

Between 2000 and 2008, the banks of the Group carried out four securitisation transactions: in 2000 relating to non performing loans (a book value of €227.6 million transferred to the special purpose vehicle (SPV) Argo Finance One S.r.l. for a consideration of €165.3 million); in 2001 relating to performing loans (a book value of €511.5 million transferred to the SPV Argo Mortgage S.r.l. for a consideration of €535.5 million), in 2004 relating to performing loans (a book value of €864.5 million transferred to the SPV Argo Mortgage 2 S.r.l. for a consideration of €925.6 million) and in 2002 relating to non performing loans (a book value of €33.7 million transferred to the SPV Priamar Finance S.r.l. for a consideration of €28 million). The Bank undertook the first three securitisations, whilst its subsidiary, CR Savona, carried out the fourth. In 2008 the Bank carried out a self-securitisation transaction, transferring a book value of €845 million, relating to performing loans, to the SPV Argo Mortgage 3 S.r.l. for a consideration of €852.6 million. Against this transfer, the SPV issued two tranches of senior securities, for €482.5 million (rated AAA by Fitch) and €42.6 million, and a tranche of junior securities for an amount totaling €327.4 million. In July 2010 the Bank repayed €250.5 million of the senior securities first tranches; the remaining € 232 million is used as collateral with ECB/Eurosystem.

Covered Bonds

On 4 December 2008, the Bank signed a 5 year programme of funding on the capital markets up to the limit of €5 billion to be achieved by issuing covered bonds. All bonds issued under the programme benefit from the protection of the Article 7-bis of Law No. 130 of 30 April 1999, as implemented by Italian Decree No. 310 of the Italian Ministry of Economy and Finance of 14 December 2006 and the Bank of Italy regulations dated 17 May 2007, as amended and supplemented from time to time. Under this programme, at the date of this Prospectus, Banca Carige has transferred to Carige Covered Bond S.r.l. an SPV belonging to the Carige Group and a pool of Italian residential and commercial mortgage loans for a total outstanding of €2.9 billion as at 30 September 2010. These assets were segregated by operation of law in favour of the holders of the covered bonds issued by the Bank. A first tranche of bonds, issued on 11 December 2008 for a nominal value of €500 million, was to take advantage of refinancing transaction (REPO) opportunities with the European Central Bank. In September 2010 there was a repayment of €200 million on this first tranche of bonds and the remaining €300 million was repayed on 11 November 2010. At the date of this Prospectus, there have been other two issues, the first in November 2009 and the second in September 2010, for a total nominal value of €1.5 billion, that were placed to international investors.

In September and October 2010, respectively, the Bank, the first in Italy, issued €75 million and €240 million (of which €180 million were underwritten by Carige Vita Nuova) of registered covered bonds.

Description of the Issuer

The Bank acts as servicer for all these transactions. As permitted by IFRS 1, the Carige Group elected to maintain Italian GAAP treatment for all transactions prior to 1 January 2004.

To improve the co-ordination and monitoring of the securitisation transactions carried out by the Carige Group, a specific operating unit was set up within the Planning and Financial Statements Structure. This unit oversees such transactions and the associated activities, carried out transversally by a multitude of company divisions and structures. Specifically, risks deriving from securitisation transactions are estimated and controlled within the Carige Group's Credit Risk Management system, involving monitoring by the Credit Control department (for transactions concerning performing loans). Moreover, individual transactions are periodically reviewed by General Management.

Derivatives

The Bank uses derivatives principally for asset and liability management to adjust the Bank's exposure to interest rate and foreign exchange risk. The Bank's treasury monitoring system, like those of most other Italian banks, was previously based on gap, duration, and liquidity analysis. A more sophisticated system based on VaR analysis has been introduced together with, in management's view, a more complete and accurate risk monitoring system.

As at 30 June 2010, the notional value of derivatives contracts totalled €11,883.6 million, €8,224 of which (69.2 per cent.) were hedged and balanced.

Non performing loans

Pursuant to the guidelines established by the Bank of Italy, Carige recognises four categories of non performing loans:

- bad loans (*sofferenze*);
- loans on "watchlist" (*incagli*);
- restructured loans (*esposizioni ristrutturate*);
- past due loans (*esposizioni scadute*).

Bad loans. Carige classifies a loan as a "bad loan" when legal recovery proceedings have started to recover it, or if the borrower is encountering serious financial or economic difficulties that are unlikely to be temporary, and that legal action for recovery of the loan would be advisable even though not yet started. It also classifies a loan as a "bad loan" if the ongoing assessment of the borrower leads to the conclusion that full recovery of both principal and interest is doubtful. Categorisation of a loan as a "bad loan" is frequently followed by a formal demand for repayment from the borrower (and in most cases, if applicable, the guarantor) by a specified date.

Loans on watchlist. Carige classifies a loan as being "on watchlist" when it determines that the borrower is experiencing financial or economic difficulties that are likely to be temporary.

Restructured loans. These are loans made by a syndicate of banks (or just one bank) where a moratorium has been granted and the rate of interest has been renegotiated at a lower rate or at market rate. Loans to companies which have stopped trading or are insolvent are excluded from this category. Any banks which do not agree with the restructuring must notify the other banks that they will treat the debt as a bad loan or a non performing loan (i.e. a problem loan not categorised as a bad loan). If a bank agrees to disclose the restructured loan, it must give notice as to whether it is a bad loan or a non performing loan.

Past due loans. Carige classifies a loan as a "past due loan" when it has expired and not been paid for more than 180 days. As required by the Bank of Italy, with the first update of Circular No. 272 of 30 July 2008, dated 10 December 2009, the Bank also classifies in this category (effective 31 December 2009) the mortgage loans having overdue payments ranging from 90 to 180 days.

The following table shows a breakdown of the Bank's total loans to customers (after provisions excluding arrears of interest and debt securities classified as "loans and receivables") as at 30 June 2010 and 2009 and 31 December 2009 and 2008:

	As at			
	30 June 2010 (limited review)	31 December 2009 (audited)	30 June 2009 (limited review)	31 December 2008 (audited)
	(€ millions)			
(i) Bad Loans	462.7	381.4	321.5	247.3
(ii) Loans on watchlist	389.7	335.7	312.8	312.0
(iii) Restructured loans	118.6	120.5	109.4	3.4
(iv) Past due	406.9	405.1	219.5	215.6
(v) Performing loans	18,713.6	17,933.1	17,152.4	16,684.5
(vi) Loans to customers	20,091.5	19,175.8	18,115.5	17,462.8
Aggregate of (i), (ii), (iii), (iv) as a percentage of (vi)	6.9%	6.5%	5.3%	4.5%

In addition to the current economic and financial situation, the trends shown by the past due loans is also due to the aforementioned changes made by the Bank of Italy to the definition and treatment of past due loans as part of non performing loans, starting from 31 December 2009.

The following table shows the composition of the Bank's bad loans and provisions, excluding arrears of interest and debt securities classified as "loans and receivables", as at 30 June 2010 and 2009 and 31 December 2009 and 2008:

	As at			
	30 June 2010 (limited review)	31 December 2009 (audited)	30 June 2009 (limited review)	31 December 2008 (audited)
	(€ millions)			
Nominal value of bad loans	867.4	727.4	634.2	539.2
Provisions	404.6	346.0	312.7	291.9
Net value of bad loans	462.7	381.4	321.5	247.3
Percentage of total loans represented by net value of bad loans	2.3%	2.0%	1.8%	1.4%

The bad loans/lending ratio increased to 4.2 per cent. as at 30 June 2010, compared to 3.7 per cent. as at 31 December 2009 and 3.4 per cent. as at 30 June 2009 as a consequence of the economic crisis. As for the entire banking system in 2009, credit ratings deteriorated to a significant extent; however, compared to the system as a whole, for the Bank the deterioration manifested itself to a lesser degree, also due to the Carige's marginal exposure to the major industrial companies involved in restructuring, the fragmentation of the customer base - which is to a large extent composed of retail customers - and the high level of positions secured by real guarantees in addition to the efficient loan selection and monitoring systems applied by the Bank.

COMPETITION

The Bank's competitors in the Italian banking market are commercial, savings and cooperative banks. In Liguria (where the Carige Group had a 26.40 per cent. market share in terms of branches as at 30 June 2010) the Bank's four main competitors are: the Intesa Sanpaolo Group (19.44 per cent. of total branches), the Banco Popolare Group (14.03 per cent.), the UniCredit Group (10.40 per cent.) and the UBI Banca Group (6.03 per cent.) (Source: Bank of Italy).

The following table shows the competitive environment of Liguria as at 30 June 2010, as compared to Italy as a whole, both prior and subsequent to the liberalisation of banking regulations in the first half of 1990:

	Liguria			Italy		
	1989	June 2010	Change (per cent.)	1989	June 2010	Change (per cent.)
Number of banks	31	57	83.9	1,085	779	(28.2)

Description of the Issuer

Number of branches.....	539	962	78.5	15,577	33,665	116.1
Population ⁽¹⁾			(6.5)	57,576,429	60,418,711	4.9
	1,727,212	1,615,341				
Inhabitants per branch.....	3,204	1,679	(47.6)	3,696	1,795	(51.4)
Branches per bank.....	17	17	(2.9)	14	43	201.0
The Group's market share by branches	24.30%	26.40%	2.10	0.88%	1.98%	1.10

(1) Data as at April 2010

Source: ABI, Bank of Italy and ISTAT.

INFORMATION TECHNOLOGY

Information technology is an integral part of the Bank's treasury operations, general risk management, regulatory compliance programme and commercialisation efforts. The computerised information system of all the companies of the Carige Group is managed by the Parent Company. To face the risks associated with a potential interruption of operations, the Parent Company has established a business continuity and disaster recovery plan aimed at identifying the critical processes and the strategies to minimise risks and economic consequences linked to the lack of operations, ensuring restoration of processes within established time limits, putting in place alternative procedures to ensure business continuity and enhancing the capacity of the Bank to coordinate operations between branches and divisions, access data and supervise business activities.

REGULATORY PROCEEDINGS AND LITIGATION

Regulatory Proceedings

Inspections and observations of the Bank of Italy

In the last three years the Bank of Italy (as well as following the inspections ended respectively in 2007 and 2008) sent its observations to the Bank on its developing strategies and governance, internal controls and credit risk management. In each case Carige has adopted concrete initiatives for better complying with the aforesaid findings in order to resolve the criticisms made by the Supervisory Authority.

At the date of the Prospectus there are no ongoing inspections by the Bank of Italy on the Bank and/or on the companies of the Banca Carige Banking Group.

Inspections and observations of Isvap

In the last three years ISVAP (as well as following the inspection ended in 2007) sent its observations to the Bank's subsidiaries Carige Vita Nuova and Carige Assicurazioni on, inter alia, governance, capital strengthening, internal controls and transactions with related parties. In each case both the insurance companies have adopted concrete initiatives for better complying with the aforesaid findings, looking for the resolutions of the criticisms made by the Supervisory Authority.

The Parent Company, following also the observations of the Bank of Italy, carried out the required capital strengthening of certain of its subsidiaries, and focused in particular on monitoring the development of its insurance subsidiaries in terms of synergies within the Group and profitability.

Currently no further capital reinforcement measures are envisaged. Where appropriate, such measures may be considered bearing in mind capital requirements arising from the Companies' future operational development and the economic results generated as a result of implementing the companies' Strategic Plans for 2009-2013.

At the date of the Prospectus there are no ongoing inspections by Isvap on the companies of the Banca Carige Insurance Group.

Litigation

The Carige Group, in the course of its business, is subject to certain claims and is party to a number of legal proceedings relating to a variety of issues, including commercial and contractual disputes and is also involved in disputes with the Italian tax authorities.

As at 30 June 2010, the Bank established, on consolidated basis, a provision for total risks and charges related to legal disputes equal to €15.2 million as a form of protection against potential liabilities that could arise out of pending claims and proceedings.

Although the provision for risks and charges as at 30 June 2010 is considered by the Issuer to be adequate in accordance with the IFRS, it cannot be ruled out that the provision may not be sufficient to meet all charges and claims for damages and restitution inherent in pending lawsuits: consequently, it cannot be ruled out that the eventual negative outcome of any of these lawsuits may have prejudicial effects on the business and/or assets and/or economic and financial situation of the Issuer and the Group.

Other Proceedings

Purchase of shares in Banca Nazionale del Lavoro S.p.A.

With regard to purchases of shares in Banca Nazionale del Lavoro S.p.A. made in 2005, on 18 September 2009, the judge holding the preliminary hearing at the Court of Milan ordered that the Bank's legal representative be committed for trial, together with various other entities and representatives of other banks and financial institutions, for the alleged offence of market rigging, pursuant to Arts. 110 and 112, par. 1, and 81 of the Penal Code and Art. 185 of the TUF. This proceeding also covers the alleged liability of Carige, which was also committed for trial, on account of allegedly failing to adopt and effectively implement organisation and management models as envisaged in Legislative Decree 231/2001.

In July 2009, the Public Prosecutor's Office in Rome, which had started an investigation into these same events, served notice that the preliminary inquiries had been completed. On 25 May 2010, the Public Prosecutor's Office in Rome served notice asking for the Bank's legal representative to be committed for trial, together with various other entities and representatives of other banks and financial institutions, for the alleged offence of market rigging, pursuant to Arts. 110 and 81 of the Penal Code and Art. 185 of the TUF, and hindering the exercise of supervisory functions pursuant to Art. 2638, par. 2, of the Civil Code. These proceedings also involve the alleged liability of Carige under Legislative Decree 231/2001.

With regard to the aforesaid purchases of shares in Banca Nazionale del Lavoro S.p.A., on completing the penalty proceeding started in May 2008 pursuant to Arts. 193 and 195 of the TUF, on account of violating Art. 122, pars. 1 and 5, of the TUF, Consob imposed an administrative fine. However, in an order passed on 11 November 2009 the Genoa Appeal Court, upholding the challenge submitted by the Bank, overturned this measure.

Acquisition of controlling interest in Cassa di Risparmio di Savona

In June 2009 Banca Toscana S.p.A. had brought proceedings against Carige and Fondazione Cassa di Risparmio di Savona (now Fondazione A. De Mari) concerning problems inherent in the acquisition of control of Cassa di Risparmio di Savona. In a judgment passed on 17 March 2009, the Supreme Court of Cassation overturned, and referred back, the earlier decision of the Genoa Appeal Court of 21 December 2004, which (in short):

- (i) had dismissed Banca Toscana's claim for damages against Fondazione Carisa for breaching the so-called "Second Agreement" of 29 April 1997, under which Fondazione Cassa di Risparmio di Savona had agreed to sell Banca Toscana control of Cassa di Risparmio di Savona. In its later purchase from Fondazione of a controlling interest in Cassa di Risparmio di Savona, Carige had undertaken to hold Fondazione Carisa harmless against any sentences issued in this context; and
- (ii) had upheld the general cross appeal filed by Carige, the purpose of which was to obtain indemnification from Banca Toscana of the damage it had suffered as a result of the violation of the right of pre-emption envisaged in the by-laws of Cassa di Risparmio di Savona.

The different division of the Genoa Appeal Court at which the proceedings have been resumed, will, therefore, have to issue a ruling both on the claim for damages brought by Banca Toscana and on the general cross appeal filed by Carige.

Tax assessments

On 30 December 2009, the Regional Headquarters for Liguria of the Inland Revenue served a tax assessment on Carige for the year 2004 concerning a structured investment transaction in foreign bonds, giving rise to greater taxes totalling approximately €4.3 million, plus penalties and interest. The Regional Headquarters for Tuscany of the Inland Revenue served a tax assessment on subsidiary Cassa di Risparmio di Carrara for the year 2004 concerning a similar investment transaction, giving rise to greater taxes totalling approximately €690,000. The Provincial Headquarters for Massa Carrara of the Inland Revenue served a similar tax assessment again on the subsidiary Cassa di Risparmio di Carrara for the year 2005, giving rise to greater taxes totalling approximately €1.2 million. In this respect, Carige and its subsidiary have prepared their defence with the assistance of external professional advisors, with a view to resisting the tax claim in the appropriate venue.

Description of the Issuer

In December 2009, Carige Assicurazioni also received from the Regional Headquarters for Lombardy of the Inland Revenue tax assessments for the years 2003 and 2004, in which costs lacking the accrual requisite (according to the Tax Office) have not been allowed. The aforesaid assessments have quantified greater taxes due of approximately €17.7 million, plus penalties and interest. In October 2010 the Regional Headquarters for Lombardy of the Inland Revenue served a similar tax assessment on Carige Assicurazioni for the year 2005; this last assessment have quantified greater taxes due of approximately €8.8 million, plus penalties and interest. The Company has filed an appeal at the relevant Tax Courts, as it considers that it disposes of justified arguments to rebut the Tax Office's reconstruction.

MANAGEMENT AND EMPLOYEES

Management

The management of the Bank is divided between the Board of Directors and the Executive Committee, which acts under the delegated general authority of the Board of Directors. The Board of Directors appoints a General Manager or a Managing Director who exercises the powers granted to him within the scope of the provisions of the by-laws and those granted him by the Board of Directors, and who has responsibility for the day-to-day operations of the Bank. In addition, the Italian Civil Code requires the Bank to have a supervisory body, a Board of Statutory Auditors, and independent auditors.

The business address of the management of the Bank is: Via Cassa di Risparmio, 15, 16123 Genova, Italy.

Board of Directors

The maximum number of members of the Board of Directors is 18. Currently, the Board of Directors consists of 18 members, appointed by the ordinary shareholders meeting of 29 April 2009 until approval of the financial statements as at and for the year ended 31 December 2011 with the exception of Mr. Bruno Deletré and Mr. Paul Marie Le Bihan, already co-opted by the Board of Directors on 14 December 2009 and 22 February 2010 to replace the outgoing Mr. Jean-Jacques Bonnaud and Mr. Jean-Marie Paintendre and appointed by the ordinary shareholders meeting of 29 April 2010 as members of the Board of Directors until approval of the financial statements as at and for the year ended 31 December 2011, and of Mr. Marco Simeon, co-opted by the Board of Directors on 18 October 2010 until the next shareholders meeting to replace the outgoing Mr. Pietro Isnardi¹. Directors serve for a term of three years and may be re-elected by the shareholders.

The following table sets out the current members of the Board of Directors of the Bank, and their other principal activities relevant to the Carige Group.

<u>Name</u>	<u>Title</u>	<u>Principal outside activities relevant to the business of the Carige Group</u>
Giovanni Berneschi	Chairman	Director of Carige Vita Nuova, Deputy Chairman of CR Carrara Director of Banca Ponti, Director of Nuova Banca Cesare Ponti S.p.A. Deputy Chairman of Carige Assicurazioni Deputy Chairman of Centro Fiduciario C.F. S.p.A. Director of CR Savona Chairman of I.L.I. Autostrade S.p.A. Director of Istituto Centrale delle Banche Popolari Italiane S.p.A.
Alessandro Scajola	Deputy Chairman	Deputy Chairman of Autostrada dei Fiori S.p.A.
Piergiorgio Alberti	Director	
Piero Guido Alpa	Director	
Luca Bonsignore	Director	CEO of Gefip Holding S.p.A., Deputy Chairman of ILI Autostrade S.p.A.
Cesare Castelbarco Albani	Director	

¹ Mr. Jean-Jacques Bonnaud and Mr. Jean-Marie Paintendre, appointed by the ordinary shareholders meeting of 29 April 2009, resigned effective from 10 November 2009; Mr. Pietro Isnardi, also appointed by the ordinary shareholders meeting of 29 April 2009, resigned on 6 October 2010.

Remo Angelo Checconi	Director	Honorary Chairman and Director of Coop Liguria Società Cooperativa di Consumo a r.l., Director of Carige Vita Nuova, Director of Carige Assicurazioni
Bruno Cordazzo	Director	Director of Carige AM SGR, Director of Coop Liguria Società Cooperativa di Consumo a r.l.
Bruno Deletré	Director	Manager of BPCE International et Outre-Mer (BPCE IOM)
Gabriele Galateri di Genola	Director	
Luigi Gastaldi	Director	Deputy Chairman of Carige Vita Nuova and Director of Carige Assicurazioni
Paul Marie Le Bihan	Director	Manager of BPCE Group
Alain Jean Pierre Lemaire	Director	Manager of BPCE Group
Paolo Cesare Odone	Director	
Renata Oliveri	Director	
Guido Pescione	Director	General Manager of Natixis S.A. - Italian branch
Marco Simeon	Director	
Mario Venturino	Director	

Note:

Pursuant to the by-laws, the Chairman of the Board is the legal representative of the Bank.

None of the directors have any conflict or potential conflict of interest between their duties towards Banca Carige and their private interests and/or other duties.

Executive Committee

The Board of Directors may delegate its powers to an Executive Committee, determining the length of the term of its office as well as the nature and scope of its activities. The by-laws provide that the Executive Committee shall be composed of the Chairman, Deputy Chairman of the Board of Directors and Managing Director or the General Director, together with three to five additional members appointed by the Board of Directors among its members.

The following table sets out the current members of the Executive Committee.

<u>Name</u>	<u>Title</u>
Giovanni Berneschi	Chairman
Alessandro Scajola	Deputy Chairman
Piergiorgio Alberti	Director
Remo Angelo Checconi	Director
Luigi Gastaldi	Director
Paolo Cesare Odone	Director
Renata Oliveri	Director

None of the members of the Executive Committee have any conflict or potential conflict of interest between their duties to Banca Carige and their private interests and/or other duties.

Managing Director or General Manager

On 1 May 2010, by virtue of the resolution passed by the Board of Directors on 21 December 2009, Mr. Ennio La Monica, formerly Deputy General Manager of Governance and Control for the Bank, was appointed General Manager, replacing Mr. Alfredo Sanguinetto. At present there are two Co-General Managers: Mario Cavanna and Giacomo Ottonello and two Deputy General Managers: Daria Bagnasco and Gabriele Delmonte.

Description of the Issuer

Board of Statutory Auditors

The Board of Statutory Auditors is composed of a chairman, two statutory auditors and two alternate auditors, who serve for a term of three business years, with authority and obligations dictated by law.

The current members of the Board of Statutory Auditors are as follows:

<u>Name</u>	<u>Title</u>
Andrea Traverso	Chairman
Antonio Semeria	Statutory Auditor
Massimo Scotton	Statutory Auditor
Luigi Sardano	Alternate Statutory Auditor
Adriano Lunardi	Alternate Statutory Auditor

The Board of Statutory Auditors in office at the date of this Prospectus was appointed by the ordinary shareholders' meeting of 29 April 2008 until the approval of the financial statements as at and for the year ended 31 December 2010.

Independent Auditors

The current independent auditors of the Bank are Deloitte & Touche S.p.A., appointed by the ordinary shareholders' meeting of 20 April 2006 until the approval of the financial statements as at and for the year ended 31 December 2011.

Employees

The following table shows the total number of employees of the Bank and their levels of seniority and activities as at 30 June 2010 and 2009 and 31 December 2009 and 2008:

	As at							
	30 June 2010		31 December 2009		30 June 2009		31 December 2008	
	Number	per cent. of total	Number	per cent. of total	Number	per cent. of total	Number	per cent. of total
Employee grade								
Managers	60	1.3	61	1.3	60	1.3	60	1.3
Officials	1,170	25.3	1,178	25.9	1,142	25.1	1,152	25.2
Other employees	3,398	73.4	3,318	72.8	3,352	73.6	3,353	73.5
Total	4,628	100.0	4,557	100.0	4,554	100.0	4,565	100.0
Activities								
Head offices.....	1,421	30.7	1,430	31.4	1,439	31.6	1,431	31.3
Branches.....	3,207	69.3	3,127	68.6	3,115	68.4	3,134	68.7
Total	4,628	100.0	4,557	100.0	4,554	100.0	4,565	100.0

Recent Developments

Interim Results as at and for the nine months ended 30 September 2010

On 9 November 2010, the Issuer published a press release setting out the Banca Carige Group interim results as at and for the nine months ended 30 September 2010. A copy of such press release is incorporated by reference in this Prospectus (see "*Documents Incorporated by Reference*", above), and an extract is set out below:

"The competitive context of the first nine months displayed persistent elements of criticality, in the form of the extreme difficulty faced by the economy in emerging from the recession, the continued trend in particularly low interest rates, even if up slightly, heavy pressure on revenues from commissions and persistent tensions in the financial markets, affected by the crisis of confidence in the sustainability of European States' public debt.

However, the Carige Group managed to increase market shares by developing traditional intermediation activities typical of a commercial bank long-established in the region, closing the first nine months with a profit, thanks to the retention of service revenues, adjustments and operating costs being kept under control, which mitigated the negative effects of the fall in the interest margin and in income from trading activities.

During the first nine months, the Group completed the integration of 22 branches acquired from the Banca del Monte dei Paschi di Siena Group which, as at 30 September, intermediated loans totalling €758.4 million

and FIA amounting to €1,355.6 million, of which €489.8 million in direct deposits and €865.8 million in indirect deposits.

The strong support for the reference economic system translated to growth in loans to customers, standing at €24.2 billion (10.2% over September 2009 and 4.5% over December 2009; up 6.7% and 1.2% respectively based on an unchanged perimeter or net of the contribution from former MPS branches). A total of €14.4 billion was provided to companies¹ (+9.2% in the twelve-month period and +5.1% in nine months), augmented by intense rescheduling and restructuring activity, which the Group also undertook in 2010 to allow companies to overcome the problems resulting from the adverse economic situation. With reference to families², a total of €7.8 billion (up by 8.4% and 7.5% in the respective periods) was disbursed prevalently through loans for the purchase and/or renovation of homes (with increases of 9% and 8.1%) accompanying the market recovery, driven mainly by particularly low interest rates.

Within the context outlined, the quality of Group credit, kept under constant control, was essentially in line with the market value², with a bad loans/loans ratio of 4.3%.

Total customer savings amounted to €50.3 billion, up by 12.6% over September 2009 and 7.1% over December 2009 (9.6% and 4.2% respectively net of the contribution of former MPS branches). The Group operated with the offer of simple products, targeted at the protection of capital and profitability which, taking into account the interest rate situation, allow the customer to earn a satisfactory return. Aside from medium/long-term bond funding, placements of asset management products therefore increased considerably (22.4% in twelve months and 17.1% compared to December 2009), especially as regards the capital accumulation plan and pension product components.

The commercial development was further borne out by the number of current accounts³, standing at roughly 750,000 at the end of September, up by around 5% over the end of 2009, also thanks to the introduction of 29,000 new accounts relating to the acquisition of the 22 former MPS branches. Net of said contribution however, approximately 54,000 new accounts were opened, the majority of which in areas of development outside Liguria, with a positive balance between accounts opened and accounts closed of more than 5,000.

The positive performance of intermediation activities led, within a negative economic situation for the banking system, to the achievement of net profit of €100.1 million, down compared to the previous year as a result of the extremely low interest rates which compressed the differentials between active and passive rates, credit riskiness which remained at levels that were already high from the previous year, as well as the high level of volatility of the financial markets, which translated to write-downs of the trading securities portfolio; the latter concerned Government bonds in particular, whose recovery is reasonably expected to take place before the maturity of said bonds.

These phenomena, which compressed the interest margin (-6%) and financial items (-35.9%) and led to an increase in adjustments on the credit portfolio (38.3%), were partially offset by the growth in net commissions (5.5%), and containment of operating costs (up 1.1% and down 0.3% net of the operating costs of former MPS branches), both as regards staff costs and general administrative costs.

In relation to the main Group companies: Banca Carige recorded profit of €120.7 million, Carige AM SGR €1 million, Creditis (consumer credit company) €3.9 million and insurance companies Carige Assicurazioni and Carige Vita Nuova recorded profits of €2.9 million and €12.2 million respectively under IAS.

There was a continued focus on liquidity and capitalisation profiles, with the Group also managing maturity transformation in a prudent manner with the extension of the average life of the liability.

The regulatory ratios⁴, which as at 30 September 2010 include the effects of the acquisition of the 22 former MPS branches, remained at satisfactory levels - Core Tier 1 ratio 6.1%, Tier 1 ratio 6.8% and the Total Capital ratio 9.3% - even taking into consideration the fact that the full conversion of the “Banca Carige 4.75% 2010 – 2015 convertible bond with the option of reimbursement in shares” at the current share values on the stock market would determine an increase to 7.3%, 8.1% and 10.6% respectively.

Also for the remainder of the financial year, operations will be carried out in a macroeconomic scenario which is finding it difficult to leave the drawn out recessionary phase, characterised by low growth in spending and stagnation in investments; the banking sector will also be affected by the quality of credit and the level of spreads, which are not expected to improve considerably. Within this context, the Carige Group believes it can continue on its path of growth through the development of traditional intermediation

¹ Operating figure.

² The most recent market figure available relates to August 2010 (*source*: Bank of Italy).

³ Operating parameter.

⁴ Estimated figures.

Description of the Issuer

activities, recoveries of efficiency deriving from significant investments in technology and the constant focus on risk, liquidity and capital solidity profiles.

The Group has reason to believe that fourth quarter profitability can benefit not only from ordinary components, but the positive effects of certain non-recurring items which should allow the Group to achieve results which are essentially in line with the budget forecast, not deviating significantly from the figure recorded in the previous financial year."

Overview Financial Information of the Carige Group

Set out below is an overview of the Issuer's financial information derived from the consolidated financial statements as at and for the years ended 31 December 2009 and 31 December 2008, which have been audited by Deloitte & Touche S.p.A., and the half-yearly consolidated financial statements as at and for the six months ended 30 June 2010 and 30 June 2009, which have been subject to a limited review by Deloitte & Touche S.p.A.

Annual Audited Consolidated Balance Sheet

	As at 31 December	
	2009	2008
	(audited)	
	(€ thousands)	
Assets		
Cash and cash equivalents.....	294,937	289,723
Financial assets from trading.....	695,323	709,294
Financial assets designated at fair value.....	680,400	717,250
Available-for-sale financial assets.....	6,412,790	3,001,637
Financial assets held to maturity.....	-	460,144
Loans to banks.....	1,312,196	1,248,818
Loans to customers.....	22,786,425	20,916,355
Hedging derivatives.....	78,180	56,922
Equity investments.....	55,601	55,067
Technical reserves charged to reinsurers.....	184,412	171,403
Tangible assets.....	1,118,215	1,125,680
Intangible assets.....	1,723,767	1,701,750
Including:	-	-
<i>goodwill:</i>	1,644,822	1,639,576
Tax assets.....	323,030	395,181
<i>a) current</i>	92,274	112,347
<i>b) advanced</i>	230,756	282,834
Non-current assets and disposal groups classified as held for sale ...	3,427	-
Other assets.....	630,671	1,137,221
Total assets	36,299,374	31,986,445
Liabilities		
Amounts owed to banks.....	659,278	801,453
Amounts owed to customers.....	15,061,675	12,005,439
Securities in issue.....	10,019,877	9,578,795
Financial liabilities from trading.....	95,950	114,470
Financial liabilities designated at fair value.....	1,303,966	1,305,183
Hedging derivatives.....	317,741	116,290
Tax liabilities.....	278,100	244,136
<i>a) current</i>	50,449	37,882
<i>b) deferred</i>	227,651	206,254
Other liabilities.....	1,063,404	1,491,857
Staff termination indemnity.....	96,924	102,233
Provisions for risks and charges.....	345,561	357,856
<i>a) pensions and similar obligations</i>	308,101	322,365
<i>b) other provisions:</i>	37,460	35,491
Technical reserves.....	3,203,897	2,292,606
Valuation reserves.....	587,238	407,378
Capital instruments.....	1,178	1,179
Reserves.....	214,250	124,135
Additional paid-in capital.....	1,012,742	1,013,259
Capital.....	1,790,300	1,790,299
Own Shares.....	-	-
Minority interests.....	41,912	34,373
Profit (Loss) for the year.....	205,381	205,504
Total liabilities and shareholders' equity	36,299,374	31,986,445

Overview Financial Information of the Carige Group

Annual Audited Consolidated Income Statement

	For the year ended 31 December	
	2009	2008
	(audited) (€ thousands)	
Interest income and similar revenues	1,160,731	1,491,426
Interest expenses and similar charges	(433,551)	(680,717)
Net interest income	727,180	810,709
Commission income	314,612	291,763
Commission expenses	(35,956)	(38,578)
Net Commissions	278,656	253,185
Dividends and other similar revenues	12,948	14,818
Net income from trading activities	15,160	(62,976)
Net income from hedging activities	2,565	(544)
Profit (Loss) from disposal or repurchase of	83,628	15,916
<i>a) loans</i>	2,034	3,902
<i>b) available-for-sale financial assets</i>	63,493	10,214
<i>c) held-to-maturity financial assets</i>	2,627	-
<i>d) financial liabilities</i>	15,474	1,800
Value adjustment on financial assets and liabilities designated at fair value:	(650)	(518)
Gross operating income	1,119,487	1,030,590
Net value adjustments/write-backs due to impairment of:	(130,913)	(102,795)
<i>a) loans</i>	(99,539)	(76,929)
<i>b) available-for-sale financial assets</i>	(30,888)	(28,041)
<i>c) held-to-maturity financial assets</i>	-	-
<i>d) financial liabilities</i>	(486)	2,175
Net income from financial management	988,574	927,795
Net premiums	1,449,133	927,061
Balance of other expenses/revenues from insurance management ...	(1,495,096)	(944,181)
Net income from financial and insurance management	942,611	910,675
Administrative costs:	(654,150)	(623,102)
<i>a) staff costs</i>	(385,515)	(360,589)
<i>b) other administrative costs</i>	(268,635)	(262,513)
Net provisions for risks and charges	(5,079)	(2,245)
Depreciation of tangible assets	(24,048)	(21,320)
Amortization of intangible assets	(22,302)	(17,387)
Other operating expenses and revenues	68,835	56,577
Operating costs	(636,744)	(607,477)
Profit (loss) from equity investments	7,257	5,422
Profit (loss) from disposal of investments	(11)	127
Operating profit (loss) from ordinary activities before taxes	313,113	308,747
Income taxes for the year	(104,094)	(95,844)
Profit (Loss) from ordinary activities after taxes	209,019	212,903
Profit (Loss) for the year	209,019	212,903
Minority interests	3,638	7,399
Profit (Loss) for the year attributable to the parent bank	205,381	205,504

Annual Audited Consolidated Cash Flow Statement

Direct method

	31 December 2009	31 December 2008
	(audited) (€ thousands)	
A. OPERATING ACTIVITIES		
1. Management	1,207,786	992,696
- interest income received (+)	1,147,338	1,483,264

Overview Financial Information of the Carige Group

- interest expenses paid (-).....	(465,248)	(640,522)
- dividends and similar revenues (+).....	12,948	14,818
- net commissions (+/-).....	278,656	253,185
- staff costs (-).....	(329,050)	(307,656)
- net premiums collected.....	1,453,396	935,475
- other insurance revenues and expenses (+/-).....	(662,699)	(471,225)
- other costs (-).....	(340,551)	(484,728)
- other revenues (+).....	209,252	312,675
- taxes and duties (-).....	(96,256)	(102,590)
2. Liquidity generated/absorbed by financial assets.....	(3,892,594)	(3,866,021)
- financial assets held for trading.....	23,143	394,117
- financial assets designated at fair value.....	36,850	(72,375)
- available - sale financial assets.....	(2,508,769)	(619,611)
- loans to customers.....	(1,958,428)	(3,589,152)
- loans to banks: at sight.....	49,452	(86)
- loans to banks: other loans.....	(116,696)	524,307
- other assets.....	581,854	(503,221)
3. Cash generated/absorbed by financial liabilities.....	2,906,347	3,173,115
- amounts owed to banks: at sight.....	(208,895)	149,794
- amounts owed to banks: other.....	69,653	(1,723,823)
- amounts owed to customers.....	3,047,606	2,441,152
- securities in issue.....	490,869	2,306,643
- financial liabilities from trading.....	5,861	(8,130)
- financial liabilities designated at fair value.....	(24,153)	6,192
- other liabilities.....	(474,594)	1,287
Net liquidity generated/absorbed by operating activities.....	221,539	299,790
B. INVESTING ACTIVITIES		
1. Liquidity generated by.....	72,090	67,295
- equity investment disposals.....	1,350	-
- dividends received on equity investments.....	5,552	6,444
- disposal/reimbursement of financial assets held to maturity.....	62,886	159
- tangible asset disposals.....	2,302	30,742
- intangible asset disposals.....	-	-
- subsidiary and business unit disposals.....	-	29,950
2. Liquidity absorbed by.....	(133,008)	(1,116,540)
- equity investment acquisitions.....	(10)	(96)
- acquisitions of financial assets held to maturity.....	(77,305)	-
- tangible asset acquisitions.....	(17,655)	(80,942)
- intangible asset acquisitions.....	(38,038)	(61,452)
- business unit acquisitions.....	-	(974,050)
Net liquidity generated/absorbed by investing activities.....	(60,918)	(1,049,245)
C. FUNDING ACTIVITIES		
- own share issues/acquisitions.....	(3,520)	398,849
- additional paid-in capital.....	1,918	550,415
- capital instrument issues/acquisitions.....	-	-
- dividend distribution and others.....	(153,805)	(153,806)
Net liquidity generated/absorbed by funding activities.....	(155,407)	795,458
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD.....	5,214	46,003

KEY:
(+) generated
(-) absorbed

Overview Financial Information of the Carige Group

RECONCILIATION

Balance sheet items	31 December 2009	31 December 2008
	(audited) (€ thousands)	
Cash and cash equivalents at the beginning of the period	289,723	243,720
Total net liquidity generated/absorbed during the period.....	5,214	46,003
Cash and cash equivalents at period end	294,937	289,723

Set out below is an extract of the half-yearly financial information of the Issuer, taken from the Issuer's half-yearly financial report which is incorporated by reference in this Prospectus. See "Documents Incorporated by Reference", above.

Half-Yearly Consolidated Balance Sheets

	As at 30 June	
	2010	2009
(limited review) (€ thousands)		
Assets		
Cash and cash equivalents.....	283,997	263,630
Financial assets from trading.....	542,135	822,284
Financial assets designated at fair value.....	660,749	670,414
Available-for-sale financial assets	7,828,670	4,168,194
Financial assets held to maturity.....	-	510,024
Loans to banks.....	1,644,660	1,087,803
Loans to customers	23,873,421	21,603,385
Hedging derivatives	142,790	63,242
Equity investments	62,345	58,122
Technical reserves charged to reinsurers.....	180,716	174,802
Tangible assets	1,115,587	1,119,370
Intangible assets	1,853,178	1,705,321
Including:		
<i>goodwill:</i>	1,775,425	1,639,657
Tax assets	431,758	352,750
<i>a) current</i>	124,170	96,802
<i>b) advanced</i>	307,588	255,948
Other assets	822,824	1,111,960
Total assets	39,442,830	33,711,301
Liabilities		
Amounts owed to banks.....	2,419,204	525,605
Amounts owed to customers	15,856,800	13,412,317
Securities in issue	9,302,972	9,685,828
Financial liabilities from trading.....	90,033	105,924
Financial liabilities designated at fair value	1,776,232	1,292,229
Hedging derivatives	602,919	167,561
Tax liabilities.....	291,065	281,321
<i>a) current</i>	45,021	54,320
<i>b) deferred</i>	246,044	227,001
Other liabilities	1,488,618	1,326,291
Staff termination indemnity.....	93,641	99,976
Provisions for risks and charges:	329,526	353,239
<i>a) pensions and similar obligations</i>	297,739	322,051
<i>b) other provisions</i>	31,787	31,188
Technical reserves	3,578,029	2,804,509
Valuation reserves	412,719	484,173
Capital instruments.....	15,785	1,178
Reserves	277,822	225,657
Additional paid-in capital.....	1,012,742	1,013,034

Overview Financial Information of the Carige Group

Capital.....	1,790,301	1,790,300
Own Shares	(5,977)	-
Minority interests.....	39,103	30,451
Profit (Loss) for the year	71,296	111,708
Total liabilities and shareholders' equity	39,442,830	33,711,301

Half-Yearly Consolidated Income Statements

	2010	2009
	As at 30 June	
	(limited review)	
	(€ thousands)	
Interest income and similar revenues	523,203	634,249
Interest expenses and similar charges	(182,310)	(248,976)
Net interest income	340,893	385,273
Commission income	157,324	146,995
Commission expenses	(15,933)	(16,941)
Net Commissions	141,391	130,054
Dividends and other similar revenues	6,584	9,825
Net income from trading activities	(3,951)	4,035
Net income from hedging activities	(480)	2,324
Profit (Loss) from disposal or repurchase of	26,822	18,065
<i>a) loans</i>	<i>(1,502)</i>	<i>1,080</i>
<i>b) available-for-sale financial assets</i>	<i>27,122</i>	<i>1,577</i>
<i>c) financial liabilities</i>	<i>1,202</i>	<i>15,408</i>
Value adjustment on financial assets and liabilities designated at fair value:	2,741	1,123
Gross operating income	514,000	550,699
Net value adjustments/write-backs due to impairment of:	(57,092)	(56,133)
<i>a) loans</i>	<i>(56,095)</i>	<i>(39,613)</i>
<i>b) available-for-sale financial assets</i>	<i>(878)</i>	<i>(16,651)</i>
<i>c) other financial assets</i>	<i>(119)</i>	<i>131</i>
Net income from financial management	456,908	494,566
Net premiums	742,222	784,598
Balance of other expenses/revenues from insurance management ...	(762,846)	(788,138)
Net income from financial and insurance management	436,284	491,026
Administrative costs:	(330,028)	(333,807)
<i>a) staff costs</i>	<i>(196,452)</i>	<i>(198,753)</i>
<i>b) other administrative costs</i>	<i>(133,576)</i>	<i>(135,054)</i>
Net provisions for risks and charges	(1,282)	(2,773)
Depreciation of tangible assets	(12,159)	(11,570)
Amortisation of intangible assets	(12,800)	(9,607)
Other operating expenses and revenues	36,305	31,612
Operating costs	(319,964)	(326,145)
Profit (Loss) from equity investments.....	2,317	3,583
Profit (Loss) from disposal of investments.....	188	(25)
Operating profit (loss) from ordinary activities before taxes.....	118,825	168,439
Income taxes for the year	(46,662)	(53,895)
Profit (Loss) from ordinary activities after taxes	72,163	114,544
Profit (Loss) from discontinued operations after taxes	111	-
Profit (Loss) for the year	72,274	114,544
Minority interests.....	978	2,836
Profit (Loss) for the year attributable to the parent bank.....	71,296	111,708

Overview Financial Information of the Carige Group

Half-Yearly Consolidated Cash Flow Statements

Direct method

	30 June 2010	30 June 2009
	(limited review)	
	(€ thousands)	
A. OPERATING ACTIVITIES		
1. Management.....	505,091	662,192
- interest income received (+).....	514,290	629,415
- interest expenses paid (-).....	(166,498)	(284,728)
- dividends and similar revenues (+).....	6,786	9,825
- net commissions (+/-).....	152,269	130,054
- staff costs (-).....	(168,878)	(170,520)
- net premiums collected.....	748,546	781,918
- other insurance revenues and expenses (+/-).....	(399,683)	(327,666)
- other costs (-).....	(234,738)	(153,314)
- other revenues (+).....	133,775	75,607
- taxes and duties (-).....	(80,889)	(28,399)
- costs/revenues from discontinued group assets and net of tax effect (+/-).....	111	-
2. Liquidity generated/absorbed by financial assets.....	(2,760,608)	(1,593,192)
- financial assets held for trading.....	113,345	(112,926)
- financial assets designated at fair value.....	55,923	46,836
- available-for-sale financial assets.....	(1,370,629)	(1,022,633)
- loans to customers.....	(1,115,522)	(725,227)
- loans to banks: at sight.....	(23,619)	(50,270)
- loans to banks: other loans.....	(34,191)	211,502
- other assets.....	(385,915)	59,526
3. Cash generated/absorbed by financial liabilities.....	2,545,531	1,128,617
- amounts owed to banks: at sight.....	3,171,278	(403,890)
- amounts owed to banks: other.....	(1,666,224)	131,487
- amounts owed to customers.....	809,080	1,400,157
- securities in issue.....	(661,355)	171,630
- financial liabilities from trading.....	37,592	6,018
- financial liabilities designated at fair value.....	458,587	(26,754)
- other liabilities.....	396,573	(150,031)
Net liquidity generated/absorbed by operating activities.....	290,014	197,617
B. INVESTING ACTIVITIES		
1. Liquidity generated by.....	1,759	22,989
- equity investment disposals.....	-	12
- dividends received on equity investments.....	872	516
- disposal/reimbursement of financial assets held to maturity.....	-	21,379
- tangible asset disposals.....	887	1,082
2. Liquidity absorbed by.....	(153,559)	(92,894)
- equity investment acquisitions.....	(6,341)	-
- acquisitions of financial assets held to maturity.....	-	(73,428)
- tangible asset acquisitions.....	(10,144)	(6,367)
- intangible asset acquisitions.....	(11,165)	(13,099)
- business unit acquisitions.....	(125,909)	-
Net liquidity generated/absorbed by investing activities.....	(151,800)	(69,905)
C. FUNDING ACTIVITIES		
- own share issues/acquisitions.....	(13,786)	-
- additional paid-in capital.....	-	-
- capital instrument issues/acquisitions.....	14,607	-
- dividend distribution and others.....	(149,975)	(153,805)
Net liquidity generated/absorbed by funding activities.....	(149,154)	(153,805)

Overview Financial Information of the Carige Group

	<u>30 June 2010</u>	<u>30 June 2009</u>
	(limited review)	
	<i>(€ thousands)</i>	
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	(10,940)	(26,093)

RECONCILIATION

Balance sheet items	<u>30 June 2010</u>	<u>30 June 2009</u>
	(limited review)	
	<i>(€ thousands)</i>	
Cash and cash equivalents at the beginning of the period	294,937	289,723
Total net liquidity generated/absorbed during the period	(10,940)	(26,093)
Cash and cash equivalents at period end	283,997	263,630

Taxation

The following is a general summary of certain Italian tax consequences of acquiring, holding and disposing of Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to the decision to purchase, own or dispose of Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules. This summary is based upon Italian tax laws and/or practice in force as at the date of this Prospectus, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in law and, if any such change occurs, the information in this summary could be superseded.

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of 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.

REPUBLIC OF ITALY

1 Tax treatment of Notes that qualify as *obbligazioni* or *titoli similari alle obbligazioni* and have an original maturity of not less than 18 months

Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented (**Decree 239**), regulates the tax treatment of interest, premiums and other income from notes issued, *inter alia*, by Italian resident banks. The provisions of Decree 239 only apply to interest, premiums and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as **Interest**) from those Notes issued by the Issuer with a maturity of eighteen months or more which qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented (**Decree No. 917**).

1.1 Italian resident Noteholders

Pursuant to Decree 239, where the Italian resident holder of Notes issued by the Issuer that qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Decree No. 917 and have a maturity of eighteen months or more, who is the beneficial owner of such Notes, is:

- 1.1.1 an individual holding Notes otherwise than in connection with entrepreneurial activity (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the so-called *risparmio gestito* regime according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended (Decree No. 461), the **Asset Management Option**); or
- 1.1.2 a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership), *de facto* partnership not carrying out commercial activities or professional association; or
- 1.1.3 a private or public institution not carrying out commercial activities; or
- 1.1.4 an investor exempt from Italian corporate income taxation.

Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 12.5 per cent. (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes). All the above categories are qualified as “net recipients”.

Where the resident holders of the Notes described above under 1.1.1 and 1.1.3 are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax and may be deducted from the taxation on income due.

Pursuant to Decree 239, the 12.5 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called **SIMs**), fiduciary companies, *società di gestione del risparmio* (SGRs), stock brokers and other qualified entities resident in Italy (**Intermediaries** and each an **Intermediary**), or by permanent establishments in Italy of banks or intermediaries resident outside Italy.

Pursuant to Decree 239, Intermediaries or permanent establishments in Italy of foreign intermediaries are those entities that intervene in any way in the collection of Interest or, also as transferees, in transfers or disposals of the Notes.

Payments of Interest in respect of Notes issued by the Issuer that qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Decree No. 917 and have a maturity of eighteen months or more, are not subject to the 12.5 per cent. *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; (ii) Italian resident collective investment funds, SICAVs, Italian resident pension funds, Italian resident real estate investment funds; and (iii) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial intermediary and have opted for the Asset Management Option. Such categories are qualified as “gross recipients”. To ensure payment of Interest in respect of the Notes without the application of 12.5 per cent. *imposta sostitutiva*, gross recipients indicated above under (i) to (iii) must (a) be the beneficial owners of payments of Interest on the Notes and (b) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial Intermediary (or permanent establishment in Italy of foreign intermediary). Where the Notes and the relevant coupons are not deposited with an authorised Intermediary (or permanent establishment in Italy of foreign intermediary), the *imposta sostitutiva* is applied and withheld by any Italian bank or any Italian intermediary paying Interest to the Noteholder, including the Issuer.

Interest accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the “status” of the Noteholder, also in the net value of production for purposes of regional tax on productive activities—IRAP) of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 12.5 per cent. annual substitute tax (the **Asset Management Tax**) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Italian collective investment funds and SICAVs are subject to annual substitute tax at a rate of 12.5 per cent. on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes).

Italian resident pension funds are subject to an 11 per cent. annual substitute tax (the **Pension Fund Tax**) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes).

Beneficial owners of Notes who are Italian resident real estate investment funds are not subject to income tax, and the 12.5 per cent. *imposta sostitutiva* provided for by Decree 239 does not apply to payments of Interest in respect of Notes to such funds.

1.2 Non-Italian resident Noteholders

According to Decree 239, payments of Interest in respect of Notes issued by the Issuer that qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Decree No. 917 and have a maturity of eighteen months or more, will not be subject to the *imposta sostitutiva* at the rate of 12.5 per cent. provided that:

- 1.2.1 the payments are made to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected; and
- 1.2.2 such beneficial owners are resident, for tax purposes, in a state listed in Italian Ministerial Decree dated 4 September 1996, as amended from time to time or, as from the fiscal year in which the decree pursuant to Article 168-bis of Decree 917 is effective of a state or territory that is included in the list of states allowing an adequate exchange of information with the

Italian Tax authorities listed in the decree referred to in Article 168-bis paragraph 1 of Decree 917 (such last list will include—pursuant to Article 1, paragraph 90 of Law of 24 December 2007 No. 244—for the 5 years starting on the date of publication of the ministerial decree in the Official Gazette also the states that at 1 January 2008 are not included in the black lists issued by the Italian Tax authorities (ministerial decree 4 May 1999, 21 November 2001 or 23 January 2002) nor currently white-listed in the Italian Ministerial Decree dated 4 September 1996); and

- 1.2.3 all the requirements and procedures set forth in Decree 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are timely met or complied with.

The 12.5 per cent. *imposta sostitutiva* may be reduced (generally to 10 per cent.) or reduced to zero under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation.

Decree 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of the Notes made to (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors established in one of the above mentioned countries and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of 12.5 per cent. *imposta sostitutiva*, non-Italian resident investors indicated above must:

- (i) be the beneficial owners of payments of Interest on the Notes; and
- (ii) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Intermediary, or a permanent establishment in Italy of a non-Italian bank or financial intermediary, or with a non-Italian resident operator participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and
- (iii) timely file with the relevant depository a self-declaration (*autocertificazione*) stating, *inter alia*, that he or she is resident, for tax purposes, in one of the above countries or qualifies as an institutional investor and is established therein. Such self-declaration, which must comply with the requirements set forth by a Decree of the Treasury Ministry of 12 December 2001 (as amended and supplemented), is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The certificate is not requested for non-Italian resident investors that are international entities and organisations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Failure of a non-resident Noteholder to timely comply with the procedures set forth in Decree 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest payments to a non-resident Noteholder.

1.3 Early Redemption

Without prejudice to the above provisions, Notes that qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Decree No. 917, issued by the Issuer with an original maturity of eighteen months or more, which are made subject to an early redemption, in full or in part, within eighteen months from the date of issue, are subject to an additional amount payable by the Issuer, at the rate of 20 per cent. in respect of Interest accrued on the Notes up to the date of the early redemption, pursuant to Article 26, 1st paragraph, of Presidential Decree No. 600 of 29 September 1973, as amended (**Decree No. 600**). In accordance with one interpretation of Italian fiscal law, also in the event of purchase or exchange of Notes by the Issuer with subsequent cancellation thereof prior to eighteen months from the date of issue, the Issuer may be required to pay the above 20 per cent. additional amount.

2 Tax treatment of Notes that qualify as *obbligazioni* or *titoli similari alle obbligazioni* and have an original maturity of less than 18 months

Pursuant to Article 26 of Decree No. 600, interest and other proceeds on Notes that qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Decree No 917, issued by the Issuer with an original maturity of less than eighteen months, shall be subject to withholding tax levied at a rate of 27 per cent.

Where the Noteholder is (i) an Italian resident individual carrying on a commercial activity, as to Notes connected to the commercial activity carried out, (ii) an Italian resident corporation or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (iv) an Italian resident commercial partnership, or (v) an Italian resident commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, the withholding tax is a final withholding tax.

Where the beneficial owner of the Notes is non-Italian resident, the 27 per cent. final withholding tax may be reduced (generally to 10 per cent.) or reduced to zero under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation.

3 Tax treatment of Notes that qualify as atypical securities

Interest payments relating to Notes that are not deemed to fall within the category of *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 5 of Law Decree No. 512 of 30 September 1983, converted into Law No. 649 of 25 November 1983, shall be subject to withholding tax levied at a rate of 27 per cent. (final or on account depending on the “status” and tax residence of the Noteholder). Pursuant to Article 44 of Decree No. 917, for securities to qualify as *titoli similari alle obbligazioni* (securities similar to bonds) they must incorporate an unconditional obligation to pay at maturity an amount not less than that therein indicated.

Where the beneficial owner of the Notes is non-Italian resident, the 27 per cent. final withholding tax may be reduced (generally to 10 per cent.) or reduced to zero under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation.

4 Capital gains

4.1 Italian resident Noteholders

Pursuant to Decree No. 461, a 12.5 per cent. capital gains tax (referred to as *imposta sostitutiva*) is applicable to capital gains realised by Italian resident individuals not engaged in entrepreneurial activities to which the Notes issued by the Issuer are connected, on any sale or transfer for consideration of the Notes or redemption thereof.

Under the so called “tax declaration regime”, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activities, the 12.5 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised by Italian resident individuals not engaged in entrepreneurial activities pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains by Italian resident individuals together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year.

Alternatively to the tax declaration regime, holders of the Notes who are Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected, may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes (*risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with any Intermediary (or permanent establishment in Italy of foreign intermediary) and (ii) an express election for the so-called *risparmio amministrato* regime being timely made in writing by the relevant holder of the Notes. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the holder of

the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the realised capital gain is not required to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

Special rules apply if the Notes are part of (i) a portfolio managed in a regime of Asset Management Option (*risparmio gestito* regime) by an Italian asset management company or an authorised intermediary or (ii) an Italian *Organismo di Investimento Collettivo del Risparmio* (which includes a *Fondo Comune di Investimento* or SICAV). In both cases, capital gains on the Notes will not be subject to 12.5 per cent. *imposta sostitutiva* on capital gains but will respectively contribute to determine the taxable base of the Asset Management Tax and of the Collective Investment Fund Tax.

In particular, under the Asset Management Option, any appreciation of the Notes, even if not realised, will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year-end may be carried forward against appreciation accrued in each of the following years up to the fourth. Also under the Asset Management Option the realised capital gain is not requested to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

Any capital gains realised by a Noteholder who is an Italian Fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 12.5 per cent. substitute tax.

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

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

4.2 Non Italian resident Noteholders

The 12.5 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any 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, pursuant to Art. 23 of Decree No. 917, 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 traded on a regulated market in Italy or abroad.

Where the Notes are not traded on a regulated market and are held in Italy:

- (i) Pursuant to the provisions of Decree No. 461, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information or qualify as institutional investors and are established therein.

Under 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 Asset Management Option, exemption from Italian taxation on capital gains will apply upon condition that they file in time with the authorised, financial intermediary an appropriate self-declaration stating that they are resident, for tax purposes, in a country which recognises

the Italian fiscal authorities' right to an adequate exchange of information or qualify as institutional investors and are established therein.

The above mentioned exemption also applies to (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) institutional investors established in countries which allow for an adequate exchange of information with Italy and (iii) Central Banks and entities which also manage the official reserve of the State of residence.

- (ii) 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, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

Under 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 Asset Management Option, exemption from Italian taxation on capital gains will apply upon condition that they file in time with the authorised financial intermediary appropriate documents which include, *inter alia*, a statement from the competent tax authorities of the country of residence of the non-Italian residents.

5 Inheritance and gift tax

Pursuant to Law Decree No. 262 of 3 October 2006, converted with amendments by Law No. 286 of 24 November 2006 effective from 29 November 2006, and Law 296 of 27 December 2006, the transfers of any valuable assets (including the Certificates) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows:

- 4 per cent. if the transfer is made to spouses and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding €1,000,000 (per beneficiary);
- 6 per cent. if the transfer is made to brothers and sisters; in this case, the transfer is subject to the tax on the value exceeding €100,000 (per beneficiary);
- 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree;
- 8 per cent. in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding €1,500,000.

6 Transfer tax

According to Law Decree 31 December 2007 No. 248 converted with amendments by Law 28 February 2008 No. 30, transfer tax, previously payable on generally the transfer of the Notes has been abolished.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of €168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

7 EU Savings Directive

On 3 June 2003, the Council of the European Union adopted the EU Directive No. 2003/48/EC regarding the taxation of savings income (the **European Savings Directive**). According to the European Savings Directive, each member State of the European Union (a **Member State**) is required to provide to the tax authorities of other States of the European Union details of the interest payments by a person within its jurisdiction to individuals resident in that other State or to certain limited types of entities established in that other Member State. However, Austria and Luxembourg are allowed to apply a withholding system for a transitional period.

Italy has implemented the Directive through Legislative Decree No. 84 of 18 April 2005 (the **Decree 84/2005**). Under Decree 84/2005, subject to a number of important conditions being met, in the case of interest paid starting from 1 July 2005 (including the case of interest accrued on the Certificates at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in

Taxation

another Member State or in certain associated territories of Member States, Italian paying agents (i.e. banks, Italian investment firms (*società di intermediazione mobiliare—SIM*), fiduciary companies, Italian management company (*società di gestione del risparmio—SGR*) resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner (and shall not apply the withholding tax). Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, undertakings for collective investments in transferable securities (**UCITS**) recognised in accordance with Directive 85/611/EEC.

Luxembourg

The comments below are intended as a basic summary of certain tax consequences in relation to the purchase, ownership and disposition of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax advisor.

1 Withholding Tax

Luxembourg non-residents

Under Luxembourg tax law currently in effect and subject to the application of the Luxembourg laws dated 21 June 2005 (the **Laws**) implementing the European Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**) and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (**EU**), there is no withholding tax on payments of interest (including accrued but unpaid interest) made to Luxembourg non-resident Noteholders. There is also no Luxembourg withholding tax, subject to the application of the Laws, upon repayment of principal or upon redemption, repurchase or exchange of the Notes.

Under the Savings Directive, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the immediate benefit of) an individual resident in another Member State or in certain dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure. The same treatment applies to payments of interest and other similar income made to certain residual entities within the meaning of the Savings Directive and whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognised in accordance with Council Directive 85/611/EEC established in a Member State or in certain EU dependent or associated territories.

The withholding tax rate is 20 per cent. (as from 1 July 2008) increasing to 35 per cent. (as from 1 July 2011). The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to a withholding tax of 20 per cent.

Luxembourg residents

A 10 per cent. withholding tax was introduced by the law of 23 December 2005 (the **Law**) on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entity has opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EC or for the exchange of information regime). Income (other than interest) from investment funds and from current accounts provided that the interest rate is not higher than 0.75 per cent. are exempt from the withholding tax. Furthermore, interest which is accrued once a year on savings accounts (short and long term) and which does not exceed €250 per person and per paying agent is exempted from the withholding tax. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to a withholding tax of 10 per cent.

2 Income Taxation on Principal, Interest, Gains on Sales or Redemption

Noteholders who are non-residents of Luxembourg and who have neither a permanent establishment nor a fixed base of business in Luxembourg with which the holding of the Notes is connected, will not be subject to taxes (income taxes and net wealth tax) or duties in Luxembourg with respect to payments of principal or interest (including accrued but unpaid interest), payments received upon redemption, repurchase or exchange of the Notes or capital gains realised upon disposal or repayment of the Notes.

Noteholders will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding execution, performance, delivery, exchange and/or enforcement of the Notes.

Luxembourg resident corporate (*société de capitaux*) Noteholders, or Noteholders who have a permanent establishment in Luxembourg with which the holding of the Notes is connected, must for income tax purposes include in their taxable income any interest (including accrued but unpaid interest) and the difference between the sale or redemption price and the lower of the cost or book value of the Notes sold or redeemed. They will not be liable for any Luxembourg income tax on repayment of principal.

Interest received by an individual resident in Luxembourg is subject to a 10 per cent. withholding tax (see above “*Withholding Tax—Luxembourg residents*”). This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers receiving the interest payment in the course of their private wealth. Individual Luxembourg resident Noteholders receiving the interest as business income must include this interest in their taxable basis. The 10 per cent. Luxembourg withholding tax levied will be credited against their final income tax liability.

Luxembourg resident individual Noteholders are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of the Notes. Upon the sale, redemption or exchange of the Notes, accrued but unpaid interest will be subject to the 10 per cent. withholding tax. Individual Luxembourg resident Noteholders receiving the interest as business income must also include the portion of the price corresponding to this interest in their taxable income. The 10 per cent. Luxembourg withholding tax levied will be credited against their final income tax liability.

Luxembourg resident corporate Noteholders which are companies benefiting from a special tax regime (such as the law of 31 July 1929 on pure holding companies, as repealed, or the law of 11 May 2007 on family estate management companies or the law of 20 December 2002 on undertaking for collective investment, as amended, or the law of 13 February 2007 on specialised investment funds) are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e. corporate income tax, municipal business tax and net wealth tax) other than the subscription tax calculated on their share capital or net asset value.

3 Net wealth tax

Luxembourg net wealth tax will not be levied on a company Noteholder, unless (i) such Noteholder is a Luxembourg fully taxable resident company or (ii) such Notes are attributable to an enterprise or part thereof which is carried on in Luxembourg through a permanent establishment by a non-resident company.

4 Other taxes

No stamp, value, issue, registration, transfer or similar taxes or duties will be payable in Luxembourg by Noteholders in connection with the issue of the Notes, or will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the Notes. Proceedings in a Luxembourg court or the presentation of documents relating to the Notes, other than the Notes themselves, to an *autorité constituée* may require registration of the documents, in which case the documents will be subject to registration duties depending on the nature of the documents.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Noteholders not permanently resident in Luxembourg at the time of death will not be subject to inheritance or other similar taxes in Luxembourg in respect of the Notes. No Luxembourg gift tax will be levied on the transfer of the Notes by way of gift unless the gift is registered in Luxembourg.

Subscription and Sale

SUMMARY OF DEALER AGREEMENT

Subject to the terms and conditions contained in an amended and restated dealer agreement dated 16 November 2010, as amended or supplemented from time to time (the **Dealer Agreement**) among the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

SELLING RESTRICTIONS

United States

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 under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period 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, an 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, if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public

in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the date specified in such prospectus or final terms, as applicable;
- (ii) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (iii) at any time to any legal entity which has two or more of (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43,000,000 and (c) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (iv) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (v) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (v) 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 and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the programme will be required to represent, warrant and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) 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 (b) it has not offered or sold and will not offer or sell any Notes other than 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 where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (ii) 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
- (iii) it has complied with 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.

Republic of Italy

The offering of the Notes has not been registered pursuant to the Italian securities legislation and, accordingly, each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver, any Notes in the Republic of Italy, and it has not distributed or made available and it will not distribute or make available the Prospectus or any other document relating to the Notes in the Republic of Italy, except:

Subscription and Sale

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter *b*) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Regulation No. 11971.

Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (a) and (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Regulation No. 11522 and Italian Legislative Decree No. 385 of 1 September 1993 (the **Banking Act**), as amended;
- (ii) in compliance with Article 129 of the Banking Act as amended and the implementing guidelines of the Bank of Italy as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (iii) in accordance with any other applicable laws and registrations or requirements imposed by CONSOB.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the **FIEA**) and each of the Dealers has represented and agreed, and each further Dealer appointed under the programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any Notes with a maturity of less than 12 months and a denomination of less than €50,000 will only be offered in the Netherlands to professional market parties as defined in the Financial Supervision Act (*Wet op het financieel toezicht*) and the decrees issue pursuant thereto.

France

Each of the Dealers and the Issuer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) Offer to the public in France:

it has only made and will only make an offer of Notes to the public in France in the period beginning (1) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (**AMF**) on the date of such publication, or (ii) when a has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of the approval of the Base Prospectus, all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or

- (ii) Private placement in France:

it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the

public in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

Forms of Final Terms

Form of Final Terms for Use in Connection with Issues of Securities with a Denomination of Less than €50,000

The form of Final Terms that will be issued in respect of each Tranche with a denomination of less than €50,000 to be admitted to trading on an EU Regulated Market and/or offered to the public in the European Economic Area, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [date]

**Banca Carige S.p.A.—Cassa di Risparmio di Genova e Imperia
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €4,000,000,000 Euro Medium Term Note Programme**

PART A—CONTRACTUAL TERMS

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (2) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

1. in circumstances in which no obligation arises for 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, in each case, in relation to such offer; or
2. in those Public Offer Jurisdictions mentioned in Paragraph 37 of Part A below, provided such person is one of the persons mentioned in Paragraph 37 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].⁶

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for 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, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].⁷

PART A—CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 16 November 2010 [and the supplement to the Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus [and the supplement to the Prospectus] [is] [are] available for viewing 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 Prospectus with an earlier date.

⁶ Consider including this legend where a non-exempt offer of Notes is anticipated.

⁷ Consider including this legend where only an exempt offer of Notes is anticipated.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [date] [and the supplement to the Prospectus dated [date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Prospectus dated 16 November 2010 [and the supplement to the Prospectus dated [date]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [date] [and the supplement to the Prospectus dated [date]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [original date] and 16 November 2010 [and the supplement to the Prospectuses dated [date] and [date]]. [The Prospectuses [and the supplement to the Prospectuses] are available for viewing 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 guidance for completing the Final Terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

- | | | |
|-----|-----------------------------------|--|
| 1. | (i) Issuer: | Banca Carige S.p.A. — Cassa di Risparmio di Genova e Imperia |
| 2. | (i) Series Number: | [] |
| | (ii) Tranche Number: | [] |
| | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 3. | Specified Currency or Currencies: | [] |
| 4. | Aggregate Nominal Amount: | [] |
| | (i) Series: | [] |
| | (ii) Tranche: | [] |
| 5. | Issue Price: | [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)] |
| 6. | (i) Specified Denomination(s): | [] |
| | (ii) Calculation Amount: | <i>[If only one Specified Denomination, insert the Specified Denomination.</i> |
| | | <i>If more than one Specified Denomination, insert the highest common factor] [Note: There must be a common factor in the case of two or more Specified Denominations]</i> |
| 7. | (i) Issue Date: | [] |
| | (ii) Interest Commencement Date: | [] |
| 8. | Maturity Date: | <i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i> |
| 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] |

Forms of Final Terms

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- [Dual Currency] [Partly Paid] [Instalment] [Other (specify)]
11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
12. Put/Call Options: [Investor Put] [Issuer Call] [(further particulars specified below)]
13. (i) Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated]
- (ii) [Date [Board] approval for issuance of Notes obtained: [[] [and [], respectively]]
- (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/other (specify)] in arrear]
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [] per Calculation Amount
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (vi) Determination Dates: [] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. Floating Rate Note Provisions [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): []
- (ii) Specified Interest Payment Dates: []
- (iii) First Interest Payment Date:
- (iv) Interest Period Date: []
(Not applicable unless different from Interest Payment Date)
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (vi) Business Centre(s): []

- | | | |
|--------|--|---|
| (vii) | Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination/ISDA Determination/other (<i>give details</i>)] |
| (viii) | Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the (Agent): | [] |
| (ix) | Screen Rate Determination: | |
| | – Reference Rate: | [] |
| | – Interest Determination Date(s): | [] |
| | – Relevant Screen Page: | [] |
| (x) | ISDA Determination: | |
| | – Floating Rate Option: | [] |
| | – Designated Maturity: | [] |
| | – Reset Date: | [] |
| (xi) | Margin(s): | [+/-][] per cent. per annum |
| (xii) | Minimum Rate of Interest: | [] per cent. per annum |
| (xiii) | Maximum Rate of Interest: | [] per cent. per annum |
| (xiv) | Day Count Fraction: | [] |
| (xv) | Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: | [] |
| 17. | Zero Coupon Note Provisions | [Applicable/Not Applicable]
(<i>If not applicable, delete the remaining subparagraphs of this paragraph</i>) |
| | (i) Amortisation Yield: | [] per cent. per annum |
| | (ii) Any other formula/basis of determining amount payable: | [] |
| 18. | Index-Linked Interest Note/other variable-linked interest Note Provisions | [Applicable/Not Applicable]
(<i>If not applicable, delete the remaining subparagraphs of this paragraph</i>) |
| | (i) Index/Formula/other variable: | [<i>give or annex details</i>] |
| | (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the (Agent): | [] |
| | (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: | [] |
| | (iv) Interest Determination Date(s): | [] |
| | (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: | [] |
| | (vi) Interest Period(s): | [] |
| | (vii) Specified Interest Payment Dates: | [] |

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- (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (ix) 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 subparagraphs of this paragraph*)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [*give details*]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. Call Option [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] specified denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period: []
21. Regulatory Call [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
(*N.B. Only relevant in the case of Subordinated Notes*)
- (i) Early Redemption Amount payable on redemption for regulatory reasons (in the case of Subordinated Notes only and subject to the prior approval of the Bank of Italy) as contemplated by Condition 5(e) and/or the method of calculating the same (if required or if different from that set out in Condition 5(b) (*Redemption, Purchase and Option – Early Redemption*)/specify other) [[] per Calculation Amount/as set out in Condition 5(b) (*Redemption, Purchase and Option – Early Redemption*)/specify other]
22. Put Option [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period: []
23. Final Redemption Amount of each Note [] per Calculation Amount
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [give or annex details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent) []
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Payment Date: []
- (vii) Minimum Final Redemption Amount: [] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [] per Calculation Amount
24. Early Redemption Amount
- Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [See also paragraph 22 (Regulatory Call)] *(Delete this cross-reference unless the Notes are Subordinated Notes and the Regulatory Call is applicable)*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: [Bearer Notes] [Exchangeable Bearer Notes]:
- [Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes 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 in the limited circumstances specified in the permanent Global Note]
- [Registered Notes]

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26. New Global Note: [Yes]⁸ [No]
27. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 15(ii), 16(v) and 18(ix) relate]
28. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (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. Redenomination provisions: Redenomination [not] applicable
[If redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms.]
32. Consolidation provisions: [Not Applicable/give details]
33. Other final terms: [Not Applicable/give details]
(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

34. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names, addresses and underwriting commitments]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- (ii) Date of [Subscription] Agreement: []
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
35. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
36. Total commission and concession: [] per cent. of the Aggregate Nominal Amount
37. U.S. selling restrictions: [Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA not applicable]
38. Non-exempt Offer [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of

⁸ You should only elect “yes” opposite “New Global Note” if you have elected “yes” to the Section in Part B under the heading “Operational Information” entitled “Intended to be held in a manner which would allow Eurosystem eligibility”.

the Prospectus Directive in [*specify relevant Member State(s)—which must be jurisdictions where the prospectus and any supplements have been passported*] (**Public Offer Jurisdictions**) during the period from [*specify date*] until [*specify date*] (**Offer Period**). See further Paragraph 10 of Part B below.

39. Additional selling restrictions:

[Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €4,000,000,000 Euro Medium Term Note Programme of Banca Carige S.p.A.—Cassa di Risparmio di Genova e Imperia.

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.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B—OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING** [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market] and listing on the [Official List] with effect from [].]
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market]] and listing on the [Official List] with effect from [].]
[Not Applicable.]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

2. **RATINGS**

Ratings:

The Notes to be issued have been rated:

[S & P: []]

[Moody's: []]

[Fitch: []]

[[Other]: []]

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

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

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

“Save as discussed in “*Subscription and Sale*”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”¹⁵

(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

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

- (i) Reasons for the offer: []
(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.]*

5. **[Fixed Rate Notes only—YIELD**

Indication of yield: []

Calculated as *[include details of method of calculation in summary form]* on the Issue Date. As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. [Floating Rate Notes only—HISTORIC INTEREST RATES

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

7. [Index-Linked or other variable-linked Notes only—PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

*Need to include 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. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]**

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

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].*

8. [Dual Currency 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] 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: []

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) [and address(es)]]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): []

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

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]
[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs⁹ as common safekeeper and

* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies Form of Final Terms for use in connection with Issues of Securities with a denomination of at least €50,000.

⁹ The International Securities Depositories (i.e. Euroclear S.A./N.V. and Clearstream Banking, société anonyme).

does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if “yes” selected in which case the Notes must be issued in NGN form]*

10. TERMS AND CONDITIONS OF THE OFFER

- Offer Price: [Issue Price] *[specify]*
- Conditions to which the offer is subject: [Not Applicable/*give details*]
- Description of the application process: [Not Applicable/*give details*]¹⁰
- Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/*give detail*]
- Details of the minimum and/or maximum amount of application: [Not Applicable/*give details*]
- Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/*give details*]
- Manner in and date on which results of the offer are to be made public: [Not Applicable/*give details*]
- Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/*give details*]
- Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable/*give details*]
- Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/*give details*]
- Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/*give details*]
- Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [None/*give details*]

11. FURTHER INFORMATION RELATING TO THE ISSUER

- Objects: The objects of the Issuer, as set out in Article [] of its by-laws, are as follows:
- The object of the Issuer is to collect savings and to carry out lending activity in its various forms in Italy and abroad. Subject to observing the provisions of law and after obtaining necessary authorisations, the Issuer may perform any permitted banking or financial transactions and services, as well as any other transaction that is incidental to or connected with the achieving of the Issuer’s object.
- The Issuer may issue bonds and set up and manage pension funds in accordance with current regulatory provisions.
- Registered office: Via Cassa di Risparmio 15, 16123 Genova, Italy.

¹⁰ Please provide the time period including any possible amendments during which the offer will be open.

Company registration:

Registered at the Companies' Registry of the Chamber of Commerce of Genova, Italy under registration no. [].

Amount of paid-up share capital and reserves:

Paid-up share capital: €[], consisting of [] ordinary shares with a nominal value of €[] each.

Reserves: €[].

Form of Final Terms for Use in connection with Issues of Securities with a denomination of at Least €50,000

The form of Final Terms that will be issued in respect of each Tranche with a denomination of more than €50,000, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [date]

Banca Carige S.p.A.—Cassa di Risparmio di Genova e Imperia
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €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 set forth in the Prospectus dated 16 November 2010 [and the supplement to the Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus [and the supplement to the Prospectus] [is] [are] available for viewing 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 Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [original date] [and the supplement to the Prospectus dated [date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Prospectus dated 16 November 2010 [and the supplement to the Prospectus dated [date]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [date] [and the supplement to the Prospectus dated [date]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [date] and 16 November 2010 [and the supplement to the Prospectuses dated [date] and [date]]. [The Prospectuses [and the supplement to the Prospectuses] are available for viewing 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 guidance for completing the Final Terms.]

[When completing 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: Banca Carige S.p.A.—Cassa di Risparmio di Genova e Imperia
2. (i) Series Number: []
(ii) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount of Notes admitted to trading: []
 - (i) Series: []
 - (ii) [Tranche: []]
5. Issue Price: [] per cent. of the Aggregate Nominal Amount

- [plus accrued interest from *[insert date]* (if applicable)]
6. (i) Specified Denomination(s): []
[Note—where multiple denominations above €50,000 (or equivalent) are being used the following sample wording should be followed: [€50,000] and integral multiples of [€1,000] in excess thereof [up to and including [€99,000]]. No notes in definitive form will be issued with a denomination above [€99,000]]¹¹.
- (ii) Calculation Amount: *[If only one specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor] [Note: There must be a common factor in the case of two or more Specified Denominations]*
7. (i) Issue Date: []
(ii) Interest Commencement Date: []
8. Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
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)]
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/[Dated/Perpetual]/Subordinated]
(ii) [Date [Board] approval for issuance of Notes obtained: [] [and [], respectively]]
(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-

¹¹ Delete if notes being issued are in registered form.

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		<i>paragraphs of this paragraph)</i>
(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 [specify Business Day Convention and any applicable Business Centre(s) for the definition of Business Day]/not adjusted]
(iii)	Fixed Coupon Amount[(s)]:	[] per Calculation Amount
(iv)	Broken Amount(s):	[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [-]
(v)	Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/other]
(vi)	[Determination Dates:	[] in each year (<i>insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)</i>)]
(vii)	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] (<i>If not applicable, delete the remaining subparagraphs of this paragraph</i>)
(i)	Interest Period(s):	[]
(ii)	Specified Interest Payment Dates:	[]
(iii)	First Interest Payment Date:	
(iv)	Interest Period Date:	[] (Not applicable unless different from Interest Payment Date)
(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (<i>give details</i>)]
(vi)	Business Centre(s):	[]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (<i>give details</i>)]
(viii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent):	[]
(ix)	Screen Rate Determination:	
	– Reference Rate:	[]
	– Interest Determination Date(s):	[]
	– Relevant Screen Page:	[]
(x)	ISDA Determination:	
	– Floating Rate Option:	[]
	– Designated Maturity:	[]
	– Reset Date:	[]
(xi)	Margin(s):	[+/-][] per cent. per annum
(xii)	Minimum Rate of Interest:	[] per cent. per annum

- (xiii) Maximum Rate of Interest: [] per cent. per annum
- (xiv) Day Count Fraction: []
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
17. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Amortisation Yield: [] per cent. per annum
- (ii) Any other formula/basis of determining amount payable: []
18. Index-Linked Interest Note/other variable-linked interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Index/Formula/other variable: [give or annex details]
- (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent): []
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Interest Determination Date(s): []
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Interest Period(s): []
- (vii) Specified 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) 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 subparagraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): []
- (iii) Provisions applicable where calculation []

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by reference to Rate of Exchange impossible or impracticable:

- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. Call Option [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] specified denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: [] per Calculation Amount
- (iv) Notice period: [] per Calculation Amount
21. Regulatory Call [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
(N.B. Only relevant in the case of Subordinated Notes)
- (i) Early Redemption Amount payable on redemption for regulatory reasons (in the case of Subordinated Notes only and subject to the prior approval of the Bank of Italy) as contemplated by Condition 5(e) and/or the method of calculating the same (if required or if different from that set out in Condition 5(b) (*Redemption, Purchase and Option – Early Redemption*)): [[] per Calculation Amount/as set out in Condition 5(b) (*Redemption, Purchase and Option – Early Redemption*)/specify other]
22. Put Option [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period []
23. Final Redemption Amount of each Note [] per Calculation Amount
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked: []
- (i) Index/Formula/variable: [give or annex details]
- (ii) Party responsible for calculating the Final Redemption Amount (if not the Agent): []
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []

- (iv) Determination Date(s): []
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Payment Date: []
- (vii) Minimum Final Redemption Amount: [] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [] per Calculation Amount
24. Early Redemption Amount
- Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [See also paragraph 22 (Regulatory Call)] (*Delete this cross-reference unless the Notes are Subordinated Notes and the Regulatory Call is applicable*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: [Bearer Notes] [Exchangeable Bearer Notes]:
- [Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes 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 in the limited circumstances specified in the permanent Global Note]
- (N.B. The exchange upon notice/at any time option should not be expressed to be applicable in the Specified Denomination of the Notes if paragraph 6 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000].")*
- [Registered Notes]
26. New Global Note [Yes]¹² [No]
27. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 15(ii), 16(v) and 18(ix) relate]
28. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and [Not Applicable/give details]

¹² You should only elect "yes" opposite "New Global Note" if you have elected "yes" to the Section in Part B under the heading "Operational Information" entitled "Intended to be held in a manner which would allow Eurosystem eligibility".

Forms of Final Terms

- consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:
30. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
31. Redenomination provisions: Redenomination [not] applicable
[If redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms.]
32. Consolidation provisions: [Not Applicable/give details]
33. Other final terms: [Not Applicable/give details]
(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

34. (i) If syndicated, names and addresses of Managers: [Not Applicable/give names]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/give name]
35. If non-syndicated, name of Dealer: [Not Applicable/give name]
36. U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA not applicable]
37. Additional selling restrictions: [Not Applicable/give details]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €4,000,000,000 Euro Medium Term Note Programme of Banca Carige S.p.A.—Cassa di Risparmio di Genova e Imperia.

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.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B-OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Application has been made for the Notes to be admitted to trading on [*specify relevant regulated market*] and listing on the [Official List] with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant, regulated market*] and listing on the [Official List] with effect from [].] [Not Applicable.] (*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.*)
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: []]
- [Moody's: []]
- [[Fitch: []]
- [[Other]: []]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

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

“Save as discussed in “*Subscription and Sale*”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

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

- (i) Reasons for the offer; []
- (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.*]
- (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. [Index-Linked or other variable-linked Notes only—PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]**

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

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].*

7. [Dual Currency Notes only—PERFORMANCE OF RATE[S] OF EXCHANGE

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]**

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

8. OPERATIONAL INFORMATION

ISIN Code: []

Common Code: []

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s) [and address(es)]]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agents(s): []

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

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs¹³ as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [include this text if “yes” selected in which

* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

¹³ The International Securities Depositories (i.e. Euroclear S.A./N.V. and Clearstream Banking, société anonyme).

9. FURTHER INFORMATION RELATING TO THE ISSUER

Objects:	<p>The objects of the Issuer, as set out in Article [] of its by-laws, are as follows:</p> <p>The object of the Issuer is to collect savings and to carry out lending activity in its various forms in Italy and abroad. Subject to observing the provisions of law and after obtaining necessary authorisations, the Issuer may perform any permitted banking or financial transactions and services, as well as any other transaction that is incidental to or connected with the achieving of the Issuer's object.</p> <p>The Issuer may issue bonds and set up and manage pension funds in accordance with current regulatory provisions.</p>
Registered office:	Via Cassa di Risparmio 15, 16123 Genova, Italy.
Company registration:	Registered at the Companies' Registry of the Chamber of Commerce of Genova, Italy under registration no. [].
Amount of paid-up share capital and reserves:	<p>Paid-up share capital: €[], consisting of [] ordinary shares with a nominal value of €[] each.</p> <p>Reserves: €[].</p>

General Information

1. The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of Italy in connection with the establishment and 2009 update of the Programme. The establishment and update of the Programme were authorised by resolutions of the Board of Directors of the Bank passed on 9 October 2000 and 7 February 2008, respectively.
2. Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer or of the Group since 30 June 2010 and no material adverse change in the prospects of the Issuer or of the Group since 31 December 2009.
3. Except as disclosed in this Prospectus, neither the Issuer nor any of its respective subsidiaries over the period of the past twelve months is or has been involved in any governmental, legal or arbitration proceedings relating to claims or amounts that may have or have had in the recent past significant effects, in the context of the issue of the Notes, on the financial position or profitability of the Issuer, nor so far as the Issuer is aware are any such governmental, legal or arbitration proceedings pending or threatened.
4. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: “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”.

Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

5. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.
6. The issue price and the amount of the relevant Notes will be determined before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions.
7. For so long as Notes are outstanding, the following documents will be available, during usual business hours, on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Fiscal Agent and the offices of the Paying Agent in Luxembourg (so long as any of the Notes are listed on the Luxembourg Stock Exchange) and, in the cases of (e), (f) and (g) a copy will be obtainable at the specified office of the Paying Agent in Luxembourg:
 - (a) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
 - (b) the Dealer Agreement;
 - (c) the Deed of Covenant;
 - (d) the By-Laws (*Statuto*) of the Issuer;
 - (e) the audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2008 and 2009, together in each case with the audit report thereon and the financial statements for the six month periods ended 30 June 2009 and 2010;
 - (f) the cash flow statements contained in the audited non-consolidated annual financial statements of the Issuer for the financial years ended 31 December 2008 and 2009;
 - (g) each set of Final Terms for Notes that are listed on the Official List and admitted to trading on the regulated market or the Luxembourg Stock Exchange or any other stock exchange;
 - (h) a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus;

General Information

- (i) a copy of the subscription agreement for Notes issued on a syndicated basis that are listed on the Luxembourg Stock Exchange; and
- (j) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.

In addition, this Prospectus is and, in the case of Notes to be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange, the relevant Final Terms will be, available on the website of the Luxembourg Stock Exchange at *www.bourse.lu*.

8. Copies of the audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2008 and 2009, together in each case with the audit report thereon, the financial statements for the six month periods ended 30 June 2009 and 2010 and the cash flow statements contained in the audited non-consolidated annual financial statements of the Issuer for the financial years ended 31 December 2008 and 2009 may be obtained, and copies of the Agency Agreement and the Deed of Covenant will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
9. The independent auditors of the Issuer are Deloitte & Touche S.p.A., which are authorised and regulated by the *Commissione Nazionale per le Società e la Borsa*.

The financial statements of the Issuer as at and for the years ended, respectively, 31 December 2008 and 31 December 2009 have been audited by Deloitte & Touche S.p.A., in their capacity as independent auditors of the Issuer, as indicated in their reports thereon. The half yearly consolidated financial statements as at and for the six months ended, respectively, on 30 June 2010 and 30 June 2009 have been subject to a limited review by Deloitte & Touche S.p.A.

The financial statements referred to above have been prepared in accordance with accordance with the accounting principles issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union under Regulation (EC) 1606/2002.
10. The Bank does not intend to provide any post-issuance information, except if required by any applicable laws and regulations.

Declaration of the Manager responsible for preparing the Company's financial reports

The Manager responsible for preparing the Company's financial reports, Ms. Daria Bagnasco, Deputy General Manager (Governance and Control) of Banca CARIGE S.p.A., declares, pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Law on Finance¹⁴, that the accounting information of Banca CARIGE S.p.A and the consolidated accounting information of Banca CARIGE Group contained in this Prospectus correspond to the document results, books and accounting records.

¹⁴ *Italian legislative Decree No. 58 of February 1998, as amended and supplemented from time to time.*

REGISTERED OFFICE OF THE ISSUER

Banca Carige S.p.A.—Cassa di Risparmio di Genova e Imperia

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United Kingdom

ARRANGER

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United Kingdom

LISTING AGENT

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To the Issuer

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To the Dealers

Allen & Overy
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