OFFERING CIRCULAR DATED 3 MAY 2011

GLOBAL BOND SERIES IX, S.A.

(a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, allée Scheffer, L-2520, Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register (*Registre de Commerce et des Société*) under number B 160.444)

Up to EUR 450,000,000 Range Accrual Notes due 2016
Issue price: 100 per cent.

The up to EUR 450,000,000 Range Accrual Notes due 2016 (the **Notes**) are issued by Global Bond Series IX, S.A. (the **Issuer**). Terms used below and not otherwise defined shall have the meanings given to them in the Terms and Conditions of the Notes (see "*Terms and Conditions of the Notes*").

Unless previously redeemed or purchased and cancelled, each Note will be redeemed on 23 September 2016 (or if that date is not a Business Day, the first following day that is a Business Day) at EUR 1,000. Interest will be payable quarterly in arrear and on the Maturity Date and will accrue from the Issue Date (as defined below) at the rate of 4.00 per cent. per annum for the first four Interest Periods and thereafter, with respect to an Interest Period, at a rate equal to 4.00 per cent. per annum multiplied by a fraction, the numerator of which is the number of Business Days in the relevant Interest Period on which the three month Euro-zone interbank offered rate is greater than or equal to 1.00 per cent. and less than or equal to 5.00 per cent. and the denominator of which is the actual number of Business Days in the relevant Interest Period, as more fully described herein.

In connection with the issue of the Notes, the Issuer and Deutsche Bank AG, London Branch (the **Swap Counterparty**) have on or about the Issue Date entered into a 1992 ISDA master agreement (including the schedule thereto) (the **ISDA Master Agreement**), an asset swap transaction pursuant to which, amongst other things, the Issuer will pay the Swap Counterparty the proceeds of the issue and in return receive the Initial Bonds and amounts to enable it to perform its scheduled obligations under the Notes (the **Asset Swap Transaction**) and a credit support annex to the ISDA Master Agreement pursuant to which each party's exposure to each other in respect of the Asset Swap Transaction will be collateralised (the **Credit Support Annex** and, together with the ISDA Master Agreement (including the schedule thereto) and the Asset Swap Transaction, the **Swap Agreement**).

The Collateral is (i) in aggregate, up to EUR 450,000,000 principal amount of (a) up to EUR 150,000,000 principal amount of the €1,250,000,000 Series 4 Fixed Rate *obbligazioni bancarie garantite* due March 2016 issued by Banco Popolare – Società Cooperativa (the **BP Covered Bonds**) (b) up to EUR 150,000,000 principal amount of the €1,250,000,000.00 Fixed Rate Covered Bonds (*Obbligazioni Bancarie Garantite*) due 15 September 2016 issued by Banca Monte dei Paschi di Siena S.p.A. (the **MPS Covered Bonds**) and (c) up to EUR 150,000,000 principal amount of the €1,000,000,000.00 3.625 per cent. Covered Bonds (*Obbligazioni Bancarie Garantite*) due 2016 issued by Unione di Banche Italiane S.c.p.a. (the **UBI Covered Bonds**) and, from the maturity dates of the BP Covered Bonds and the MPS Covered Bonds, cash in respect of the redemption proceeds received by the Issuer upon the maturity, respectively, of the BP Covered Bonds and the MPS Covered Bonds and (ii) any eligible collateral delivered to the Issuer by the Swap Counterparty under the Credit Support Annex (which (a) prior to the Bond Collateral Liquidation Date will be the BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds and/or cash, and (b) from the Bond Collateral Liquidation Date, will be cash and any amounts standing to the credit of the Deposit Account (in each case, to the extent not delivered to the Swap Counterparty pursuant to the Credit Support Annex)).

The Notes will be secured by (*inter alia*) (i) an assignment by way of security and/or a first fixed charge in favour of the Trustee of the Collateral and all of the Issuer's rights in respect of and sums derived from the Collateral (including, without limitation, any proceeds of such sale thereof) and (ii) an assignment by way of first fixed security of all of the Issuer's rights, title and interest under the Swap Agreement.

If the Issuer Maintenance Covenant is breached the Trustee shall (unless in the opinion of the Trustee such action is contrary to the interests of the Noteholders) instruct the Issuer to redeem the Notes and the Notes will be redeemed early. The Issuer Maintenance Covenant provides that the Value of the Assets of the Issuer will equal or exceed the Value of its Liabilities at all times on a forward looking basis in respect of each Interest Payment Date and on the Maturity Date. The Notes shall also be redeemed early if the Issuer's obligations under the Notes become unlawful or illegal. Except as provided in the previous sentence, the Issuer has no right to redeem the Notes early.

The Notes will become due and payable prior to the Maturity Date if an Acceleration Notice is given after the occurrence of an Event of Default (as described under "Terms and Conditions of the Notes – Events of Default"). The Events of Default under the Notes include non-payment of principal or interest for 14 days, breach of other obligations under the Notes or the Trust Deed or any other Transaction Document (which breach is not remedied within 30 days after notice has been given to the Issuer) and certain events relating to insolvency or winding up of the Issuer.

The amount (if any) payable in respect of a Note upon an early redemption of the Notes is such Note's *pro rata* share of, in the case of the occurrence of an Event of Default where the Mortgaged Property is realised, the proceeds of such realisation, or in the case of any other early redemption where the Bond Collateral is realised following the Bond Collateral Liquidation Date, the proceeds of realisation or redemption of the Bond Collateral plus (without duplication in respect of such proceeds of realisation or redemption) the balance (if any) standing to the credit of the Deposit Account following termination of the Swap Agreement and in each case after satisfaction of the prior claims of the other Secured Parties. The Secured Parties with prior claims to those of the Noteholders include the Trustee, the Agents and, except in certain circumstances, the Swap Counterparty. The Swap Counterparty's claims may include any costs relating to the termination of the Swap Agreement.

Prospective purchasers of the Notes should read this Offering Circular carefully before deciding whether to invest in the Notes and should ensure that they understand the nature of the Notes, the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. Prospective purchasers of the Notes should pay particular attention to the information set forth under the heading "*Overview and Risk Factors*" in this Offering Circular and should ensure that they understand such risks and have the financial ability and are willing to accept such risks. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Notes and are not relying on the advice of the Issuer, Deutsche Bank AG, London Branch (in its capacity as Arranger), the Swap Counterparty or the Trustee in that regard. See "*Overview and Risk Factors*" on pages 17 to 39.

The Issuer will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer under the Notes shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

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 on prospectuses for securities (the **Luxembourg Act**) to approve this document as a prospectus and to the Luxembourg Stock Exchange for the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange's regulated market.

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 19 July 2011 (the **Issue Date**) with a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), on or after the date (the **Exchange Date**) which is 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances - see "*Summary of Provisions relating to the Notes while represented by the Global Notes*".

Any person (an **Investor**) intending to acquire or acquiring any securities from any person (an **Offeror**) should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, the Issuer may be responsible to the Investor for the Offering Circular only if the Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Offering Circular for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each EEA Member State in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Offering Circular and/or who is responsible for its contents it should take legal advice.

Arranger

Deutsche Bank AG, London Branch

This Offering Circular comprises a Prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the Prospectus Directive) and for the purposes of the Luxembourg Act.

Subject as set out below, the Issuer (the Responsible Person) accepts responsibility for the information contained in this Offering Circular. 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 Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information relating to Deutsche Bank AG, acting through its London branch contained in the section headed "*The Swap Counterparty*" has been accurately reproduced from information published by Deutsche Bank Aktiengesellschaft and the Deutsche Bank Group or has been accurately reproduced from publicly available information. So far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the reproduced information misleading.

This Offering Circular may only be used for the purposes for which it is published.

Other than as expressly set out above, neither the Arranger nor the Trustee has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Trustee as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the issue of the Notes. Other than as expressly set out above, neither the Arranger nor the Trustee accepts any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer in connection with the issue of the Notes.

The only persons authorised to use this Offering Circular in connection with the offering of the Notes are Deutsche Bank AG, London Branch as Arranger and any Distributors (as defined in "*Subscription and Sale – Public Offer*").

This Offering Circular is to be read in conjunction with the document which is deemed to be incorporated herein by reference (see "*Document Incorporated by Reference*"). This Offering Circular should be read and construed on the basis that such document is incorporated and forms part of the Offering Circular.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or the Trustee.

The Notes are obligations solely of the Issuer. The Notes will not be obligations of or responsibilities of, nor will they be guaranteed by, any other person. In particular, none of the Arranger, the Trustee or the Agents or any of the officers, directors or incorporators of the aforementioned parties, including the Issuer, will be obliged to make any payment in respect of the Notes.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Arranger, or the Trustee, that any recipient of this Offering Circular or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and should conduct its own examination of the Swap Agreement and the Collateral. Each investor contemplating purchasing any Notes should read this Offering Circular

carefully before deciding whether to invest in the Notes and should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. Each investor contemplating purchasing any Notes should pay particular attention to the information set forth under the heading "*Overview and Risk Factors*" and should ensure that they understand such risks and have the financial ability and are willing to accept such risks. Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the Securities Act) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see "*Subscription and Sale*" below.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Arranger or the Trustee represents that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, except as indicated in the "*Subscription and Sale – Public Offer*" section below, no action has been taken by the Issuer, the Arranger or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States and the European Economic Area (including the Grand Duchy of Luxembourg and the United Kingdom) - see "*Subscription and Sale*".

This Offering Circular 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 (each, a Relevant Member State) other than offers (the Permitted Public Offers) which are made prior to the Issue Date, and which are contemplated in this Offering Circular in the Republic of Italy once the Offering Circular has been approved by the competent authority in the Grand Duchy of Luxembourg and published and notified to the relevant competent authority in accordance with the Prospectus Directive as implemented in the Republic of Italy, 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 the offering contemplated in this Offering

Circular, other than the Permitted Public Offers, may only do so in circumstances in which no obligation arises for the Issuer, the Arranger or the Trustee 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. None of the Issuer, the Arranger or the Trustee have authorised, nor do they authorise, the making of any offer (other than Permitted Public Offers) of Notes in circumstances in which an obligation arises for the Issuer, the Arranger or the Trustee to publish or supplement a prospectus for such offer.

All references in this document to euro, EUR and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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SUMMARY

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

Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this Summary unless otherwise defined in this Summary. For a discussion of certain risk factors to be considered in connection with an investment in the Notes, see "Overview and Risk Factors".

Issuer:	Global Bond Series IX, S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg on 14 April 2011, registered with the Luxembourg trade and companies register under number B 160.444 and having its registered office at 1, allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg. The Issuer has been established as a special purpose vehicle for the purposes of issuing up to EUR 450,000,000 Range Accrual Notes due 2016 and has not previously carried on any business or activities other than those incidental to its incorporation.
Risk Factors:	Certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes and that are material for the purposes of assessing the risks associated with investing in the Notes are specified under "*Overview and Risk Factors*" below and include the fact that the Notes may not be a suitable investment for all investors; risks relating to factors that may affect the Issuer's ability to fulfil its obligations under the Notes, including credit risk and credit exposure to Deutsche Bank AG, London Branch as Swap Counterparty under the Swap Agreement, as Principal Paying Agent and as Custodian and to any other Paying Agent, to credit risk and credit exposure to the Bond Collateral and Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and Unione di Banche Italiane S.c.p.a. as issuers of the Initial Bonds and as issuers of any Bond Collateral posted to the Issuer under the Credit Support Annex, the fact that the Issuer is recently formed, to Luxembourg law, to the validity and/or enforceability of subordination provisions and to Luxembourg insolvency laws; risks related to early redemption of the Notes, including interest postponement

	in respect of the Notes and the termination of the Asset Swap Transaction; risks related to Collateral including country and regional risk related to the Bond Collateral, Bond Collateral market value risk, the risk of commingling of the Collateral and risks relating to the Italian covered bond legislation; risks related to the Swap Agreement, including risks related to the Early Redemption Amount payable upon an early redemption and the unwind costs relating to the Swap Agreement; and certain general risks relating to the Notes, including that the Notes do not benefit from any state or other guarantee, the risk related to the fact that the Notes will not be rated, taxation risk, risks relating to the illiquidity of the Notes, business relationships risk, conflicts of interest risk, modification and waivers risk, risks related to the EU Savings Directive, change of law risk, exchange rate risk and exchange controls risk, rate of interest risk, risks related to the market value of the Notes, risks relating to the public offer of the Notes, the risk relating to fees being included in the offer price of the Notes and the risk that following the issue of the Notes, the Issuer will not provide any information (including on the market value of the Notes) save as required by applicable laws and regulations.
Description of Notes:	Up to EUR 450,000,000 Range Accrual Notes due 2016 (the **Notes**), to be issued by the Issuer on 19 July 2011 (the **Issue Date**).
Aggregate Principal Amount:	Up to EUR 450,000,000.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and will rank *pari passu* and without preference among themselves. Investors have full recourse to the assets of the Issuer.
Arranger:	Deutsche Bank AG, London Branch
SECURITY	
Mortgaged Property:	Under a trust deed dated the Issue Date (the **Trust Deed**) the Issuer will grant security to the Trustee over, *inter alia*, its rights in respect of the Collateral and the Swap Agreement (as defined below) to secure its obligations under the Notes.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Collateral:	On the Issue Date, the Collateral will comprise in aggregate, up to EUR 450,000,000 principal amount of (a) up to EUR 150,000,000 principal amount of the €1,250,000,000 Series 4 Fixed Rate *obbligazioni bancarie garantite* due March 2016 (ISIN: IT0004701568) issued by Banco Popolare – Società Cooperativa (the **BP Covered Bonds**) (b) up to EUR 150,000,000 principal amount of the

€1,250,000,000.00 Fixed Rate Covered Bonds (*Obbligazioni Bancarie Garantite*) due 15 September 2016 (ISIN: IT0004702251) issued by Banca Monte dei Paschi di Siena S.p.A. (the **MPS Covered Bonds**) and (c) up to EUR 150,000,000 principal amount of the €1,000,000,000.00 3.625 per cent. Covered Bonds (*Obbligazioni Bancarie Garantite*) due 2016 (ISIN: IT0004533896) issued by Unione di Banche Italiane S.c.p.a. (the **UBI Covered Bonds**), all governed by, and construed in accordance with, Italian law and delivered to the Issuer by the Swap Counterparty under the Asset Swap Transaction (the **Initial Bonds**).

The aggregate principal amount of the Initial Bonds will be equal to the aggregate principal amount of the Notes on the Issue Date. If prior to the Maturity Date the Initial Bonds are redeemed, except as a consequence of a Bond Collateral Default, the proceeds of redemption received upon early redemption of the Initial Bonds will be credited to an interest bearing account with the Custodian (the **Deposit Account**).

As set out below in relation to the Credit Support Annex, the Issuer will deliver eligible collateral comprising the Collateral to the Swap Counterparty and the Swap Counterparty will deliver eligible collateral (which (i) prior to the Bond Collateral Liquidation Date will be BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds and/or cash, and (ii) from the Bond Collateral Liquidation Date, will be cash) to the Issuer (which will upon such delivery to the Issuer be subject to the Security), in accordance with the Credit Support Annex.

References to the Bond Collateral in this Summary section are to the Initial Bonds and any BP Covered Bonds, MPS Covered Bonds and UBI Covered Bonds delivered to the Issuer by the Swap Counterparty under the Credit Support Annex, and in each case subject to and in accordance with the terms of the Trust Deed and to the extent not delivered to the Swap Counterparty pursuant to the Credit Support Annex.

On or as soon as practicable after the Bond Collateral Liquidation Date, the Bond Collateral will be realised and the proceeds of realisation will be credited to the Deposit Account. From the Bond Collateral Liquidation Date the Deposit Account will be a non-interest bearing account.

The Bond Collateral Liquidation Date is the date on which a Bond Collateral Default occurs, or the Swap Agreement is terminated prior to its Scheduled Termination Date, or the Issuer gives notice of an illegality to the Noteholders.

Custodian, Principal Paying Agent, Calculation Agent and Selling Agent:	Deutsche Bank AG, London Branch.
Swap Counterparty:	Deutsche Bank AG, London Branch
Luxembourg Paying Agent	Deutsche Bank Luxembourg S.A.
Issue Date:	19 July 2011
INTEREST	
Interest:	Each Note bears interest at the Rate of Interest payable on each Interest Payment Date. Interest will cease to accrue upon the earlier of (i) in the event that the Notes are to be redeemed following an illegality or a breach of the Issuer Maintenance Covenant, the due date for redemption of the Notes, (ii) if the Notes have been accelerated following an Event of Default, the due date for redemption of the Notes or (iii) the Maturity Date.
Screen Rate:	The rate for deposits in EUR for a period of three months which appears on the Reuters Screen EURIBOR01 Page (or any Successor Source) as of 11.00 a.m., Brussels time, on each Business Day in the relevant Interest Period. If such rate does not appear on the Reuters Screen EURIBOR01 Page (or such Successor Source as aforesaid) on such day, the Screen Rate for the relevant Business Day shall be determined on the basis of the rates at which deposits in EUR are offered by the Reference Banks at approximately 11.00 a.m., Brussels time, on the relevant Business Day to prime banks in the Euro-zone interbank market for a period of three months commencing on the relevant Business Day and in a Representative Amount assuming an Actual/360 day count basis. The Calculation Agent will request the principal Euro-zone office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided as requested, the Screen Rate for the relevant Business Day will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the Screen Rate for the relevant Business Day will be the arithmetic mean of the rates quoted by major banks in the Euro-zone, selected by the Calculation Agent, at approximately 11.00 a.m., Brussels time, on the relevant Business Day for loans in EUR to leading European banks for a period of three months commencing on the relevant Business Day and in a Representative Amount. If no such rates are quoted, the Screen Rate for the relevant Business Day will be the rate determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) and at such time as it deems appropriate. The rate for any Business Day from and including the day which falls five Business Days prior to the last day of the relevant Interest Period (the **Rate Cut-off Date**) shall be the rate published

	or otherwise determined by the Calculation Agent in accordance with the foregoing on such Rate Cut-off Date.
Rate of Interest:	4.00 per cent. per annum, in respect of the first four Interest Periods. Thereafter, with respect to an Interest Period: (i) 4.00 per cent. per annum; multiplied by (ii) N divided by D, where: **N** means the number of Business Days in the relevant Interest Period on which the Screen Rate is greater than or equal to 1.00 per cent. and less than or equal to 5.00 per cent.; and **D** means the actual number of Business Days in the relevant Interest Period.
Interest Amount on each Interest Payment Date:	An amount in EUR calculated by multiplying the product of the Rate of Interest for the relevant Interest Period and EUR 1,000 by the Day Count Fraction for the relevant Interest Period.
Day Count Fraction:	30/360
Interest Period:	The period from and including the Issue Date to but excluding the first Interest Payment Date, and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date. For the avoidance of doubt since the Interest Payment Dates in respect of Interest Periods are subject to postponement in the event that they fall on a day which is not a Business Day, Interest Periods are adjusted.
Interest Payment Dates:	23 January, 23 April, 23 July and 23 October in each year commencing on and including 23 October 2011 to and including 23 July 2016 and the Maturity Date, provided that if an Interest Payment Date would otherwise occur on or following the Interest Postponement Date, the Notes will continue to accrue interest at the rates that would have applied in respect of the Notes for the Interest Period in which the Interest Postponement Date falls and each subsequent Interest Period thereafter, but such Interest Payment Date shall be postponed until the due date for redemption of the Notes and there shall be no further Interest Payment Dates other than such postponed Interest Payment Date. If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the first following day that is a Business Day.

Interest Postponement Date: The date on which (i) notice of an illegality is given by the Issuer to the Noteholders; or (ii) the Calculation Agent gives the Trustee notice of a breach of the Issuer Maintenance Covenant.

REDEMPTION

Redemption Amount: Unless previously redeemed as specified below or repurchased and cancelled, each Note will be redeemed by the Issuer on the Maturity Date at its principal amount.

Maturity Date: 23 September 2016, provided that if such date is not a Business Day, the Maturity Date shall be the first following day that is a Business Day.

Early Redemption: If the Issuer Maintenance Covenant is breached the Trustee shall (unless in the opinion of the Trustee such action is contrary to the interests of the Noteholders) instruct the Issuer to redeem the Notes and the Notes will be redeemed early. The Notes will also be redeemed prior to the Maturity Date if the Issuer's obligations under the Notes become unlawful or illegal. Except as provided in the previous sentence, the Issuer has no right to redeem the Notes early. If the Notes are redeemed early, each Note will be redeemed at the Early Redemption Amount.

The Notes will become due and payable prior to the Maturity Date if an Acceleration Notice is given after the occurrence of an Event of Default. If the Notes are accelerated each Note will become due and payable at the Early Redemption Amount.

Issuer Maintenance Covenant: The Issuer has covenanted in the Notes that the Value of its Assets will equal or exceed the Value of its Liabilities at all times on a forward looking basis in respect of each Interest Payment Date and on the Maturity Date as determined by the Calculation Agent.

It is anticipated that the occurrence of any of the following events will cause the Issuer to breach the Issuer Maintenance Covenant and accordingly will (unless in the opinion of the Trustee such action is contrary to the interests of the Noteholders) result in an early redemption of the Notes:

(a) there is a Bond Collateral Default; or

(b) the Asset Swap Transaction is terminated prior to its scheduled termination date (as described below) (other than where such termination is caused by a Bond Collateral Default).

Bond Collateral Default means:

(i) a default or a potential default (including when a holder of any of the Bond Collateral receives a notice stating that a payment will not be made on any scheduled payment date) in the payment of any amount due as principal, interest or otherwise under any of the Bond Collateral without regard to any applicable grace period or deferral provisions that would defer the originally scheduled maturity date until a later date; and/or

(ii) any of the Bond Collateral becomes repayable or becomes capable of being declared due and repayable prior to its originally scheduled maturity date as a result of a default, an event of default or other similar event or any event or condition having substantially the same effect.

The Calculation Agent will determine on or about each Interest Payment Date and at any other time that it deems appropriate if the Issuer has breached the Issuer Maintenance Covenant. Any such determination will be conclusive and binding on the Noteholders and the Trustee.

On the Bond Collateral Liquidation Date or as soon as practicable thereafter the Selling Agent will liquidate the Bond Collateral.

Events of Default:

Events of Default under the Notes include non-payment of principal or interest for 14 days, breach of other obligations under the Notes or the Trust Deed or any other Transaction Document (which breach is not remedied within 30 days after notice has been given to the Issuer) and certain events related to insolvency or winding up of the Issuer.

Early Redemption Amount:

The amount (if any) payable in respect of a Note upon an early redemption of the Notes is such Note's *pro rata* share of, in the case of the occurrence of an Event of Default where the Mortgaged Property is realised, the proceeds of such realisation, or in the case of any other early redemption where the Bond Collateral is realised following the Bond Collateral Liquidation Date, the proceeds of realisation or redemption of the Bond Collateral plus (without duplication in respect of such proceeds of realisation or redemption) the balance (if any) standing to the credit of the Deposit Account following termination of the Swap Agreement and in each case after satisfaction of the prior claims of the other Secured Parties.

The Secured Parties with prior claims to those of the Noteholders include the Trustee, the Agents and, except in certain circumstances, the Swap Counterparty.

The Swap Counterparty's claims may include any unwind costs arising as a consequence of the termination of the Swap Agreement. The unwind costs include (but are not limited to) the net losses and costs of the Swap

Counterparty (taking into account both the benefit of the payments which the Swap Counterparty no longer has to make and the cost of the payments it will no longer receive) arising from the non-payment by each party of the sums which would have been paid under the Asset Swap Transaction if it had not been terminated.

Calculation Agent: Deutsche Bank AG, London Branch

SWAP AGREEMENT

Swap Agreement: The Issuer will enter into an ISDA Master Agreement and an asset swap transaction (the **Asset Swap Transaction**) the purpose of which is to allow the Issuer to perform its scheduled obligations under the terms of the Notes. The Asset Swap Transaction will be on the terms described in the Terms and Conditions. The Issuer will also enter into a credit support annex to the ISDA Master Agreement (the **Credit Support Annex**, and together with the ISDA Master Agreement and the Asset Swap Transaction, the **Swap Agreement**) with the Swap Counterparty, the purpose of which is to collateralise the Issuer's Exposure to the Swap Counterparty and the Swap Counterparty's Exposure to the Issuer under the Asset Swap Transaction.

Credit Support Annex: The Swap Counterparty will, in accordance with the Credit Support Annex, calculate the collateral requirements of the Issuer and the Swap Counterparty based on each party's exposure to the other party under the Swap Agreement on a daily basis (unless otherwise agreed between the Swap Counterparty and the Issuer) and (i) to the extent that eligible collateral is due from the Issuer to the Swap Counterparty in accordance with the Credit Support Annex, the Security over such eligible collateral comprising the Collateral will be deemed to be released in accordance with the provisions of the Trust Deed and the Issuer shall deliver such Collateral to the Swap Counterparty and (ii) to the extent that eligible collateral is due to be delivered by the Swap Counterparty to the Issuer in accordance with the Credit Support Annex, the Swap Counterparty shall deliver eligible collateral to the Issuer, whereupon it will be subject to the Security.

Eligible collateral to be delivered by the Swap Counterparty to the Issuer under the Credit Support Annex will be (i) prior to the Bond Collateral Liquidation Date, BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds and/or cash, and (ii) from the Bond Collateral Liquidation Date, cash only.

The obligation of the Issuer to deliver eligible collateral comprising the Collateral to the Swap Counterparty under the Credit Support Annex is limited to the amount of

	Collateral held by the Issuer from time to time. On and following the Bond Collateral Liquidation Date interest in respect of amounts delivered to the Issuer or the Swap Counterparty under the Credit Support Annex will be deemed to cease to accrue. Following the date on which the Trustee delivers an Issuer Maintenance Covenant Breach Notice, any obligation of the Issuer to deliver any additional eligible collateral comprising the Collateral to the Swap Counterparty under the Credit Support Annex will be deemed not to apply.
Termination of the Asset Swap Transaction:	Unless previously terminated in accordance with its terms, the Asset Swap Transaction will terminate on the date specified therein. The Asset Swap Transaction will terminate in full if the Notes are redeemed early pursuant to Condition 9.2 (*Redemption for illegality*), if the Trustee is notified of the breach of the Issuer Maintenance Covenant pursuant to Condition 9.3 (*Redemption for breach of Issuer Maintenance Covenant*) (other than where the breach of the Issuer Maintenance Covenant results from the termination of the Asset Swap Transaction), if all the Notes become repayable prior to their Maturity Date pursuant to Condition 11 (*Events of Default*), if there is a Bond Collateral Default or pursuant to the occurrence of an "Event of Default" or a "Termination Event" (as such terms are defined in the Swap Agreement).
GENERAL	
Meetings of Noteholders:	The Trust Deed contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions (which are summarised in Condition 17) 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.
Modification and Waiver:	The Trustee may, without the consent of Noteholders but only with the prior written consent of the Swap Counterparty, agree to any modification to the Notes which is (in the opinion of the Trustee) (i) of a formal, minor or technical nature or is made to correct a manifest error or an error which is, to the satisfaction of the Trustee, proven or (ii) not materially prejudicial to the interests of the Noteholders in the circumstances and subject to the conditions described in Conditions.
Taxation:	The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note or Coupon and all payments made by the Issuer shall be made subject to any tax, duty, withholding or other

	payment which may be required to be made, paid, withheld or deducted.
Approval, listing and admission to trading:	Application has been made to the CSSF to approve this document as a prospectus and to the Luxembourg Stock Exchange for the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange's regulated market on or about the Issue Date. The Issuer reserves the right to apply for the Notes to be admitted to trading on the multilateral trading facility EuroTLX (managed by EuroTLX SIM S.p.A.). The Issuer is not a sponsor of, nor responsible for, the admission and trading of the Notes on the EuroTLX and no assurance can be given that any such application will be successful.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.
Form:	The Notes will be issued in global bearer form in the denomination of EUR 1,000.
Selling Restrictions:	The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes may be sold in other jurisdictions (including the Republic of Italy and other Member States of the European Economic Area) only in compliance with applicable laws and regulations. See "*Subscription and Sale*" below.
Public Offer:	The Notes may be offered to the public in the Republic of Italy by Deutsche Bank S.p.A. of Piazza del Calendario 3, 20126, Milan, Italy and Finanza & Futuro Banca S.p.A. of Piazza del Calendario 1, 20126, Milan, Italy (each a **Distributor** and together with any other entities appointed as a distributor in respect of the Notes, the **Distributors**) during the period from 6 May 2011 to 15 July 2011 during the hours in which banks are generally open for business in the Republic of Italy (the **Offer Period**). The offer of the Notes is conditional on their issue. The Issuer reserves the right for any reason to close the Offer Period early. Notice of early closure will be made to investors by means of a notice published on the website of the Luxembourg Stock Exchange (www.bourse.lu), on the website www.it.investmentprodukte.db.com and in accordance with the relevant Distributor's usual procedures. The Issuer reserves the right to withdraw the offer and/or cancel the issuance of the Notes for any reason at any time on or prior to the Issue Date. Notice of such withdrawal or cancellation of the issuance of the Notes will

be made to investors by means of a notice published on the website of the Luxembourg Stock Exchange (www.bourse.lu), on the website www.it.investmentprodukte.db.com and in accordance with the relevant Distributor's usual procedures.

The Issuer reserves also the right to appoint other distributors during the Offer Period, which will be communicated to investors by means of a notice published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website www.it.investmentprodukte.db.com.

Amendments to the offer during the Offer Period will be notified to investors by means of a notice published on the website of the Luxembourg Stock Exchange (www.bourse.lu), on the website www.it.investmentprodukte.db.com and in accordance with the relevant Distributor's usual procedures.

The Notes will be offered at the Issue Price (100 per cent. of the Aggregate Principal Amount), of which up to 4.60 per cent. is represented by a commission payable to the Distributors.

The minimum allocation per investor will be equal to EUR 1,000 in principal amount of the Notes.

There are no pre-identified allotment criteria. All of the Notes requested through the Distributors during the Offer Period will be assigned up to the maximum amount of the offer. Each investor will be notified by the relevant Distributor of its allocation of Notes after the end of the Offer Period and before the Issue Date.

The Issuer will in its sole discretion determine the final amount of the Notes to be issued (which will be dependent on the outcome of the offer), up to a limit of EUR 450,000,000. The precise Aggregate Principal Amount of Notes to be issued will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website www.it.investmentprodukte.db.com on or around the Issue Date. Notice of the precise Aggregate Principal Amount of Notes to be issued will also be given to the CSSF.

For provisions and restrictions relating to offers of Notes to the public in the European Economic Area, see "*Subscription and Sale–Public Offer*".

Use of Proceeds:

The net proceeds from the issue of Notes will be used to acquire the Initial Bonds pursuant to the Asset Swap Transaction.

OVERVIEW AND RISK FACTORS

OVERVIEW

This section provides a brief overview of the terms of the Notes. It summarises a number of features of the Notes but does not set out in full these features of the Notes. In addition there are aspects of the Notes to which this overview does not refer. Investors should therefore not rely on this overview but should rely only on the full Terms and Conditions of the Notes as set out in this Offering Circular.

Nature of the Issuer

The Issuer, Global Bond Series IX, S.A., is a special purpose vehicle established in the form of a public limited liability company (*société anonyme*) in the Grand Duchy of Luxembourg.

Nature of the Notes

The Notes are debt obligations of Global Bond Series IX, S.A. (the **Issuer**). The Notes provide exposure, amongst other things, to each of the credit risk of the Issuer, the swap counterparty and the Bond Collateral. This overview provides a brief overview of how each of these risks operate, as each will affect whether interest is paid to investors and whether and how much principal is repaid to investors, and of the structure of the Notes. Investors have full recourse to the assets of the Issuer. This overview also describes how investors in the Notes are exposed to these risks and the nature of credit risk. Having reviewed this section, investors should refer to the "Risk Factors" sections below.

Security

The money raised by the Issuer from the initial sale of the Notes will be used by the Issuer to purchase in aggregate, up to EUR 450,000,000 principal amount of (a) up to EUR 150,000,000 principal amount of the €1,250,000,000 Series 4 Fixed Rate *obbligazioni bancarie garantite* due March 2016 (ISIN: IT0004701568) issued by Banco Popolare – Società Cooperativa (the **BP Covered Bonds**) (b) up to EUR 150,000,000 principal amount of the €1,250,000,000.00 Fixed Rate Covered Bonds (*Obbligazioni Bancarie Garantite*) due 15 September 2016 (ISIN: IT0004702251) issued by Banca Monte dei Paschi di Siena S.p.A. (the **MPS Covered Bonds**) and (c) up to EUR 150,000,000 principal amount of the €1,000,000,000.00 3.625 per cent. Covered Bonds (*Obbligazioni Bancarie Garantite*) due 2016 (ISIN: IT0004533896) issued by Unione di Banche Italiane S.c.p.a. (the **UBI Covered Bonds**) (together, the **Initial Bonds**). The aggregate principal amount of the Initial Bonds will be up to EUR 450,000,000 principal amount which will be equal to the principal amount of the Notes issued on the issue date. The scheduled maturity date of the UBI Covered Bonds will coincide with the scheduled maturity date of the Notes. The BP Covered Bonds and the MPS Covered Bonds will mature during the life of the Notes. Upon maturity of the BP Covered Bonds and the MPS Covered Bonds the redemption proceeds received by the Issuer in euro upon such maturity will be deposited with Deutsche Bank AG, London Branch in an interest-bearing account (the **Deposit Account**). Under the Credit Support Annex (as described below) the swap counterparty may deliver to the Issuer eligible collateral, which prior to the Bond Collateral Liquidation Date (as defined below), will be the BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds and/or cash, and from the Bond Collateral Liquidation Date, will be cash only. The Initial Bonds and eligible collateral in the form of bonds delivered to the Issuer under the Credit Support Annex (in each case to the extent not delivered to the swap counterparty pursuant to the Credit Support Annex) are referred to as the **Bond Collateral**. The Bond Collateral and/or the cash deposit (including any cash delivered to the Issuer by the swap counterparty under the Credit Support Annex and to the extent not delivered to the swap counterparty under the Credit Support Annex) are referred to as the **Collateral.** The Collateral will be secured in favour of the trustee on behalf of Noteholders. The Collateral, together with the Issuer's rights under the Swap Agreement, described below, are referred to in this section as the **Principal Underlying Assets**.

Where some of the Principal Underlying Assets comprises Bond Collateral, Noteholders bear the risk of declines in the value of that Bond Collateral. This is because, where the Notes are redeemed early, the amount payable on redemption will be determined by (amongst other things) the realisation value of the Bond Collateral and, if the realisation value of the Bond Collateral is less than its principal value, the amounts due to Noteholders on redemption will be less than the original principal amount of their Notes.

The Principal Underlying Assets will be secured in favour of the trustee on behalf of Noteholders. Therefore, Noteholders bear the risk:

(a) of a default or decline in value of the BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds (if any portion of the Principal Underlying Assets comprises the BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds); and

(b) of a default by Deutsche Bank AG, London Branch (if any portion of the Principal Underlying Assets comprises a cash deposit with Deutsche Bank AG, London Branch).

Swap Agreement

On or prior to the Issue Date the Issuer will enter into an ISDA Master Agreement (including the schedule and a credit support annex (the **Credit Support Annex**) thereto) and an asset swap transaction (the **Asset Swap Transaction** and, together with the ISDA Master Agreement and the Credit Support Annex, the **Swap Agreement**) with Deutsche Bank AG, London Branch (the **Swap Counterparty**).

The principal purpose of the Asset Swap Transaction is to ensure that, prior to any early termination of the Asset Swap Transaction, the income received by the Issuer from any Collateral (which may pay rates of interest that differ from the rate that the Issuer must pay under the Notes) is exchanged for amounts that match the interest amounts to be paid under the Notes.

The principal purpose of the Credit Support Annex is to collateralise each party's exposure to the other party under the Swap Agreement.

Under the terms of the Credit Support Annex, over the term of the Swap Agreement the Issuer shall deliver to the Swap Counterparty eligible collateral comprising part or possibly all of the Collateral (which shall upon such delivery cease to form part of the Collateral and will not be available to the Issuer) and the Swap Counterparty shall deliver eligible collateral (which will upon such delivery to the Issuer be subject to the security) to the Issuer on the basis of the valuation from time to time of each party's obligations under the Swap Agreement.

Pursuant to the Credit Support Annex, some or all of the Collateral may from time to time be released from the security granted by the Issuer in favour of the trustee and delivered to the Swap Counterparty to collateralise the Swap Counterparty's exposure to the Issuer under the Swap Agreement. If the Issuer's exposure to the Swap Counterparty under the Swap Agreement decreases, the Issuer (and therefore the trustee and Noteholders) will be exposed to the credit risk of the Swap Counterparty with respect to the re-delivery of such Collateral.

Early Redemption

If the Issuer Maintenance Covenant is breached the trustee shall (unless in the opinion of the trustee such action is contrary to the interests of the Noteholders) instruct the Issuer to redeem the Notes and the Notes will be redeemed early. The Notes will also be redeemed early if the Issuer's obligations under the Notes become unlawful or illegal (an **Illegality**). Except as described above, the Issuer has no obligation or right, as the case may be, to redeem the Notes early.

If the Notes are to be redeemed early, any Bond Collateral will be realised on behalf of the Issuer by the Selling Agent for the benefit of the Noteholders (and the other secured parties). As set out above the

Noteholders consequently bear the risk of declines in the value of the Bond Collateral (see above – *Overview – Security*). If the Notes are redeemed early, the trustee, the agents and the Swap Counterparty may incur certain costs and these costs will be deducted from the amount otherwise payable to Noteholders on redemption.

Investors should note that if the Notes are to be redeemed early, the Notes will continue to accrue interest at the rates that would have applied in respect of the Notes for the Interest Period in which the Interest Postponement Date falls and each subsequent Interest Period thereafter, but if an interest payment date would otherwise occur after the Interest Postponement Date (as described below) it will be postponed until the due date for redemption of the Notes and there shall be no further interest payment dates other than such postponed interest payment date. Investors should note that the Issuer has no means of funding its obligations to pay interest after the Interest Postponement Date other than from the Collateral. Consequently it is unlikely to be able to pay such postponed interest amounts on the due date in full (if at all) (see "*Interest Postponement*" below).

The Notes will also become due and payable prior to the Maturity Date if an acceleration notice is given by the trustee after the occurrence of an event of default under the Notes (including amongst other things, a payment default in respect of the Notes, a breach by the Issuer of its obligations under the Notes or the winding-up or dissolution of the Issuer).

Issuer Maintenance Covenant

The Issuer has covenanted that the value of its assets will be equal to or greater than its liabilities at all times on a forward looking basis in respect of each interest payment date and on the Maturity Date (the **Issuer Maintenance Covenant**).

It is anticipated that each of the following events will also result in the Issuer failing to meet its obligations under the Issuer Maintenance Covenant and will result in an early redemption of the Notes:

(a) there is a Bond Collateral Default; or

(b) the Asset Swap Transaction is terminated prior to its scheduled termination date.

A **Bond Collateral Default** would arise if:

(i) a default or a potential default (including when a holder of any of the Bond Collateral receives a notice stating that a payment will not be made on any scheduled payment date) in the payment of any amount due as principal, interest or otherwise under any of the Bond Collateral without regard to any applicable grace period or deferral provisions that would defer the originally scheduled maturity date until a later date; and/or

(ii) any of the Bond Collateral becomes repayable or becomes capable of being declared due and repayable prior to its originally scheduled maturity date as a result of a default, an event of default or other similar event or any event or condition having substantially the same effect.

Following the date on which (i) there is a Bond Collateral Default, (ii) the Swap Agreement is terminated prior to its scheduled termination date or (iii) the Issuer gives notice of an Illegality to the Noteholders (the **Bond Collateral Liquidation Date**), the Bond Collateral will be realised on behalf of the Issuer by the Selling Agent for the benefit of the Noteholders (and the other secured parties). As set out above the Noteholders consequently bear the risk of declines in the value of the Bond Collateral (see above – *Overview – Security*).

Investors should note that upon and following the Bond Collateral Liquidation Date:

(a) interest will cease to accrue on any cash standing to the credit of the Deposit Account (which following the realisation of the Bond Collateral by the Selling Agent will include any proceeds of realisation); and

(b) the value of Bond Collateral posted by the Issuer under the Credit Support Annex as at the Bond Collateral Liquidation Date will be deemed to be static and interest will be deemed to cease to accrue on such posted collateral for the purposes of the Credit Support Annex.

Interest Postponement

Following the date on which (i) the Issuer gives notice that the Notes are to be redeemed following an Illegality or (ii) the calculation agent notifies the trustee of a breach of the Issuer Maintenance Covenant (such date, the **Interest Postponement Date**), the Notes will continue to accrue interest at the rates that would have applied in respect of the Notes for the Interest Period in which the Interest Postponement Date falls and each subsequent Interest Period thereafter, but if an interest payment date would otherwise occur after such date it will be postponed until the due date for redemption of the Notes and there shall be no further interest payment dates other than such postponed interest payment date.

The Interest Postponement Date will occur on or shortly after the Bond Collateral Liquidation Date. Investors should note that the Asset Swap Transaction will terminate on or shortly after the Bond Collateral Liquidation Date. As described under "*Swap Agreement*" above, under the Asset Swap Transaction the Swap Counterparty delivers to the Issuer amounts equal to the interest amounts to be paid under the Notes. Upon the termination of the Asset Swap Transaction the Issuer will no longer receive amounts from the Swap Counterparty with which to fund interest payments under the Notes. Consequently the Issuer will have no means of funding its obligations to pay interest following the Interest Postponement Date other than from the Collateral and, therefore, it is unlikely that the Issuer will be able to pay interest amounts due on the due date for redemption in full (if at all).

Amount payable on an early redemption of the Notes

The amount (if any) payable in respect of each Note on early redemption will be such Note's *pro rata* share of, in the case of the occurrence of an event of default where the mortgaged property is realised, the proceeds of such realisation, or in the case of any other early redemption where the Bond Collateral is realised following the Bond Collateral Liquidation Date, the proceeds of realisation or redemption of the Bond Collateral plus (without duplication in respect of such proceeds of realisation or redemption) the balance (if any) standing to the credit of the Deposit Account following termination of the Swap Agreement, in each case after satisfaction of the prior claims of the other secured parties.

The secured parties with prior claims to those of the Noteholders include:

(a) the trustee, whose claims may include any costs, expenses and taxes incurred with respect to the Notes or any realisation of, or enforcement with respect to, the mortgaged property;

(b) the agents, whose claims may include any amounts due to them under the agency agreement, including amounts due to the Selling Agent as a result of any costs, expenses and taxes incurred in connection with the realisation of the Bond Collateral; and

(c) subject as provided below, the Swap Counterparty.

In the event that the Swap Agreement has terminated due to a default by the Swap Counterparty under the Swap Agreement, the claims of the Swap Counterparty will rank *pari passu* with the claims of Noteholders. However, in such circumstances, where the Swap Counterparty has received eligible collateral from the Issuer pursuant to the Credit Support Annex, the Swap Counterparty's claim against the Issuer as a result of the termination of the Swap Agreement may be satisfied in whole or in part before the claims of the Noteholders (notwithstanding that pursuant to the Priority Ranking Basis, the claims of the Swap

Counterparty should rank *pari passu* with the claims of Noteholders) because the Swap Counterparty will be able to satisfy its claim against the Issuer in whole or in part with the eligible collateral it has received from the Issuer pursuant to the Credit Support Annex and that has not subsequently been redelivered by the Swap Counterparty to the Issuer pursuant to the Credit Support Annex. As a result, Noteholders will only have recourse against the Issuer in respect of such part of the Bond Collateral that has not been delivered to the Swap Counterparty pursuant to the Credit Support Annex or that has subsequently been redelivered by the Swap Counterparty to the Issuer pursuant to the Credit Support Annex and the Realisation Amount available for distribution in accordance with the Priority Ranking Basis will not include any proceeds of realisation relating to any eligible collateral transferred to the Swap Counterparty pursuant to the Credit Support Annex and that has not subsequently been redelivered by the Swap Counterparty to the Issuer pursuant to the Credit Support Annex (but may include any amount paid by the Swap Counterparty to the Issuer on the termination of the Swap Agreement in the event that the value of the eligible collateral it has received from the Issuer pursuant to the Credit Support Annex exceeds its claims against the Issuer).

In the event that the Swap Agreement has terminated due to a Swap Counterparty default under the Swap Agreement and the Swap Counterparty has received eligible collateral from the Issuer pursuant to the Credit Support Annex which is not sufficient to satisfy the Swap Counterparty's claim against the Issuer, the Swap Counterparty's remaining claim will rank *pari passu* with the claims of Noteholders.

The Swap Counterparty's claims may include any unwind costs arising as a consequence of the termination of the Swap Agreement. The unwind costs include (but are not limited to) the net losses and costs of the Swap Counterparty (taking into account both the benefit of the payments which the Swap Counterparty no longer has to make and the cost of the payments it will no longer receive) arising from the non-payment by each party of the sums which would have been paid under the Asset Swap Transaction if it had not been terminated.

Investors should note that claims of the Swap Counterparty in particular may be substantial and may thus significantly reduce the amount payable to Noteholders on early redemption (see "*Value of Asset Swap Transaction on early redemption and unwind costs*" below).

Value of Asset Swap Transaction on early redemption and unwind costs

If the Notes are redeemed early, the Swap Counterparty may incur certain costs (**Unwind Costs**) in connection with such redemption and the termination of its hedging arrangements, and these costs will be deducted from the amount otherwise payable to Noteholders on redemption. These costs include (but are not limited to) the net losses and costs of the Swap Counterparty (taking into account both the benefit of the payments which the Swap Counterparty no longer has to make and the cost of the payments it will no longer receive) arising from the non-payment by each party of the sums which would have been paid under the Asset Swap Transaction if it had not been terminated.

Therefore the Unwind Costs may include a component (and possibly a very large component) representing a loss of potential payments under the relevant agreement (see also "*Unwind Costs*" in the "Risk Factors" section below).

Example Calculations

Set out below are examples of calculations of the amount that may be payable on an early redemption of the Notes in circumstances where the Notes are redeemed as a result of the breach of the Issuer Maintenance Covenant. The amounts payable to the other secured parties are apportioned *pro rata* in respect of each Note, with each Note having a principal amount of EUR1,000. Having reviewed this section, investors should refer to the "*Value of Asset Swap Transaction on early redemption and unwind costs*" section above.

The examples are included for illustrative purposes only and should not be relied upon. They are not an indication of the likely performance of, or amounts payable in respect of, the Notes, or the costs and fees that might be incurred. Prospective purchasers should conduct their own independent review and obtain such

professional advice as they deem appropriate prior to any acquisition of the Notes. The following two examples assume that no eligible collateral has been provided by either the Swap Counterparty or the Issuer pursuant to the Credit Support Annex.

If (a) the Note's *pro rata* share of the realisation value of the Bond Collateral was equal to the principal amount of the Note (with no cash deposit comprising the Collateral), (b) the Note's *pro rata* share of the trustee's and agents' fees, costs and expenses was EUR50; (c) the Note's *pro rata* share of the Swap Counterparty's Unwind Costs was EUR500, the amount payable on early redemption of each Note would be EUR450, calculated as follows:

(a) EUR1,000 (being the Note's *pro rata* share of the realisation value of the Bond Collateral); minus

(b) EUR50 (being the Note's *pro rata* share of the trustee's and agents' claim in respect of fees, costs and expenses); minus

(c) EUR500 (being the Note's *pro rata* share of the Swap Counterparty's claim in respect of the Unwind Costs).

If (a) the Note's *pro rata* share of the realisation value of the Bond Collateral was half the principal amount of the Note (with no cash deposit comprising the Collateral), (b) the Note's *pro rata* share of the trustee's and agents' fees, costs and expenses was EUR50 and (c) the Note's *pro rata* share of the Swap Counterparty's claim in respect of Unwind Costs was EUR500, the amount payable on redemption of each Note would be zero, calculated as follows and floored at zero:

(a) EUR500 (being the Note's *pro rata* share of the realisation value of the Bond Collateral; minus

(b) EUR50 (being the Note's *pro rata* share of the trustee's and agents' claim in respect of fees, costs and expenses); minus

(c) EUR500 (being the Note's *pro rata* share of the Swap Counterparty's claim in respect of the Unwind Costs).

The following examples assume that eligible collateral has been provided by the Issuer to the Swap Counterparty pursuant to the Credit Support Annex.

If (a) the Note's *pro rata* share of the Bond Collateral that had been delivered to the Swap Counterparty under the Credit Support Annex as eligible collateral was EUR500 (b) the Note's *pro rata* share of the Swap Counterparty's Unwind Costs (ignoring for such purposes the value of the Bond Collateral that had been delivered to the Swap Counterparty under the Credit Support Annex as eligible collateral) was EUR500, (c) the Note's *pro rata* share of the realisation value of the Bond Collateral was equal to EUR500 (with no cash deposit comprising the Collateral), (d) the Note's *pro rata* share of the trustee's and agents' fees, costs and expenses was EUR50, the amount payable on early redemption of each Note would be EUR450, calculated as follows:

(a) EUR500 (being the Note's *pro rata* share of the realisation value of the Bond Collateral; minus

(b) EUR50 (being the Note's *pro rata* share of the trustee's and agents' claim in respect of fees, costs and expenses); minus

(c) EUR0 (being the Note's *pro rata* share of the net amount of the Swap Counterparty's claim in respect of the Unwind Costs *less* the value of the Bond Collateral that had been delivered to the Swap Counterparty under the Credit Support Annex as eligible collateral).

If (a) the Note's *pro rata* share of the Bond Collateral that had been delivered to the Swap Counterparty under the Credit Support Annex as eligible collateral was EUR400 (b) the Note's *pro rata* share of the Swap

Counterparty's Unwind Costs (ignoring for such purposes the value of the Bond Collateral that had been delivered to the Swap Counterparty under the Credit Support Annex as eligible collateral) was EUR500, (c) the Note's *pro rata* share of the realisation value of the Bond Collateral was equal to EUR400 (with no cash deposit comprising the Collateral), (d) the Note's *pro rata* share of the trustee's and agents' fees, costs and expenses was EUR50, the amount payable on early redemption of each Note would be EUR250, calculated as follows:

(a) EUR400 (being the Note's *pro rata* share of the realisation value of the Bond Collateral); minus

(b) EUR50 (being the Note's *pro rata* share of the trustee's and agents' claim in respect of fees, costs and expenses); minus

(c) EUR100 (being the Note's *pro rata* share of the net amount of the Swap Counterparty's claim in respect of the Unwind Costs (EUR500) *less* against the value of the Bond Collateral that had been delivered to the Swap Counterparty under the Credit Support Annex as eligible collateral (EUR 400)).

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Prospective purchasers of the Notes should ensure that they understand fully the nature of the Notes, as well as the extent of their exposure to risks associated with an investment in the Notes and should consider the suitability of an investment in the Notes in light of their own particular financial, fiscal and other circumstances. Prospective purchasers of the Notes should refer to the risk factors below and the risk factors set out in the Overview Section above.

Prospective investors should be aware that the Notes may decline in value and should be prepared to sustain a total loss of their investment in the Notes. In particular, (i) if there is an early termination of the Swap Agreement, or (ii) if there is a Bond Collateral Default and the Notes are redeemed early as described below, purchasers of the Notes risk losing their entire investment. Accordingly prospective investors should only invest in the Notes if they are able to bear the risk of losing their entire investment.

The Notes are not guaranteed by the Arranger, the Trustee or any of their affiliates and none of the Arranger, the Trustee or any of their affiliates has or will have any obligations in respect of the Notes. The Notes will represent secured obligations of the Issuer which will rank pari passu in all respects with each other.

Terms not otherwise defined in this section shall have the meaning given to them in the Terms and Conditions of the Notes.

Investor Suitability

The purchase of, or investment in, the Notes involves substantial risks. The Notes are not a conventional investment and carry various unique investment risks which prospective investors should understand clearly before investing in the Notes. Each prospective investor in the Notes should be familiar with instruments having characteristics similar to the Notes and should fully review all documentation for and understand the Terms and Conditions of the Notes and the nature and extent of its exposure to risk of loss.

Before making an investment decision, prospective investors in the Notes should conduct such independent investigation and analysis regarding the Issuer, the Notes, the Swap Counterparty, the Swap Agreement, the Collateral and all other relevant persons and any market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes.

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

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

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

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes for an indefinite period of time, including where the currency of principal or interest payments is different from the potential investor's currency and the risk of the loss of any investment in the Notes in certain circumstances;

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

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

(vi) be acquiring the Notes for their own account for investment, not with a view to resale, distribution or other disposition of the Notes (subject to any applicable law requiring that the disposition of the investor's property be within its control); and

(vii) recognise that it may not be possible to make any transfer of the Notes for a substantial period of time, if at all.

Further, each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. Neither the Issuer, the Arranger, the Swap Counterparty, the Trustee nor any other person has or will make any representation or statement as to the suitability of the Notes for investors.

Investors should obtain all required independent professional advice before purchasing the Notes.

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

Credit risk

The ability of the Issuer to meet its obligations under the Notes will be dependent on the performance by the Swap Counterparty of all its payments and other obligations under the Swap Agreement, upon the performance and non-default of the Bond Collateral, upon the Principal Paying Agent, any other Paying Agent and the Custodian making the relevant payments when received and upon all other parties to the transaction performing their respective obligations. Accordingly Noteholders are exposed, amongst other things, to the credit risk of the Swap Counterparty, the credit risk of Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and Unione di Banche Italiane S.c.p.a. as issuers of the Initial Bonds, the credit risk of the obligor(s) in respect of the Bond Collateral, Deutsche Bank AG, London Branch (if any of the Mortgaged Property comprises a cash deposit with Deutsche Bank AG, London Branch), the Principal Paying Agent, any other Paying Agent and the Custodian.

Subject to the foregoing and assuming that no force majeure or market disruption events occur which disrupt the ability of the obligor(s) in respect of the Bond Collateral, the Issuer, the Swap Counterparty and the Paying Agents to make the payments they are obliged to make in connection with the Bond Collateral, the Swap Agreement and the Notes, the Asset Swap Transaction and the Bond Collateral together have the capacity to produce funds to service amounts due and payable under the Notes.

Credit Exposure to Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and Unione di Banche Italiane S.c.p.a. as issuers of the Initial Bonds and to Deutsche Bank AG, London Branch, as Swap Counterparty under the Credit Support Annex

The issuers of the Initial Bonds are Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and Unione di Banche Italiane S.c.p.a..

Pursuant to the Credit Support Annex, some or all of the Collateral may from time to time be released from the Security and delivered to the Deutsche Bank AG, London Branch, as Swap Counterparty, to collateralise the Swap Counterparty's exposure to the Issuer under the Swap Agreement. If the Issuer's exposure to the Swap Counterparty under the Swap Agreement decreases, the Issuer (and therefore the Trustee and Noteholders) will be exposed to the credit risk of the Swap Counterparty with respect to the re-delivery of such Collateral.

Prior to the Bond Collateral Liquidation Date, eligible collateral delivered to the Issuer by the Swap Counterparty under the Credit Support Annex will be bonds issued by Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and Unione di Banche Italiane S.c.p.a. and/or cash.

Accordingly investors should note that they are exposed to the credit risk of Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and Unione di Banche Italiane S.c.p.a. in their capacity as issuers of the Initial Bonds and Deutsche Bank AG, London Branch in its capacity as Swap Counterparty. Investors are referred to (i) the Base Prospectus dated 7 March 2011 issued by Banco Popolare – Società Cooperativa, as supplemented from time to time (the **BP Base Prospectus**) (ii) the Base Prospectus dated 21 June 2010 issued by Banca Monte dei Paschi di Siena S.p.A., as supplemented from time to time (the **MPS Base Prospectus**) and (iii) the Base Prospectus dated 31 July 2009 issued by Unione di Banche Italiane S.c.p.a., as supplemented from time to time pursuant to which the UBI Covered Bonds were issued (the **UBI Initial Bonds Base Prospectus**) and the Base Prospectus dated 30 July 2010 issued by Unione di Banche Italiane S.c.p.a. (being the most recent Base Prospectus issued by Unione di Banche Italiane S.c.p.a. in connection with its programme for issuance of Italian law governed covered bonds) (the **UBI Initial Bonds Base Prospectus**), which have further information in relation to the risk factors applying to the Initial Bonds and Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and Unione di Banche Italiane S.c.p.a. in their capacity as issuers of the Initial Bonds and certain aspects of Italian law in relation to the issuance of covered bonds governed by Italian law. The BP Base Prospectus and the MPS Base Prospectus are available on the website: www.bourse.lu. The UBI Initial Bonds Base Prospectus and the UBI Base Prospectus are available on the website: www.ubibanca.it.

The Issuer is recently formed

The Issuer is a recently incorporated or organised entity and has no prior operating history or track record. Accordingly, the Issuer has no performance history for a prospective investor to consider in making its decision to invest in the Notes. The Issuer has covenanted in the Trust Deed not to engage in any activity other than certain permitted activities set out in the Trust Deed.

Luxembourg Law

The Issuer is a public limited liability company (*société anonyme*) incorporated under Luxembourg law. The rights of Noteholders and the responsibilities of the Issuer to the Noteholders under Luxembourg law may be materially different from those with regard to equivalent instruments under the laws of the jurisdiction in which the Notes are offered.

Insolvency proceedings may be brought against the Issuer and such proceedings may proceed under, and be governed by, Luxembourg insolvency laws (see the section below entitled "*Luxembourg insolvency laws*").

Secured Obligations

The Notes are direct, unconditional, unsubordinated and secured obligations of the Issuer which are secured in favour of the Trustee on behalf of the Noteholders and the other secured parties. Although an investor's recourse to the assets of the Issuer is not limited to the Mortgaged Property, the Issuer will have no other assets, other than the incorporation monies, or sources of revenue available to satisfy its obligations in respect of the Notes.

Consequently amounts payable on the Notes are payable from the realisation of the Mortgaged Property. None of the Trustee, the Swap Counterparty or any of their Affiliates or any other person or entity will be obliged to make payments in respect of the Notes.

The Trustee or the Selling Agent, as applicable, will in general be obliged to apply all moneys received by it in connection with the enforcement of the security constituted by or pursuant to the Trust Deed or the realisation of the Bond Collateral, as applicable, in accordance with the Counterparty Priority. In such circumstances the moneys received by it will be applied to pay any amounts owed to the Secured Parties, including the Trustee under the Trust Deed, the Agents under the Agency Agreement and the Swap Counterparty under the Swap Agreement. The amounts owed to the Trustee and the Agents may include amounts payable by the Issuer under the indemnities given by the Issuer in each of the Trust Deed and the Agency Agreement. The balance left from the enforcement of the security or realisation of the Bond Collateral, as applicable, following such payments to, *inter alios*, the Trustee, the Agents and the Swap Counterparty will constitute the Early Redemption Amount payable to the Noteholders and is likely to be less than the Noteholders' original investment and may be in certain circumstances be zero.

The rights of the Noteholders are described in the Terms and Conditions of the Notes.

Noteholders will have no right to take title to, or possession of, the Collateral or proceed directly against the Swap Counterparty in respect of the Swap Agreement unless the Trustee, having become bound to do so, fails to take action against the Issuer within a reasonable time.

Insolvency proceedings and subordination provisions

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

In this regard, the English courts have recently affirmed that such a subordination provision is valid under English law. This decision may be subject to a further appeal to the UK Supreme Court. However, the US Bankruptcy Court recently held that such a subordination provision is unenforceable under US bankruptcy law. The implications of this conflicting judgment are not yet known and certain issues remain subject to a pending status conference among the parties to the dispute. The US decision may also be subject to appeal.

The impact of this judgment is that if a swap counterparty (in this case, Deutsche Bank AG, London Branch, which is a branch of Deutsche Bank AG) of the Issuer becomes subject to insolvency proceedings in any jurisdiction outside England and Wales, including but not limited to the US (in which Deutsche Bank AG has a branch), and it is owed a payment by the Issuer under the swap, it is unclear whether the insolvent swap counterparty or any insolvency official appointed in respect of that swap counterparty could successfully challenge the validity and/or enforceability of subordination provisions such as the flip clause in the English law governed transaction documents. In this regard, there is a risk that such subordination provisions would

not be upheld under US bankruptcy law and, more generally, there can be no assurance that such subordination provisions would be upheld under the insolvency laws of any relevant jurisdiction outside England and Wales. If such provisions are not upheld, it is unclear whether and to what extent the relevant proceedings and corresponding findings would be recognised by the English courts. There is therefore a risk that should the swap counterparty become subject to insolvency proceedings, this could affect the Noteholders' ability to recover all or part of their investment in the Notes.

Luxembourg insolvency laws

The Issuer is incorporated and has its centre of main interests in Luxembourg. Accordingly, insolvency proceedings with respect to the Issuer may proceed under, and be governed by, Luxembourg insolvency laws. The insolvency laws of Luxembourg may differ from those of the Republic of Italy or another jurisdiction with which investors may be familiar. Investors should obtain professional advice as they deem appropriate in respect of Luxembourg insolvency laws. The following is a brief description of certain aspects of insolvency laws in Luxembourg.

Under Luxembourg insolvency laws, the following types of proceedings (together referred to as **insolvency proceedings**) may be opened against the Issuer to the extent it has its registered office or centre of main interest in Luxembourg:

- bankruptcy proceedings (*faillite*), the opening of which may be requested by the Issuer or by any of its creditors. Following such a request, the courts having jurisdiction may open bankruptcy proceedings, if the Issuer (a) is in default of payment (*cessation des paiements*) and (b) has lost its commercial creditworthiness (*ébranlement de crédit*). If a court finds that these conditions are satisfied, it may also open bankruptcy proceedings, absent a request made by the Issuer or a creditor. The main effect of such proceedings is the suspension of all measures of enforcement against the Issuer, except, subject to certain limited exceptions, for secured creditors and the payment of creditors in accordance with their rank upon the realisation of assets;

- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the Issuer and not by its creditors; and

- composition proceedings (*concordat*), which may be requested only by the Issuer (having received prior consent of a majority of its creditors) and not by its creditors. The court's decision to admit a company to the composition proceedings triggers a provisional stay on enforcement of claims by creditors.

In addition to these proceedings, the ability of the holders of Notes to receive payment on the Notes may be affected by a decision of a court to grant a stay of payment (*sursis de paiement*) or to put the Issuer into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious violation of the commercial code or of the Luxembourg act dated 10 August 1915 on commercial companies, as amended. The management of such liquidation proceedings will generally follow similar rules as those applicable to bankruptcy proceedings.

The Issuer's liabilities in respect of the Notes will, in the event of a liquidation of the Issuer following bankruptcy or judicial liquidation proceedings, rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those of the concerned Issuer's debts that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law for instance include, among others:

- certain amounts owed to the Luxembourg Revenue;

- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;

- social security contributions; and

- remuneration owed to employees.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is realised).

During insolvency proceedings, all enforcement measures by unsecured creditors are suspended. The ability of secured creditors to enforce their security interest may also be limited in the event of controlled management proceedings automatically causing the rights of secured creditors to be frozen until a final decision has been taken by the court as to the petition for controlled management, and may be affected thereafter by a reorganisation order given by the court. A reorganisation order requires the prior approval by more than 50% of the creditors representing more than 50% of the Issuer's liabilities in order to take effect.

Furthermore, investors should note that the declaration of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) will not be enforceable during controlled management proceedings.

Luxembourg insolvency law may also affect transactions entered into or payments made by the Issuer during the period before bankruptcy, the so-called **suspect period** (*période suspecte*) which is a maximum of six months preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date, if the bankruptcy judgment was preceded by another insolvency bankruptcy judgment under Luxembourg law, the court may set the maximum up to six months prior to the filing for such controlled management. In particular:

- pursuant to article 445 of the Luxembourg code of commerce, specified transactions (such as, in particular, the granting of a security interest for antecedent debts; the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; the sale of assets without consideration or with substantially inadequate consideration) entered into during the suspect period (or the ten days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;

- pursuant to article 446 of the Luxembourg code of commerce payments made for matured debts as well as other transactions concluded for consideration during the suspect period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded by the creditor with the knowledge of the bankrupt's cessation of payments;

- pursuant to article 21 (2) of the Luxembourg act dated 5 August 2005 concerning financial collateral arrangements, notwithstanding the suspect period as referred to in articles 445 and 446 of the Luxembourg code of commerce, where a financial collateral arrangement has been entered into after the opening of liquidation proceedings or the coming into force of reorganisation measures or the entry into force of such measures, this agreement is valid and binding against third parties, administrators, insolvency receivers, liquidators and other similar organs if the collateral taker proves that it ignored the fact that such proceedings had been opened or that such measures had been taken or that it could not reasonably be aware of it; and

- in case of bankruptcy, article 448 of the Luxembourg code of commerce and article 1167 of the civil code (*action paulienne*) gives the insolvency receiver (acting on behalf of the creditors) the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy, without any time limit.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in automatic termination of contracts except for *intuitu personae* contracts, that is, contracts for which the identity of the company or its solvency were crucial. The contracts, therefore, subsist after the bankruptcy order. However, the insolvency receiver may choose to terminate certain contracts. However, as of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue *vis-à-vis* the bankruptcy estate. The bankruptcy order

provides for a period of time during which creditors must file their claims with the clerk's office of the Luxembourg district court sitting in commercial matters. After having converted all available assets of the company into cash and after having determined all the company's liabilities, the insolvency receiver will distribute the proceeds of the sale, on a *pro rata* basis, to the creditors after deduction of the receiver fees and the bankruptcy administration costs.

Insolvency proceedings may hence have a material adverse effect on the Issuer's business and its obligations under the Notes.

Factors relating to Early Redemption of the Notes

Risk of Early Redemption

Unless previously redeemed or purchased and cancelled, each Note will be redeemed by the Issuer on the Maturity Date at its principal amount.

If the Issuer Maintenance Covenant is breached the Trustee shall (unless in the opinion of the Trustee such action is contrary to the interests of the Noteholders) instruct the Issuer to redeem the Notes and the Notes will be redeemed early.

The Issuer Maintenance Covenant is the covenant from the Issuer that the value of its assets will be equal to or greater than the value of its liabilities at all times on a forward looking basis in respect of each Interest Payment Date and on the Maturity Date.

It is anticipated that the occurrence of any of the following events will cause the Issuer to breach the Issuer Maintenance Covenant:

(a) there is a Bond Collateral Default; or

(b) the Asset Swap Transaction is terminated prior to its scheduled termination date.

Investors should note that on or as soon as practicable after the Bond Collateral Liquidation Date (which is the date on which a Bond Collateral Default occurs, or the Asset Swap Transaction is terminated prior to its Scheduled Termination Date, or the Issuer gives notice of an Illegality to the Noteholders), the Selling Agent will liquidate the Bond Collateral.

Investors should also note the impact of a breach of the Issuer Maintenance Covenant on interest payments as set out in "Interest Postponement" below. Furthermore on the Bond Collateral Liquidation Date interest will cease to accrue on (i) any cash standing to the credit of the Deposit Account (which following the realisation of the Bond Collateral by the Selling Agent pursuant to Condition 9.4 (*Realisation of Bond Collateral by the Selling Agent following the Bond Collateral Liquidation Date*) will include the proceeds of realisation of the Bond Collateral) and (ii) any amounts delivered to the Issuer or the Swap Counterparty under the Credit Support Annex for the purposes of the Credit Support Annex.

The Notes will also become due and payable prior to the Maturity Date if an Acceleration Notice is issued after the occurrence of an Event of Default. Events of Default under the Notes include non-payment of principal or interest for 14 days, breach of other obligations under the Notes or any other Transaction Documents (which breach is not rectified within 30 days after notice has been given to the Issuer) and certain events relating to insolvency or winding-up of the Issuer.

If an Event of Default occurs, the security will become enforceable and the Mortgaged Property will be realised by or on behalf of the Trustee for the benefit of the Noteholders and the other secured parties. The Trustee shall not be obliged to realise the Mortgaged Property unless directed to do so by the Noteholders and indemnified and/or secured and/or prefunded to its satisfaction.

The Notes will be redeemed prior to the Maturity Date if the Issuer's obligations under the Notes become unlawful or illegal. If the Issuer's obligations under the Notes become unlawful or illegal, the Bond Collateral will be realised on behalf of the Issuer by the Selling Agent for the benefit of the Noteholders and the other secured parties. Investors should also note the impact of the redemption of the Notes following an illegality on interest payments as set out in "Interest Postponement" below.

No assurance can be given that the proceeds available after realisation of the Mortgaged Property or Bond Collateral, as applicable, and following allocation to other Secured Parties with prior claims to the Noteholders will be equal to Noteholders' original investment, and in the event of such deficiency no other assets will be available for payment of the deficiency. Investors should note that upon the occurrence of an Event of Default or a Bond Collateral Liquidation Date, the Early Redemption Amount payable in respect of the Notes is likely to be less than their original investment and may in certain circumstances be zero.

A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate the risks associated with the events described above and how the occurrence of such events may result in an early redemption of the Notes.

Interest Postponement

Following the date on which (i) the Issuer gives notice that the Notes are to be redeemed following an Illegality or (ii) the Calculation Agent notifies the Trustee of a breach of the Issuer Maintenance Covenant (such date, the **Interest Postponement Date**), the Notes will continue to accrue interest at the rates that would have applied in respect of the Notes for the Interest Period in which the Interest Postponement Date falls and each subsequent Interest Period thereafter, but if an interest payment date would otherwise occur after such date it will be postponed until the due date for redemption of the Notes and there shall be no further interest payment dates other than such postponed interest payment date.

The Interest Postponement Date will occur on or shortly after the Bond Collateral Liquidation Date. Investors should note that the Asset Swap Transaction will terminate on or shortly after the Bond Collateral Liquidation Date. Upon the termination of the Asset Swap Transaction the Issuer will no longer receive amounts from the Swap Counterparty with which to fund interest payments under the Notes. Consequently the Issuer will have no means of funding its obligations to pay interest following the Interest Postponement Date other than from the Collateral and therefore it is unlikely that the Issuer will be able to pay interest amounts due on the due date for redemption in full (if at all).

Termination of the Swap Transaction

The Issuer has entered into an asset swap transaction (the **Asset Swap Transaction** or the **Swap Transaction**) the purpose of which is to provide funds in order to allow the Issuer to perform its scheduled obligations under the Notes.

The Notes are solely obligations of the Issuer and neither the Swap Counterparty nor any other person has any obligation to the holders of the Notes for payment of any amount due in respect of the Notes.

The Swap Transaction may be terminated early (either in whole or, in certain circumstances, in part only), in the following circumstances:

(i) if at any time the Notes are redeemed prior to the Maturity Date pursuant to Condition 9.2 (*Redemption for illegality*) or Condition 11 (*Events of Default*);

(ii) following the occurrence of a Bond Collateral Default;

(iii) following delivery of notice of a breach of the Issuer Maintenance Covenant by the Calculation Agent to the Trustee;

(iv) at the option of one party, if there is a failure by the other party to pay any amounts due under the relevant Swap Transaction;

(v) at the option of the Issuer only, if the Swap Counterparty fails to comply with or perform any agreement or obligation in respect of the Swap Agreement and such failure is not remedied on or before the thirtieth day after notice of such failure is given to the Swap Counterparty;

(vi) at the option of the Issuer only, if certain representations made or repeated or deemed to have been made or repeated by the Swap Counterparty proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(vii) at the option of the Issuer only, if the Swap Counterparty defaults under certain specified transactions and, disaffirms, disclaims, repudiates or rejects, in whole or in part, certain specified transactions;

(viii) at the option of the Issuer only, if in respect of the Swap Counterparty there are defaults under one or more agreements or instruments relating to certain specified indebtedness in an amount equal to 5.00 per cent. of the capital and reserves of Deutsche Bank Group which has resulted in such specified indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by the Swap Counterparty in making one or more payments on the due date thereof in an aggregate amount of not less than the amount equal to 5.00 per cent. of the capital and reserves of Deutsche Bank Group under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(ix) at the option of one party, upon the occurrence of certain insolvency events with respect to the other party;

(x) at the option of one party, if the other party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such resulting, surviving or transferee entity fails to assume all the obligations of such other party;

(xi) at the option of one party or both parties, it becomes illegal for either party to perform its obligations under the Asset Swap Transaction;

(xii) at the option of one party, if (subject as provided in the Swap Agreement) withholding taxes are imposed on payment made by the Issuer or the Swap Counterparty under the Asset Swap Transaction.

It is anticipated that the early termination of the Swap Transaction will result in a breach by the Issuer of the Issuer Maintenance Covenant, which will (unless in the opinion of the Trustee such action is contrary to the interests of the Noteholders) result in the Notes being redeemed early.

Risks related to Collateral

Set out below is a brief description of the collateral risks, including country and region risks and Bond Collateral market value risk.

Country and Regional Risk

The price and value of the Bond Collateral may be influenced by the political, financial and economic stability of the country and/or region in which the issuer of or obligor in respect of the Bond Collateral is incorporated or has its principal place of business or of the country in the currency of which the Bond Collateral is denominated. The value of securities and other assets issued by entities located in, or governments of, emerging market countries is generally more volatile than the value of similar assets issued

by entities in well-developed markets. However, in certain cases the price and value of assets originating from countries not ordinarily considered to be emerging markets countries may behave in a manner similar to those of assets originating from emerging markets countries.

Bond Collateral Market Value Risk

Investors should note that the amount payable on an early redemption of the Notes will be determined by *inter alia*, the realisation value of the Bond Collateral as described in "*Early Redemption Amount*" below, and in each case if the realisation value of the Bond Collateral is less than its outstanding principal balance, the amount payable on redemption will be lower than would otherwise have been the case.

In addition to affecting the amount payable on redemption, the market value of the Bond Collateral will also affect the market value of the Notes, although the market value of the Bond Collateral and the Notes will not be the same. Factors which may affect the market value of the Bond Collateral include the liquidity and volatility of financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and Unione di Banche Italiane S.c.p.a. Investors in the Notes should also note that the market value of the Bond Collateral is only one factor which will affect the market value of the Notes and other relevant factors may include, without limitation, the credit risk of Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and Unione di Banche Italiane S.c.p.a., exchange rates, interest rates and market volatility.

Investors in the Notes should conduct such independent investigation and analysis regarding the Bond Collateral and the obligor in respect thereof as they deem appropriate to evaluate the merits and the risks of an investment in the Notes.

The issuers of the Initial Bonds are Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and Unione di Banche Italiane S.c.p.a. (and such bonds may be delivered to the Issuer by the Swap Counterparty under the Credit Support Annex) whilst Deutsche Bank AG, London Branch, is the Swap Counterparty as set out above, and accordingly investors should note that they are exposed to the credit risk of both Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and Unione di Banche Italiane S.c.p.a.in their capacity as issuers of the Initial Bonds and Deutsche Bank AG, London Branch in its capacity as Swap Counterparty.

A Bond Collateral Default is anticipated to result in a breach by the Issuer of the Issuer Maintenance Covenant, which will (unless in the opinion of the Trustee such action is contrary to the interests of the Noteholders) result in the Notes being redeemed early.

Commingling of Collateral

Investors should note that under the terms of the Agency Agreement the Collateral held by the Custodian may be commingled with the Custodian's own assets in certain limited circumstances. In such circumstances, in the event of the Custodian's insolvency, the Collateral may not be as well protected from claims made on behalf of the general creditors of the Custodian as if the Collateral were not commingled with the Custodian's own assets.

Italian covered bond legislation

Italian Law No. 130 of 30 April 1999 (as amended, **Law 130**) was enacted in Italy in April 1999 and amended to allow for the issuance of covered bonds in 2005. As at the date of this Offering Circular, no interpretation of the application of Law 130 as it relates to covered bonds has been issued by any Italian court or governmental or regulatory authority, except for (i) the Decree of the Italian Ministry for the Economy and Finance No. 130 of 14 December 2006 (**Decree No. 310**), setting out the technical requirements of the guarantee which may be given in respect of covered bonds and (ii) the instructions of the Bank of Italy dated 17 May 2007 and any further clarification issued by the Bank of Italy concerning, inter

alia, guidelines on the valuation of assets, the procedure for purchasing integration assets and controls required to ensure compliance with the legislation. Consequently, it is possible that such or different authorities may issue further regulations relating to Law 130 or the interpretation thereof, the impact of which cannot be predicted as at the date of this Offering Circular and there is still only a limited track record for covered bonds issued in accordance with Law 130. In an insolvency of Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. or Unione di Banche Italiane S.c.p.a., investors would be exposed, inter alia, to the credit risk of the Cover Pool (as defined in the section "*Description of the Initial Bonds*" below) and to the extent that the relevant Cover Pool does not generate sufficient funds to meet scheduled payments of interest and principal in respect of the relevant Initial Bonds, a Bond Collateral Default may occur.

Factors Relating to the Swap Agreement

Early Redemption Amount

The amount (if any) payable in respect of each Note on early redemption will be a *pro rata* share of, in the case of the occurrence of an Event of Default where the Mortgaged Property is realised, the proceeds of such realisation, or in the case of any other early redemption where the Bond Collateral is realised following the Bond Collateral Liquidation Date, the proceeds of realisation or redemption of the Bond Collateral plus (without duplication in respect of such proceeds of realisation or redemption) the balance (if any) standing to the credit of the Deposit Account following termination of the Swap Agreement, in each case after satisfaction of the prior claims of the other Secured Parties.

The Secured Parties with prior claims to those of the Noteholders include:

(a) the Trustee, whose claims may include any costs, expenses and taxes incurred with respect to the Notes or any realisation of, or enforcement with respect to, the Mortgaged Property;

(b) the Agents, whose claims may include any amounts due to them under the Agency Agreement, including amounts due to the Selling Agent as a result of any costs, expenses and taxes incurred in connection with the realisation of the Bond Collateral; and

(c) subject as provided below, the Swap Counterparty.

In the event that the Swap Agreement has terminated due to a default by the Swap Counterparty under the Swap Agreement, the claims of the Swap Counterparty will rank *pari passu* with the claims of Noteholders. However, in such circumstances, where the Swap Counterparty has received eligible collateral from the Issuer pursuant to the Credit Support Annex, the Swap Counterparty's claim against the Issuer as a result of the termination of the Swap Agreement may be satisfied in whole or in part before the claims of the Noteholders (notwithstanding that pursuant to the Priority Ranking Basis, the claims of the Swap Counterparty should rank *pari passu* with the claims of Noteholders) because the Swap Counterparty will be able to satisfy its claim against the Issuer in whole or in part with the eligible collateral it has received from the Issuer pursuant to the Credit Support Annex and that has not subsequently been redelivered by the Swap Counterparty to the Issuer pursuant to the Credit Support Annex. As a result, Noteholders will only have recourse against the Issuer in respect of such part of the Bond Collateral that has not been delivered to the Swap Counterparty pursuant to the Credit Support Annex or that has subsequently been redelivered by the Swap Counterparty to the Issuer pursuant to the Credit Support Annex and the Realisation Amount available for distribution in accordance with the Priority Ranking Basis will not include any proceeds of realisation relating to any eligible collateral transferred to the Swap Counterparty pursuant to the Credit Support Annex and that has not subsequently been redelivered by the Swap Counterparty to the Issuer pursuant to the Credit Support Annex (but may include any amount paid by the Swap Counterparty to the Issuer on the termination of the Swap Agreement in the event that the value of the eligible collateral it has received from the Issuer pursuant to the Credit Support Annex exceeds its claims against the Issuer).

In the event that the Swap Agreement has terminated due to a Swap Counterparty default under the Swap Agreement and the Swap Counterparty has received eligible collateral from the Issuer pursuant to the Credit Support Annex which is not sufficient to satisfy the Swap Counterparty's claim against the Issuer, the Swap Counterparty's remaining claim will rank *pari passu* with the claims of Noteholders.

The Swap Counterparty's claims may include any Unwind Costs arising as a consequence of the termination of the Swap Agreement. The Unwind Costs include (but are not limited to) the net losses and costs of the Swap Counterparty (taking into account both the benefit of the payments which the Swap Counterparty no longer has to make and the cost of the payments it will no longer receive) arising from the non-payment by each party of the sums which would have been paid under the Asset Swap Transaction if it had not been terminated.

Investors should note that claims of the Swap Counterparty in particular may be substantial and may thus significantly reduce the amount payable to Noteholders on early redemption (see "*Unwind Costs*" below).

Unwind Costs

The amount payable to Noteholders on early redemption will be reduced by any costs, expenses and taxes incurred by the Trustee and the Agents as a result of the Notes being redeemed. In addition, the amount payable to Noteholders on early redemption will also be reduced by any Unwind Costs arising as a consequence of the termination of the Swap Agreement. The Unwind Costs include the net losses and costs of the Swap Counterparty (taking into account both the benefit of the payments which the Swap Counterparty no longer has to make and the cost of the payments it will no longer receive) arising from the non payment by each party of the sums which would have been paid under the Asset Swap Transaction if it had not been terminated. They may also include any costs, expenses, taxes, duties incurred by the Swap Counterparty in connection with unwinding any transactions it has entered into in respect of the Notes (for example, if there are any break costs, loss of funding costs or mark to market losses (being losses based upon the current market value of the transactions rather than based upon their book value) on any related hedge). Investors should note that such costs may be substantial.

Examples of calculations of the Early Redemption Amount payable on an early redemption of the Notes are set out in the "Overview" section above.

Investors should note that upon the occurrence of a Bond Collateral Liquidation Date or an Event of Default, the Early Redemption Amount payable in respect of an early redemption of the Notes is likely to be less than their original investment and may in certain circumstances be zero.

General

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

The Notes do not benefit from any state or other guarantee

The Notes are not covered by the "Interbank Fund for Safeguarding of Deposits Redemption" nor by state guarantee. The payment of principal and interest under the Notes is not covered by any specific guarantee, nor is any such guarantee anticipated.

No Rating

Investors should note that no specific rating for the Notes has been applied for or sought.

Taxation

Investors should note that the Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and

surrender for payment, or enforcement of any Note or Coupon and all payments made by the Issuer shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

The Notes may be Illiquid

Currently, no secondary market exists for the Notes and the Issuer is not under any obligation to make a market in the Notes. It is not possible to predict if and to what extent a secondary market may develop in the Notes or at what price the Notes will trade in the secondary market or whether such market will be liquid or illiquid. Application has been made to the CSSF to approve this document as a prospectus and to the Luxembourg Stock Exchange for the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange's regulated market on or about the Issue Date. In addition, the Issuer reserves the right to apply for the Notes to be admitted to trading on the multilateral trading facility EuroTLX (managed by EuroTLX SIM S.p.A.). If the Notes are so listed or quoted or admitted to trading, no assurance is given that any such listing or quotation or admission to trading will be maintained. The fact that the Notes may be so listed or quoted or admitted to trading does not necessarily lead to greater liquidity than if they were not so listed or quoted or admitted to trading. There can be no assurance that the Notes being so listed or quoted or admitted to trading will provide the Noteholders with liquidity of investment or that it will continue for the life of the Notes.

If the Notes are not listed or quoted or admitted to trading on any stock exchange or quotation system, pricing information for the Notes may be more difficult to obtain and the liquidity of the Notes may be adversely affected. The liquidity of the Notes may also be affected by restrictions on offers and sales of the Notes in some jurisdictions.

Even where an investor is able to realise its investment in the Notes this may be at a substantially reduced value to its original investment in the Notes.

The Issuer may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private agreement. Any Notes so purchased may be held or resold or surrendered for cancellation. However, since there is not expected to be any market-maker in respect of the Notes, the secondary market may be limited. The more limited the secondary market is, the more difficult it may be for holders of the Notes to realise value for the Notes prior to the maturity of the Notes. Therefore, whether or not a market-maker is appointed and the number and identity of the market-makers appointed may have a significant effect on the price of the Notes on the secondary market.

Accordingly, the purchase of the Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. Investors must be prepared to hold the Notes until maturity.

Business Relationships

Each of the Arranger, the Swap Counterparty, the Calculation Agent or any of their respective Affiliates may have existing or future business relationships with each other (including, but not limited to, lending, depository, derivative counterparty, risk management advisory and banking relationships), and will pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for a Noteholder.

Conflicts of Interest

The Arranger, the Swap Counterparty or the Calculation Agent may be in possession of information in relation to Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and/or Unione di Banche Italiane S.c.p.a. that is or may be material in the context of the Notes and may or may not be publicly available to Noteholders. There is no obligation on the Arranger, the Swap Counterparty or the Calculation Agent or any of their respective Affiliates to disclose to Noteholders any such information.

The Arranger, the Swap Counterparty or the Calculation Agent and/or any of their respective Affiliates may invest and/or deal, for their own respective accounts or for accounts for which they have investment discretion, in securities or in obligations of Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and/or Unione di Banche Italiane S.c.p.a.or in credit derivatives (whether as protection buyer or seller) or other instruments enabling credit and/or other risks in respect of Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and/or Unione di Banche Italiane S.c.p.a.to be traded. Such investments, credit derivatives and/or instruments may have the same or different terms from the Notes. The Arranger, the Swap Counterparty or the Calculation Agent and/or any of their respective Affiliates may act as adviser to, may be lenders to, and may have other ongoing relationships with, Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and/or Unione di Banche Italiane S.c.p.a.. The Arranger, the Swap Counterparty or the Calculation Agent may at certain times be simultaneously seeking to purchase or sell investments and/or protection under credit derivatives or other instruments enabling credit and/or other risks to be traded for any entity for which it serves as manager in the future.

Various potential and actual conflicts of interest may arise from the overall activities of the Arranger, the Swap Counterparty, the Calculation Agent and/or any of their respective Affiliates. The Arranger, the Swap Counterparty, the Calculation Agent, their respective Affiliates and the directors, officers, employees and agents of the Arranger, the Swap Counterparty or the Calculation Agent and their respective Affiliates may, among other things: (a) serve as officers, employees, agents, nominees or signatories for Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and/or Unione di Banche Italiane S.c.p.a.; (b) receive fees for services of any nature by Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and/or Unione di Banche Italiane S.c.p.a.; (c) be a secured or unsecured creditor of, or hold an equity interest in, Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and/or Unione di Banche Italiane S.c.p.a.; (d) invest for its own account in Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and/or Unione di Banche Italiane S.c.p.a.; (e) serve as a member of any "creditors' committee" with respect to Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and Unione di Banche Italiane S.c.p.a. if it has defaulted; (f) act as the adviser, manager or investment adviser to any other person, entity or fund; and (g) maintain other relationships with Banco Popolare – Società Cooperativa, Banca Monte dei Paschi di Siena S.p.A. and/or Unione di Banche Italiane S.c.p.a.

In addition, a potential conflict of interest may arise from the activities of the distributors of the Notes as they are appointed by the Issuer and receive fees for their services based on the result of the distribution.

Modification and waivers

The Trust Deed contains 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.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria 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 being dependent upon 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 to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Offering Circular. 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 this Offering Circular.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in EUR. 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 EUR. These include the risk that exchange rates may significantly change (including changes due to devaluation of the EUR 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 EUR 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.

Rate of Interest Risk

The interest amount payable in respect of the Notes for each Interest Period after the first four Interest Periods is calculated by reference to how often during the relevant Interest Period 3 month EURIBOR is greater than or equal to 1.00 per cent. per annum and less than or equal to 5.00 per cent. per annum. Since 3 month EURIBOR is a variable rate, a fall in the Rate of Interest will reduce the amount of interest payable in respect of the Notes. Accordingly, an investment in the Notes involves interest rate risk where there are fluctuations in the Rate of Interest. This may also influence the market value of the Notes. Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macroeconomic factors, speculation and central bank and government intervention or other political factors. Fluctuations in short term and/or long term interest rates may affect the value of the Notes.

Factors affecting the market value of the Notes

Many factors may affect the value of the Notes, the majority of which are beyond the Issuer's control, including, among others, the following:

- economic, financial, regulatory, political, terrorist and other events that affect capital markets;
- market interest rates;
- market value of the Bond Collateral;

– the time remaining until the Notes mature.

This is not a complete list of the factors which may have an impact on the market value of the Notes.

As a result of these factors, if investors sell the Notes prior to maturity, they may receive less than their original investment.

Certain considerations relating to public offers of the Notes

The Issuer reserves the right to withdraw the offer and/or cancel the issuance of the Notes for any reason at any time on or prior to the Issue Date. For the avoidance of doubt, if any application has been made by a potential investor and the Issuer exercises such a right, each such potential investor shall not be entitled to subscribe or otherwise purchase any Notes. Any payments made by an applicant investor for Notes that are not issued to such applicant investor for any such reason will be refunded. However, there will be a time lag in making any reimbursement, no interest will be payable in respect of any such amounts and the applicant investor may be subject to reinvestment risk.

Implicit fees

Investors should note that implicit fees (e.g. placement fees, direction fees, structuring fees) are a component of the offer price of the Notes. The type and amount of the implicit fees embedded in the offer price are specified in "Subscription and Sale" below. Investors should note that as a result of such fees being included in the offer price, the price of the Notes in the secondary market is likely to be lower than the offer price.

Lack of information following issue

Following the issue of the Notes, the Issuer will not provide any information on the current market value of the Notes. The Issuer does not intend to provide any post-issuance information in relation to the Notes, except if required by any applicable laws and regulations.

Representations

By investing in the Notes each investor is deemed to represent that:

(a) *Non-Reliance.* It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer, the Arranger, the Swap Counterparty or the Trustee as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer, the Arranger, the Swap Counterparty or the Trustee shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.

(b) *Assessment and Understanding.* It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.

(c) *Status of Parties.* None of the Issuer, the Arranger or the Trustee is acting as a fiduciary for or adviser to it in respect of the investment in the Notes.

The considerations set out above are not, and are not intended to be, a comprehensive list of all considerations relevant to a decision to purchase or hold any Notes.

DOCUMENT INCORPORATED BY REFERENCE

The following document which has previously been published or is published simultaneously with this Offering Circular and has been filed with the CSSF (in its capacity as Competent Authority) shall be incorporated in, and form part of, this Offering Circular in its entirety for information purposes only:

- the Articles of Association of the Issuer,

save that any statement contained herein or in a document all or the relevant portion of which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document all or the relative portion of which is or is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular. Copies of the document which is incorporated herein by reference will be available free of charge during normal business hours from the specified office of the Luxembourg Listing Agent and from the specified offices of the Paying Agents and will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

TERMS AND CONDITIONS OF THE NOTES

The following (excluding this italicised text) is the text of the Conditions of the Notes which, subject to modification, will be endorsed on the Notes issued in respect of each Note in definitive form:

The up to EUR 450,000,000 Range Accrual Notes due 2016 (the **Notes**, which expression shall in these Terms and Conditions (the **Conditions**) include any further notes issued pursuant to Condition 18 (*Further Issues*) forming a single series with the Notes) of Global Bond Series IX, S.A., a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, (the **Issuer**) are constituted and secured by a trust deed (as amended or supplemented from time to time, the **Trust Deed**) dated 19 July 2011 (the **Issue Date**) and made between, *inter alios*, the Issuer and The Law Debenture Trust Corporation p.l.c. (the **Trustee**, which expression includes any other trustee under the Trust Deed) as trustee for the holders of the Notes and as security trustee for the Secured Parties. Payments under the Notes will be made pursuant to an agency agreement dated 19 July 2011 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, the Trustee, Deutsche Bank AG, London Branch in its capacity as custodian (the **Custodian**, which expression includes any successor custodian appointed from time to time in connection with the Notes), selling agent acting on behalf of the Issuer (the **Selling Agent**, which expression includes any successor selling agent appointed from time to time in connection with the Notes), and principal paying agent (the **Principal Paying Agent**, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), and in its capacity as calculation agent in respect of the Notes (the **Calculation Agent**, which expression includes any successor calculation agent appointed from time to time in connection with the Notes), Deutsche Bank Luxembourg S.A. in its capacity as Luxembourg Paying Agent (the **Luxembourg Paying Agent**, which expression includes any successor Luxembourg paying agent appointed from time to time in connection with the Notes) (together with the Principal Paying Agent, the **Paying Agents**, which expression includes any successor paying agent appointed from time to time in connection with the Notes). The Paying Agents, the Custodian, the Selling Agent and the Calculation Agent are in these Conditions together referred to as the **Agents** and each an **Agent**, which terms shall include such further or other person or persons as may be appointed from time to time as an agent under the Agency Agreement with the prior written consent of the Trustee.

The Issuer and Deutsche Bank AG, London Branch (the **Swap Counterparty**) have entered into a 1992 ISDA master agreement (Multicurrency – Cross Border) (including the schedule and Credit Support Annex thereto) (as amended and supplemented from time to time, the **ISDA Master Agreement**) and an asset swap transaction evidenced by the ISDA Master Agreement and an asset swap confirmation (as amended from time to time the **Asset Swap Transaction** and, together with the ISDA Master Agreement, the **Swap Agreement**).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed, the Agency Agreement and the Swap Agreement. Copies of the Trust Deed, the Agency Agreement and the Swap Agreement are available for inspection during normal business hours by the holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively) at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Deed, the Agency Agreement and the Swap Agreement applicable to them.

Definitions

In these Conditions:

Affiliate means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or

indirectly under common control with the First Entity (including, without limitation, any branch of the First Entity). For these purposes control means ownership of a majority of the voting power of an entity.

Appointee has the meaning given to it in the Trust Deed.

Assets means (i) the Collateral (including, without limitation, any payments of interest, proceeds of redemption or proceeds of sale thereof) and (ii) all of the Issuer's rights, title and interest under the Swap Agreement (including its actual, prospective and/or contingent rights, title and interest under the Swap Agreement) and for the avoidance of doubt excluding the Issuer's liabilities under the Swap Agreement.

Bond Collateral means the Initial Bonds and (i) any BP Covered Bonds (as defined below) (ii) any MPS Covered Bonds (as defined below) and (iii) any UBI Covered Bonds delivered to the Issuer by the Swap Counterparty under the Credit Support Annex, and in each case subject to and in accordance with the terms of the Trust Deed and to the extent not delivered to the Swap Counterparty pursuant to the Credit Support Annex.

Bond Collateral Default means:

(i) a default or a potential default (including when a holder of any of the Bond Collateral receives a notice stating that a payment will not be made on any scheduled payment date) in the payment of any amount due as principal, interest or otherwise under any of the Bond Collateral without regard to any applicable grace period or deferral provisions that would defer the originally scheduled maturity date until a later date; and/or

(ii) any of the Bond Collateral becomes repayable or becomes capable of being declared due and repayable prior to its originally scheduled maturity date as a result of a default, an event of default or other similar event or any event or condition having substantially the same effect.

Bond Collateral Liquidation Date means:

(a) the date on which notice of an illegality is given by the Issuer to Noteholders pursuant to Condition 9.2 (*Redemption for illegality*);

(b) the date on which a Bond Collateral Default occurs; or

(c) the date on which an Event of Default or a Termination Event occurs under and as defined in the Swap Agreement.

Business Day means a day which is both a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and a TARGET2 Settlement Day.

Calculation Agent Default means the failure of the Calculation Agent to determine whether the Issuer has breached the Issuer Maintenance Covenant within 10 calendar days of the relevant Interest Payment Date.

Collateral means the Bond Collateral and any amounts standing to the credit of the Deposit Account from time to time (including any amounts in the form of cash delivered by the Swap Counterparty to the Issuer pursuant to the Credit Support Annex) and subject to and in accordance with the terms of the Asset Swap Transaction and the Trust Deed, in each case to the extent not delivered to the Swap Counterparty pursuant to the Credit Support Annex.

Corporate Services Agreement means the administrative and corporate services agreement between the Issuer, the Corporate Services Provider and Deutsche Bank AG, London Branch dated 19 July 2011.

Corporate Services Provider means TMF Management Luxembourg S.A..

Credit Support Annex means a 1995 ISDA (Bilateral Form-Transfer) Credit Support Annex (English law) entered into under the ISDA Master Agreement.

Credit Support Balance has the meaning given to it in the Credit Support Annex.

Day Count Fraction means the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30 day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month))

Deposit Account means an account with the Custodian, as more fully described in the Agency Agreement.

Early Redemption Amount means, in respect of each Note, an amount in EUR (which shall not be less than zero) determined by the Calculation Agent equal to that portion of the Realisation Amount available for distribution to the Noteholders in accordance with the relevant Priority Ranking Basis, as apportioned *pro rata* amongst all the Notes.

Early Redemption Notice has the meaning given to it in Condition 9.3.

EUR or **euro** means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty.

Euro-zone means the region comprised of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25th March, 1957) as amended.

Exposure has the meaning given to it under the Credit Support Annex.

Extraordinary Resolution has the meaning given to it in the Trust Deed.

Further Notes means any further issue of notes in accordance with Condition 18 (*Further Issues*).

Initial Bonds means in aggregate, up to EUR 450,000,000 principal amount of (a) up to EUR 150,000,000 principal amount of the €1,250,000,000 Series 4 Fixed Rate *obbligazioni bancarie garantite* due March 2016 (ISIN: IT0004701568) issued by Banco Popolare – Società Cooperativa (the **BP Covered Bonds**) (b) up to EUR 150,000,000 principal amount of the €1,250,000,000.00 Fixed Rate Covered Bonds (*Obbligazioni Bancarie Garantite*) due 15 September 2016 (ISIN: IT0004702251) issued by Banca Monte dei Paschi di Siena S.p.A. (the **MPS Covered Bonds**) and (c) up to EUR 150,000,000 principal amount of the €1,000,000,000.00 3.625 per cent. Covered Bonds (*Obbligazioni Bancarie Garantite*) due 2016 (ISIN: IT0004533896) issued by Unione di Banche Italiane S.c.p.a. (the **UBI Covered Bonds**), all governed by, and construed in accordance with, Italian law and delivered to the Issuer by the Swap Counterparty under the Asset Swap Transaction.

Interest Payment Date means 23 January, 23 April, 23 July and 23 October in each year commencing on and including 23 October 2011 to and including 23 July 2016 and the Maturity Date.

Interest Period means the period from and including the Issue Date to but excluding the first Interest Payment Date, and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date. For the avoidance of doubt since the Interest Payment Dates in respect of Interest Periods are subject to postponement in the event that they fall on a day which is not a Business Day, Interest Periods are adjusted.

Interest Postponement Date means the date on which:

(a) notice of an illegality is given by the Issuer to Noteholders pursuant to Condition 9.2 (*Redemption for illegality*); or

(b) the Calculation Agent gives the Trustee notice of a breach of the Issuer Maintenance Covenant pursuant to Condition 9.3 (*Redemption for breach of Issuer Maintenance Covenant*).

Issue Date means 19 July 2011.

Issuer Expense Account means the account in the name of the Issuer which may be opened from time to time and into which certain amounts agreed to be payable to the Issuer by Deutsche Bank AG, London Branch pursuant to the Corporate Services Agreement will be credited.

Issuer Maintenance Covenant Breach Redemption Date means the date specified by the Issuer in the Early Redemption Notice falling not less than 30 days following the date on which the Early Redemption Notice is deemed given to Noteholders in accordance with Condition 16 (*Notices*).

Liabilities means all of the Issuer's actual and/or prospective obligations which are due or are expected to fall due (including any applicable contingent or prospective obligations) under and in connection with the Notes, the Coupons and the Swap Agreement on or prior to the Maturity Date.

Liquidation Period means:

(a) if the Notes are to be redeemed pursuant to Condition 9.2 (*Redemption for illegality*), the period from and including the Bond Collateral Liquidation Date to and including the second Business Day immediately preceding the date fixed for such early redemption; or

(b) in the event of the occurrence of the Bond Collateral Liquidation Date (other than where the Bond Collateral Liquidation Date has occurred due to the giving of notice of an illegality by the Issuer to the Noteholders pursuant to Condition 9.2 (*Redemption for illegality*)), the period from and including the Bond Collateral Liquidation Date to and including the tenth Business Day immediately following the Bond Collateral Liquidation Date or, if later, where the Selling Agent's appointment has been terminated under Condition 14.4 and the provisions of the Agency Agreement, the date on which the Replacement Selling Agent is appointed.

Luxembourg means the Grand Duchy of Luxembourg.

Maturity Date means 23 September 2016, provided that if such date is not a Business Day, the Maturity Date shall be the first following day that is a Business Day.

Moody's means Moody's Investors Service Limited.

Potential Event of Default has the meaning given to it in the Trust Deed.

Principal Amount means EUR1,000.

Priority Ranking Basis means Counterparty Priority or *Pari Passu* as determined in accordance with Condition 3.3 or Condition 9.4, as applicable.

Purchase Agreement means the purchase agreement between the Issuer and Deutsche Bank AG, London Branch dated 19 July 2011.

Realisation Amount means:

(a) in the case where the Security is enforced in accordance with Condition 3.4, the net proceeds of such enforcement; or

(b) in the case where the Bond Collateral is realised in accordance with Condition 9.4, the net proceeds of such realisation, and (without duplication in respect of the proceeds of realisation or redemption, as the case may be, of the Bond Collateral) the balance (if any) standing to the credit of the Deposit Account following the termination of the Swap Agreement,

in each case, following payment of all amounts due to the Trustee or any Appointee or as the case may be, the Selling Agent, including any costs, expenses and taxes incurred with such enforcement or realisation.

Reference Dealers means at least five leading dealers, banks or banking corporations, which deal in obligations of the type of the Bond Collateral as selected by the Selling Agent, one of which may be Deutsche Bank AG, London Branch.

Relevant Date means, in respect of any payment, the date on which such payment first becomes due, except that, if the full amount of the moneys so payable has not been duly received by the Principal Paying Agent prior to such due date, it means the date on which the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders of the Notes in accordance with Condition 16 (*Notices*).

Replacement Calculation Agent means a replacement Calculation Agent appointed by the Issuer or the Trustee in accordance with Condition 14.4 (*Appointment of Replacement Selling Agent or Replacement Calculation Agent*) and the provisions of the Agency Agreement.

Replacement Selling Agent means a replacement Selling Agent appointed by the Issuer or the Trustee in accordance with Condition 14.4 (*Appointment of Replacement Selling Agent or Replacement Calculation Agent*) and the provisions of the Agency Agreement.

Screen Rate means the rate for deposits in EUR for a period of three months which appears on the Reuters Screen EURIBOR01 Page (or any Successor Source) as of 11.00 a.m., Brussels time, on each Business Day in the relevant Interest Period. If such rate does not appear on the Reuters Screen EURIBOR01 Page (or such Successor Source as aforesaid) on such day, the Screen Rate for the relevant Business Day shall be determined on the basis of the rates at which deposits in EUR are offered by four major banks in the Euro-zone interbank market selected by the Calculation Agent (the **Reference Banks)** at approximately 11.00 a.m., Brussels time, on the relevant Business Day to prime banks in the Euro-zone interbank market for a period of three months commencing on the relevant Business Day and in an amount (the **Representative Amount**) that is representative of a single transaction in that market at the relevant time assuming an Actual/360 day count basis. The Calculation Agent will request the principal Euro-zone office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided as requested, the Screen Rate for the relevant Business Day will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the Screen Rate for the relevant Business Day will be the arithmetic mean of the rates quoted by major banks in the Euro-zone, selected by the Calculation Agent, at approximately 11.00 a.m., Brussels time, on the relevant Business Day for loans in EUR to leading European banks for a period of three months commencing on the relevant Business Day and in a Representative Amount. If no such rates are quoted, the Screen Rate for the relevant Business Day will be the rate determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) and at such time as it deems appropriate. The rate for any Business Day from and including the day which falls five Business Days prior to the last day of the relevant Interest Period (the **Rate Cut-off Date**) shall be the rate published or otherwise determined by the Calculation Agent in accordance with the foregoing on such Rate Cut-off Date.

Secured Party means the Trustee, any Appointee, the Noteholders, the Couponholders, the Swap Counterparty and the Agents.

Security means the Security Interests created in favour of the Trustee under or pursuant to the Trust Deed.

Security Interest means any mortgage, charge, assignment, pledge, lien, right or set-off or other encumbrance or security interest.

Selling Agent Default means the occurrence of:

(a) a Selling Agent Rating Downgrade; and/or

(b) having taken into account any applicable grace period, an Event of Default (as defined in the Swap Agreement) under the Swap Agreement and the Selling Agent, as a counterparty to the Swap Agreement, is the Defaulting Party (as defined in the Swap Agreement).

Selling Agent Rating Downgrade means that the short term issuer credit rating of the Selling Agent falls below "BBB-" by S&P or "Baa3" by Moody's.

Successor Source means:

(a) the successor display page, other published source, information vendor or provider that has been officially designated by the sponsor of Reuters Screen EURIBOR01 Page; or

(b) if the sponsor has not officially designated a successor display page, other published source, service or provider (as the case may be), the successor display page, other published source, service or provider, if any, designated by the relevant information vendor or provider (if different from the sponsor).

S&P means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

TARGET2 Settlement Day means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

Transaction Documents means each of the Trust Deed, the Agency Agreement, the Swap Agreement, the Purchase Agreement and the Corporate Services Agreement.

Treaty means the consolidated version of the Treaty on the Functioning of the European Union, as amended.

Value means the value from time to time as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in bearer form in the denomination of EUR 1,000.

1.2 Title

Title to the Notes and Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. STATUS

The Notes and Coupons constitute direct, unconditional, unsubordinated and secured obligations of the Issuer which are secured in the manner described in Condition 3 (*Security for the Notes*). The Notes and Coupons will at all times rank *pari passu* and without preference among themselves.

3. SECURITY FOR THE NOTES

3.1 Security

The Issuer has, pursuant to the Trust Deed, created the following security interests in favour of the Trustee for and on behalf of itself and the other Secured Parties:

(a) an assignment by way of security (or, to the extent not assignable, a charge by way of first fixed charge) over all of the Issuer's rights in respect of (i) the Bond Collateral (including, without limitation, the proceeds of any sale thereof) and all interest, moneys and proceeds paid or payable in relation thereto and (ii) any amount standing from time to time to the credit of the Deposit Account and any other account in which the Issuer has an interest from time to time, all interest paid or payable in relation to those amounts, and all debts represented by those amounts;

(b) an assignment by way of first fixed security of all of the Issuer's rights, title and interest under the Swap Agreement and any sums of money, securities or other property received or receivable by the Issuer thereunder;

(c) an assignment by way of security (or, to the extent not assignable, a charge by way of first fixed charge) over (i) the Issuer's rights to all sums held by the Agents on behalf of the Issuer to meet payments due in respect of the Notes; and (ii) any sums of money, securities or other property received or receivable by the Issuer under the Swap Agreement;

(d) an assignment by way of security of all of the Issuer's rights, title and interest under the Agency Agreement and all sums derived therefrom and any sums of money received or receivable thereunder in respect of the Notes and Coupons;

(e) an assignment by way of security of all of the Issuer's rights, title and interest under the Corporate Services Agreement and any sums of money, securities or other property received or receivable by the Issuer thereunder (other than any amounts standing to the credit of the Issuer Expense Account); and

(f) a first floating charge over all of its assets other than any assets at any time otherwise effectively charged or assigned by way of fixed charge or assignment as provided above.

In these Conditions and in the Trust Deed, **Mortgaged Property** means the property, assets and/or rights of the Issuer which have been charged, assigned, pledged and/or otherwise made subject to the Security to secure the obligations of the Issuer in relation to the Notes and Coupons and the Transaction Documents.

3.2 General Provisions Relating to Security

The Security is granted to the Trustee as trustee for itself and the other Secured Parties under the Trust Deed as continuing security (i) for the performance of the Issuer's obligations under the Notes and Coupons, (ii) for the performance of the Issuer's obligations under the Trust Deed, (iii) for the performance of the Issuer's obligations under the Swap Agreement, (iv) for the payment of all sums payable to the Paying Agents and/or the Custodian pursuant to any provision of the Agency Agreement which requires the Issuer to reimburse (and to pay interest on the amount reimbursed as

provided in the Agency Agreement) the Paying Agents and/or the Custodian for any amount paid out by the Paying Agents and/or the Custodian to the Noteholders and the Couponholders before receipt of the corresponding amount due from the Issuer and (v) for the payment of all other amounts due to the Agents pursuant to the Agency Agreement.

The security constituted by or created pursuant to the Trust Deed shall become enforceable upon the occurrence of an Event of Default under Condition 11 (*Events of Default*) and upon the Notes becoming due and repayable pursuant to Condition 9.2 (*Redemption for illegality*) or Condition 9.3 (*Redemption for breach of Issuer Maintenance Covenant*).

The Collateral will be held by the Custodian on behalf of the Issuer on and subject to the terms and conditions of the Agency Agreement, the Trust Deed and subject to the security referred to in Condition 3.1 (*Security*). The Issuer reserves the right at any time with the prior written consent of the Trustee to change the Custodian. Notice of such change shall be given to the Noteholders in accordance with Condition 16 (*Notices*).

The Trust Deed provides that the Trustee shall not be bound or concerned to make any investigation into, or be responsible for:

(a) the creditworthiness of the Swap Counterparty, the issuer of the Bond Collateral, the Custodian or any other person which is a party to any other agreement or document constituting or evidencing any of the Mortgaged Property, the Collateral or any other security constituted by the Trust Deed;

(b) the validity, efficiency or enforceability of the obligations of any such person as is referred to in subparagraph (a) above or of the Security or any other agreement or document constituting the security for the Notes and Coupons and the Transaction Documents; or

(c) whether the cashflows relating to the Collateral, the Swap Agreement and the Notes and Coupons are matched.

None of the Issuer, the Swap Counterparty, the Custodian, the Trustee and the Agents will have any responsibility for the performance by any clearing system (or its participants or indirect participants) of any of their respective obligations under the rules and procedures governing their operations. None of the Trustee, the Swap Counterparty and each of their respective Affiliates will have any responsibility for the performance by the Agents of their obligations under the Agency Agreement.

The Trust Deed provides that, prior to any enforcement of the Security, the Security over the Mortgaged Property (or the relevant part thereof) will be deemed to be released (i) to the extent required, *inter alia*, to make payments to Noteholders and Couponholders in respect of principal or interest in accordance with these Conditions, to make payments to the Swap Counterparty under the Swap Agreement or to make payments to the Agents and the other Secured Parties pursuant to the Transaction Documents, and (ii) to the extent that the Issuer is required to deliver eligible collateral comprising the Collateral to the Swap Counterparty in accordance with these Conditions and the Credit Support Annex. Any eligible collateral delivered by the Swap Counterparty to the Issuer pursuant to the Credit Support Annex will upon such delivery to the Issuer be subject to the Security.

3.3 Application of Proceeds of Enforcement of Security

The Trustee shall (subject to the provisions of the Trust Deed) apply the Realisation Amount received by it in connection with the enforcement of the Security (subject to mandatory Luxembourg law provisions) in accordance with Counterparty Priority.

Counterparty Priority means that the Trustee shall apply the Realisation Amount received by it:

(a) *first*, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts (including legal fees on a full indemnity basis) incurred by or payable to the Trustee and any receiver or other Appointee under or pursuant to the Trust Deed, these Conditions or any other Transaction Document (which shall include, without limitation, any taxes required to be paid, the costs of enforcing the Security and the Trustee's remuneration);

(b) *secondly*, in payment *pari passu* and rateably of any amounts due to the Agents pursuant to the Agency Agreement (which, for the purpose of this Condition 3.3 (*Application of Proceeds of Enforcement of Security*) and the Trust Deed, shall include any amount owing to any Paying Agent for reimbursement in respect of any payment of principal or interest made to Noteholders or Couponholders before receipt of the corresponding amount from the Issuer by the Principal Paying Agent) and the Corporate Services Provider pursuant to the Corporate Services Agreement;

(c) *thirdly,* in payment of any amounts owing to the Swap Counterparty under the Swap Agreement; and

(d) *fourthly*, *pro rata* and *pari passu* in payment of the balance (if any) to the relevant Noteholders and Couponholders,

PROVIDED THAT, if (i) any "Event of Default" (as such term is defined in the Swap Agreement) relating to the Swap Counterparty or (ii) any "Termination Event" (as such term is defined in the Swap Agreement) under the Swap Agreement in respect of which the Swap Counterparty is the sole Affected Party (as such term is defined in the Swap Agreement) apart from an Illegality or a Tax Event (each as defined in the Swap Agreement) has occurred, then the Trustee shall apply the Realisation Amount received by it on the basis of *Pari Passu* which shall be deemed to apply (for all purposes) instead of Counterparty Priority.

Pari Passu means that the Trustee shall apply the Realisation Amount received by it:

(a) *first*, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts (including legal fees on a full indemnity basis) incurred by or payable to the Trustee and any receiver or other Appointee under or pursuant to the Trust Deed, these Conditions or any other Transaction Document (which shall include, without limitation, any taxes required to be paid, the costs of enforcing the Security and the Trustee's remuneration);

(b) *secondly*, in payment *pari passu* and rateably of any amounts due to the Agents pursuant to the Agency Agreement (which, for the purpose of this Condition 3.3 (*Application of Proceeds of Enforcement of Security*) and the Trust Deed, shall include any amount owing to any Paying Agent for reimbursement in respect of any payment of principal or interest made to Noteholders or Couponholders before receipt of the corresponding amount from the Issuer by the Principal Paying Agent) and the Corporate Services Provider pursuant to the Corporate Services Agreement; and

(c) *thirdly*, *pro rata* and *pari passu* in payment of the balance (if any) to the Swap Counterparty in respect of its claims under the Swap Agreement and to the Noteholders and Couponholders.

3.4 Realisation of the Mortgaged Property Relating to the Notes

In the event of the Security becoming enforceable, the Trustee may (subject to mandatory Luxembourg law provisions) at its discretion and shall:

(a) if requested in writing by the holders of at least one-fifth in outstanding principal amount of the Notes then outstanding (as defined in the Trust Deed); or

(b) if directed by an Extraordinary Resolution of the Noteholders; or

(c) subject to Counterparty Priority being applicable pursuant to Condition 3.3, if directed in writing by the Swap Counterparty,

but without any liability as to the consequences of such action and without having regard to the effect of such action on individual Noteholders or Couponholders or any other Secured Party, take possession of the Mortgaged Property or the relevant part thereof and realise the Mortgaged Property as provided in the Trust Deed and provided that the Trustee shall not (x) act on any request or direction given by the Noteholders to the extent that any such request or direction conflicts with any direction given by the Swap Counterparty (where the Swap Counterparty is entitled to give a direction to the Trustee as provided above) and (y) be required to take any action without first being indemnified and/or secured and/or prefunded to its satisfaction, or do anything which is or may be contrary to any applicable law.

The power of sale under Section 101 of the Law of Property Act 1925 (but without the restrictions imposed by Sections 93 and 103 of such Act) shall apply and have effect on the basis that the Trust Deed constitutes a mortgage within the meaning of that Act and the Trustee is a mortgagee exercising the power of sale conferred on mortgagees by that Act with limited title guarantee.

4. ASSET SWAP TRANSACTION

4.1 Asset Swap

Under the terms of the Asset Swap Transaction, on the Issue Date the Issuer will pay to the Swap Counterparty the issue proceeds of the Notes and the Swap Counterparty will deliver the Initial Bonds to the Custodian for the account of the Issuer. Under the terms of the Asset Swap Transaction, (a) the Issuer shall pay to the Swap Counterparty amounts equal to scheduled interest on the Initial Bonds (if any) (including any interest which is scheduled to be paid in respect of any amounts constituting the proceeds of redemption of the Initial Bonds pursuant to the terms and conditions of the Initial Bonds and/or the terms and conditions applying to the Deposit Account, as applicable) on or after the Effective Date (as defined in the Asset Swap Transaction) (in accordance with the terms and conditions of the Initial Bonds) from time to time until the maturity date of such securities regardless of whether such date(s) fall(s) on or before the Maturity Date of the Notes and (b) the Swap Counterparty shall pay to the Issuer amounts equal to the aggregate of the interest in respect of the Notes payable in respect of each Interest Payment Date.

4.2 Termination of the Asset Swap Transaction

Unless previously terminated in accordance with its terms, the Asset Swap Transaction will terminate on the date specified therein. The Asset Swap Transaction will terminate in full if the Notes are redeemed early pursuant to Condition 9.2 (*Redemption for illegality*), if the Trustee is notified of the breach of the Issuer Maintenance Covenant pursuant to Condition 9.3 (*Redemption for breach of Issuer Maintenance Covenant*) (other than where the breach of the Issuer Maintenance Covenant results from the termination of the Asset Swap Transaction), if all the Notes become repayable prior to their Maturity Date pursuant to Condition 11 (*Events of Default*), if there is a

Bond Collateral Default or pursuant to the occurrence of an "Event of Default" or a "Termination Event" (as such terms are defined in the Swap Agreement).

4.3 Determinations, Calculations and Exercise of Discretions pursuant to the Asset Swap Transaction

Deutsche Bank AG, acting through its London Branch is designated as the calculation agent (the **Asset Swap Calculation Agent**) for the purpose of the Asset Swap Transaction.

In the event that the terms of the Asset Swap Transaction provide for the Asset Swap Calculation Agent to make a determination or calculation pursuant to the Asset Swap Transaction (in accordance with the terms of the Asset Swap Transaction), such determination or calculation shall be made in good faith and in a commercially reasonable manner.

5. CREDIT SUPPORT ANNEX

Under the terms of the Credit Support Annex, over the term of the Swap Agreement the Issuer shall deliver eligible collateral comprising the Collateral to the Swap Counterparty and the Swap Counterparty shall deliver eligible collateral (which will upon such delivery to the Issuer be subject to the Security) to the Issuer on the basis of the valuation from time to time of each party's Exposure to each other under the Swap Agreement. As a result of the Credit Support Annex, some or all of the Collateral may from time to time be released from the Security and delivered to the Swap Counterparty to collateralise the Swap Counterparty's Exposure to the Issuer under the Swap Agreement.

6. COVENANTS OF AND RESTRICTIONS ON THE ISSUER

6.1 Covenants of the Issuer

The Issuer covenants that the Value of the Assets will equal or exceed the Value of the Liabilities at all times on a forward looking basis in respect of each Interest Payment Date and on the Maturity Date as determined by the Calculation Agent (the **Issuer Maintenance Covenant**). The Calculation Agent will determine on or about each Interest Payment Date and at any other time that it deems appropriate if the Issuer has breached the Issuer Maintenance Covenant. Any such determination shall be conclusive and binding on the Noteholders and the Trustee.

6.2 Restrictions on the Issuer

The Issuer has covenanted in the Trust Deed that so long as any of the Notes remains outstanding, it will not, other than as permitted by the Conditions or any Transaction Documents, without the prior written consent of the Trustee and the Swap Counterparty:

(i) engage in any activity or do any thing whatsoever except:

(a) issue or enter into the Notes or any Further Notes which are subject to enforcement provisions substantially the same as those contained in the Trust Deed (**Permitted Investments**);

(b) redeem any Notes or Further Notes in accordance with the Conditions;

(c) enter into the Agency Agreement, the Trust Deed, the Swap Agreement (or agreements or deeds on similar terms to the Agency Agreement, the Trust Deed or the Swap Agreement) or any deed or agreement of any other kind related to any Permitted Investment;

(d) perform its obligations under and in connection with each Permitted Investment and the Agency Agreement, the Trust Deed, the Swap Agreement or other deeds or agreements incidental to the issue and constitution of, or the granting of security for, the Notes, any Further Notes or any Permitted Investment;

(e) enforce any of its rights under the Agency Agreement, the Trust Deed, the Swap Agreement or any other deed or agreement entered into in relation to the Notes, any Further Notes or any Permitted Investment; or

(f) perform any act incidental to or necessary in connection with any of the above or the Transaction Documents; or

(ii) (a) have any subsidiaries or employees;

(b) subject to subparagraph (i) above, dispose of any of its property or other assets or any part thereof or interest therein (subject as provided in these Conditions relating to any Permitted Investment);

(c) purchase, own, lease or otherwise acquire any real property including office premises or like facilities;

(d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or in their entirety to any person or be acquired by another entity (otherwise than as contemplated in these Conditions or the Trust Deed);

(e) issue any shares (other than such shares as were in issue on the date of the Trust Deed);

(f) undertake any action which would cause it to be subject to the registration requirements of the U.S. Investment Company Act of 1940, as amended;

(g) undertake any action which would cause (i) its centre of main interests (for the purposes of the EU Insolvency Regulation (EC) No. 1346/2000 of 29 May 2000, as amended, to be in any jurisdiction other than Luxembourg or (ii) it to have any establishment (as defined in such Regulation) other than in Luxembourg;

(h) create or permit to exist any Security Interest over the Mortgaged Property other than as created by or contemplated in the Transaction Documents or arising as a matter of law; or

(i) permit the validity or effectiveness of the Trust Deed or priority of any Security Interest over the Mortgaged Property to be suspended, terminated, postponed or discharged or permit any person whose obligations form part of such security interest to be released from such obligations.

7. INTEREST

7.1 Interest Payment Dates

The Notes bear interest on their outstanding principal amount from and including the Issue Date, and interest will be payable on each Interest Payment Date, provided that if an Interest Payment Date would otherwise occur on or following the Interest Postponement Date, the Notes shall continue to accrue interest at the rates that would have applied in respect of the Notes for the Interest Period in which the Interest Postponement Date falls and each subsequent Interest Period thereafter, but such Interest Payment Date shall be postponed until the due date for redemption of the Notes and there

shall be no further Interest Payment Dates other than such postponed Interest Payment Date. If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the first following day that is a Business Day.

7.2 Interest Accrual

Each Note will cease to accrue interest from and including the due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of the payment. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 16 (*Notices*).

7.3 Rate of Interest

The rate of interest payable in respect of the Notes (the **Rate of Interest**) will 4.00 per cent. per annum, in respect of the first four Interest Periods and thereafter, with respect to an Interest Period:

(i) 4.00 per cent. per annum; multiplied by

(ii) N divided by D,

where:

N means the number of Business Days in the relevant Interest Period on which the Screen Rate is greater than or equal to 1.00 per cent. and less than or equal to 5.00 per cent.; and

D means the actual number of Business Days in the relevant Interest Period.

7.4 Determination of the Rate of Interest and Interest Amount

The amount of interest payable in respect of each Interest Period (the **Interest Amount**) shall be determined by applying the Rate of Interest to each EUR1,000 principal amount of Notes for the relevant Interest Period, multiplying the sum by the Day Count Fraction and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

7.5 Publication of the Rate of Interest and Interest Amount

The Calculation Agent shall cause the Rate of Interest and the Interest Amount for each Interest Period and the relative Interest Payment Date to be notified to the Issuer, the Trustee, the Principal Paying Agent and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 16 as soon as possible after the Rate Cut-Off Date. The Interest Amount and Interest Payment Date 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.

7.6 Notifications, etc. to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Reference Banks (or any of them) or the Calculation Agent, will (in the absence of wilful default,

bad faith or manifest error) be binding on the Issuer, the Trustee, the Agents and all Noteholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Trustee, or the Noteholders or the Couponholders shall attach to the Reference Banks (or any of them), the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

8. PAYMENTS

8.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

8.2 Method of Payment

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

8.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10) years after the Relevant Date in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 12 (*Prescription*)). Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

8.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*).

8.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 7 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 12 (*Prescription*)):

(a) is or falls after the relevant due date;

(b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and

(c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

9. REDEMPTION AND PURCHASE

9.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer on the Maturity Date at its Principal Amount.

Subject as provided in Condition 9.2 (*Redemption for illegality*) and as instructed by the Trustee under Condition 9.3 (*Redemption for breach of Issuer Maintenance Covenant*) below, the Issuer has no right or obligation (as the case may be) to redeem the Notes early.

9.2 Redemption for illegality

In the event that the Calculation Agent determines in good faith that the performance of the Issuer's obligations under the Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Calculation Agent shall give notice to the Issuer (an **Illegality Notice**) and the Issuer, having given not less than 10 nor more than 30 days' notice to Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable), shall, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount.

9.3 Redemption for breach of Issuer Maintenance Covenant

If in the determination of the Calculation Agent the Issuer fails to perform or observe its obligations in respect of the Issuer Maintenance Covenant set out in Condition 6.1 (*Covenants of the Issuer*), the Calculation Agent shall so notify the Trustee and the Trustee shall (unless in the opinion of the Trustee such action is contrary to the interests of the Noteholders) instruct the Issuer in writing to redeem the Notes (an **Issuer Maintenance Covenant Breach Notice**) and give notice to the Noteholders in accordance with Condition 16 (*Notices*) (an **Early Redemption Notice**) and the Issuer shall redeem all, but not some only, of the Notes on the Issuer Maintenance Covenant Breach Redemption Date at the Early Redemption Amount.

The Trustee shall not be under any obligation to monitor whether or not the Issuer has failed to perform or observe its obligations in respect of the Issuer Maintenance Covenant.

9.4 Realisation of Bond Collateral by the Selling Agent following the Bond Collateral Liquidation Date

Upon the occurrence of a Bond Collateral Liquidation Date (except where an Event of Default has occurred prior to the Bond Collateral Liquidation Date and such Event of Default has caused the Bond Collateral Liquidation Date to occur), the Calculation Agent shall give notice thereof to the Trustee and the Selling Agent.

Thereupon, the Selling Agent will on behalf of the Issuer arrange for or administer the realisation of the Bond Collateral (the **Liquidation**) as soon as reasonably practicable following the commencement of the Liquidation Period in accordance with provisions set out below and in the Agency Agreement.

Following receipt of notice from the Calculation Agent, the Selling Agent as agent for the Issuer, shall use reasonable endeavours to sell or otherwise realise all of the BP Covered Bonds, the MPS

Covered Bonds and the UBI Covered Bonds forming part of the Bond Collateral at their respective best execution prices less any commissions or expenses charged by the Selling Agent and as soon as practicable during the Liquidation Period (so far as is reasonably practicable in the circumstances).

For the purposes of this Condition 9.4, **best execution price** means, with respect to each of the BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds forming part of the Bond Collateral, respectively:

(a) the highest firm bid price obtained by the Selling Agent for each of the BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds forming part of the Bond Collateral, as the case may be, in a single tranche from the Reference Dealers during the Liquidation Period provided that the Selling Agent has received such price in sufficient time in its opinion in order to sell all of the Bond Collateral during the Liquidation Period; or

(b) if the Selling Agent is unable having used reasonable endeavours to obtain a firm bid price for all of the BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds forming part of the Bond Collateral, as the case may be, from the Reference Dealers in sufficient time in order to sell all of the BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds forming part of the Bond Collateral, as the case may be, during the Liquidation Period, a price which the Selling Agent reasonably believes to be representative of the best price available for the sale or other realisation of all of the BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds forming part of the Bond Collateral, as the case may be (in one single tranche or in smaller tranches as the Selling Agent considers appropriate in order to attempt reasonably to maximise the proceeds from such sale) at the time of sale or other realisation for transactions of the kind and size concerned and taking into account the length of the Liquidation Period.

The Selling Agent may not delay the realisation of the Bond Collateral beyond the Liquidation Period for any reason, including the possibility of achieving a higher price for the Bond Collateral, and will not be liable to the Noteholders or the Couponholders or any other party in any circumstances, including on the grounds that a higher price could have been obtained had any relevant sale of the BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds forming part of the Bond Collateral, as the case may be, been delayed.

The Trust Deed provides that in the event that the Notes are to be redeemed pursuant to Condition 9.2 (*Redemption for illegality*) or 9.3 (*Redemption for breach of Issuer Maintenance Covenant*), the Security over the Bond Collateral (or any part thereof) will be deemed to be released upon receipt by the Selling Agent of the net proceeds of sale of such Bond Collateral. Such proceeds will be subject to the charges created by the Trust Deed.

The Selling Agent shall not be liable (i) to account for anything except actual proceeds of the Bond Collateral received by it or (ii) for any costs, charges, losses, damages, liabilities or expenses arising from or connected with the Liquidation or from any act or omission in relation to the Bond Collateral or otherwise unless such costs, charges, losses, damages, liabilities or expenses are caused by its negligence or wilful misconduct. In addition, the Selling Agent will not be obliged to pay to the Issuer or the Noteholders interest on any proceeds from the Liquidation held by it at any time.

In carrying out any Liquidation the Selling Agent (i) will act in good faith and with reasonable care and judgment and (ii) may purchase the BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds forming part of the Bond Collateral, as the case may be, itself or may sell to or otherwise realise the BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds forming part of the Bond Collateral, as the case may be, in transactions on an arm's length basis with the Swap Counterparty or any Affiliate of the Selling Agent or Swap Counterparty.

The Selling Agent shall deposit moneys received by it under the provisions of this Condition 9.4 (*Realisation of Bond Collateral by the Selling Agent following the Bond Collateral Liquidation Date*) and the Agency Agreement in connection with the realisation of the Bond Collateral into the Deposit Account.

If the Notes are to be redeemed pursuant to Condition 9.2 (*Redemption for illegality*) or Condition 9.3 (*Redemption for breach of Issuer Maintenance Covenant*), then the Realisation Amount shall be applied by the Custodian in accordance with Counterparty Priority.

Counterparty Priority means that the Realisation Amount shall be applied:

(a) *first*, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts (including legal fees on a full indemnity basis) incurred by or payable to the Trustee or any Appointee (which shall include, without limitation, any taxes required to be paid and the Trustee's remuneration);

(b) *secondly*, in payment *pari passu* and rateably of any amounts due to the Agents pursuant to the Agency Agreement (which, for the purpose of this Condition 9.4 (*Realisation of Bond Collateral by the Selling Agent following the Bond Collateral Liquidation Date*) and the Trust Deed, shall include any amount owing to any Paying Agent for reimbursement in respect of any payment of principal or interest made to Noteholders or Couponholders before receipt of the corresponding amount from the Issuer by the Principal Paying Agent) and the Corporate Services Provider pursuant to the Corporate Services Agreement;

(c) *thirdly,* in payment of any amounts owing to the Swap Counterparty under the Swap Agreement; and

(d) *fourthly*, *pro rata* and *pari passu* in payment of the balance (if any) to the relevant Noteholders and Couponholders,

PROVIDED THAT in the event that the Notes are to be redeemed pursuant to the provisions of Condition 9.3 (*Redemption for breach of Issuer Maintenance Covenant*) and if the breach of the Issuer Maintenance Covenant has arisen as a result of (i) any "Event of Default" (as such term is defined in the Swap Agreement) relating to the Swap Counterparty or (ii) any "Termination Event" (as such term is defined in the Swap Agreement) under the Swap Agreement in respect of which the Swap Counterparty is the sole Affected Party (as such term is defined in the Swap Agreement) apart from an Illegality or a Tax Event (each as defined in the Swap Agreement) has occurred, then the Realisation Amount shall be applied on the basis of *Pari Passu* which shall be deemed to apply (for all purposes) instead of Counterparty Priority.

Pari Passu means that the Realisation Amount shall be applied:

(a) *first*, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts (including legal fees on a full indemnity basis) incurred by or payable to the Trustee or any Appointee (which shall include, without limitation, any taxes required to be paid and the Trustee's remuneration);

(b) *secondly*, in payment *pari passu* and rateably of any amounts due to the Agents pursuant to the Agency Agreement (which, for the purpose of this Condition 9.4 (*Realisation of Bond Collateral by the Selling Agent following the Bond Collateral Liquidation Date*) and the Trust Deed, shall include any amount owing to any Paying Agent for reimbursement in respect of any payment of principal or interest made to Noteholders or Couponholders before receipt of the corresponding amount from the Issuer by the Principal Paying Agent) and the Corporate Services Provider pursuant to the Corporate Services Agreement; and

(c) *thirdly*, *pro rata* and *pari passu* in payment of the balance (if any) to the Swap Counterparty in respect of its claims under the Swap Agreement and to the Noteholders and Couponholders.

Upon the occurrence of a Bond Collateral Liquidation Date:

(a) in respect of the Credit Support Annex, on any Valuation Date (as defined in the Credit Support Annex) from and including:

(i) the Bond Collateral Liquidation Date, but prior to the date of the termination of the Swap Agreement, any portion of Credit Support Balance constituted by the Initial Bonds shall be deemed to be cash in an amount equal to the value (as calculated pursuant to the provisions of the Credit Support Annex) of such Initial Bonds as calculated on the Bond Collateral Liquidation Date and interest shall be deemed to cease to accrue in respect of any posted collateral for the purposes of the Credit Support Annex; and

(ii) the date on which the Calculation Agent gives the Trustee notice of the breach of the Issuer Maintenance Covenant under Condition 9.3 (*Redemption for breach of Issuer Maintenance Covenant*), any obligation of the Issuer to deliver any additional eligible collateral comprising the Collateral to the Swap Counterparty under the Credit Support Annex will be deemed not to apply.

(b) pursuant to the provisions of the Agency Agreement, interest will cease to accrue in respect of any amounts or future amounts standing to the credit of the Deposit Account from and including the Bond Collateral Liquidation Date, as further described in the Agency Agreement; and

(c) an Additional Termination Event (as defined in the Asset Swap Transaction) in respect of the Asset Swap Transaction shall occur as further described in the Asset Swap Transaction.

9.5 Purchases

The Issuer or any Affiliate of the Issuer may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner at any price. Such Notes shall be surrendered to any Paying Agent for cancellation.

9.6 Cancellation

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer or any of its Affiliates will forthwith be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes. All Notes so cancelled and any Notes purchased and surrendered for cancellation pursuant to Condition 9.5 (*Purchases*) shall be forwarded to the Principal Paying Agent and cannot be held, reissued or resold.

As long as any Notes are listed on the Official List of the Luxembourg Stock Exchange, the Issuer shall as soon as reasonably practicable inform the Luxembourg Stock Exchange of any such cancellation.

10. TAXATION

The Issuer shall not be liable for or otherwise obliged to indemnify any Noteholder against any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note or Coupon and all payments

made by the Issuer shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

11. EVENTS OF DEFAULT

The Trustee may at its discretion (unless such action is in the opinion of the Trustee contrary to the interests of the Noteholders), and if so requested in writing by the holders of at least one-fifth in aggregate principal amount of Notes then outstanding, or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer (an **Acceleration Notice**) that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount if any of the following events occurs (each an **Event of Default**) and the Security shall forthwith become enforceable as provided in the Trust Deed:

(a) if default is made in the payment of any principal or interest in respect of the Notes or any of them and if default continues for a period of 14 days or more in respect of the Notes or Coupons or any of them; or

(b) without prejudice to a breach of the Issuer Maintenance Covenant, if the Issuer fails to perform or observe any of its other obligations other than its obligations set out in Condition 6.1 (*Covenants of the Issuer*) under these Conditions, the Trust Deed or any other Transaction Document and (unless such failure is, in the opinion of the Trustee, incapable of remedy in which case no continuation or notice as is referred to in this paragraph shall be required) such failure continues for a period of 30 days following the service by the Trustee on the Issuer of notice requiring the same to be remedied (and for these purposes, a failure to perform or observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or

(c) if any order shall be made by any competent court and such order has not been dismissed or discharged or any resolution shall be passed for the winding-up or dissolution of the Issuer (including, without limitation, the opening of any bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), stay of payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio paulienne*), general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or

(d) if (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer (including, without limitation, the appointment of any receiver (*curateur*), liquidator (*liquidateur*), auditor (*commissaire*), verifier (*expert-vérificateur*), *juge délégué* or *juge commissaire*) or an encumbrancer takes possession of the whole or any part of the undertaking or assets of the Issuer, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer, and (ii) in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the relevant company, is not discharged within 14 days; or

(e) if the Issuer (or its respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition,

reorganisation or other similar laws (including, without limitation, the obtaining of a moratorium, the opening of any bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio paulienne*), general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

The Issuer has undertaken in the Trust Deed that within 14 calendar days after any request by the Trustee, it will send to the Trustee a certificate signed by a director of the Issuer to the effect that, after making all reasonable enquiries, to the best of the knowledge, information and belief of such director there did not exist, as at a date not more than five calendar days prior to the date of the certificate, nor had there existed at any time prior thereto since the date of the Trust Deed or the date of the last such certificate if any, any Event of Default or Potential Event of Default or, if such an Event of Default or Potential Event of Default did then exist or had existed, specifying the same and to such other effect as the Trustee may require.

The Trustee shall not be under any obligation to monitor whether or not an Event of Default or Potential Event of Default has occurred or is continuing.

In the event of the Notes becoming due for redemption and the security constituted by the Trust Deed becoming enforceable pursuant to this Condition 11 (*Events of Default*), the Trustee may take such action as is provided in Condition 3.4 (*Realisation of the Mortgaged Property Relating to the Notes*) and shall do so if so requested or directed in accordance with the provisions of such Condition, subject in each case to its being indemnified and/or secured and/or prefunded to its satisfaction in accordance with such Condition and provided that the Trustee shall not be required to do any thing which is contrary to applicable law.

12. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes, or as the case may be, the Coupons, subject to the provisions of Condition 8 (*Payments*).

The Luxembourg act dated 3 September 1996 on the involuntary dispossession of bearer securities, as amended (the **Involuntary Dispossession Act 1996**) requires that any amount that is payable under the Notes (but has not yet been paid to the holder of the Notes), in the event that (i) an opposition has been filed in relation to the Notes and (ii) the Notes mature prior to becoming forfeited (as provided for in the Involuntary Dispossession Act 1996), is paid to the *Caisse des consignations* in Luxembourg until the opposition has been withdrawn or the forfeiture of the Notes occurs.

13. REPLACEMENT OF NOTES

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent or the Luxembourg Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

The replacement of the Notes or Coupons in the case of loss or theft shall be subject to the procedure set forth in the Involuntary Dispossession Act 1996.

14. AGENTS

14.1 Agents

The names of the initial Agents and their initial specified offices are set out at the end of the Conditions.

Subject as provided in the Agency Agreement and in the limited circumstances set out in the Trust Deed, the Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any of the Agents and to appoint additional or other Paying Agents, provided the Issuer will at all times maintain:

(a) a Principal Paying Agent;

(b) a Paying Agent qualifying as a credit institution or financial institution under Directive 2006/48/EC and capable of ensuring that the financial service of the Notes is made in Luxembourg (for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require);

(c) for so long as the Notes are listed on any stock exchange, such other agents as may be required by the rules of such stock exchange; and

(d) a Calculation Agent.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 16 (*Notices*).

14.2 Calculation Agent

The Calculation Agent has agreed in the Agency Agreement to act as Calculation Agent in respect of the Notes.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to the Conditions shall (in the absence of manifest error) be final and binding on the Issuer, the Trustee and the Noteholders. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion provided that, where required by the Conditions, it shall do so in good faith and in a commercially reasonable manner. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes (including, without limitation, the giving of any notice by it to any person), shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall, in the absence of wilful misconduct, negligence and bad faith, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

14.3 Selling Agent

The Selling Agent has agreed in the Agency Agreement to act as Selling Agent in respect of the Notes.

The Selling Agent and its Affiliates may enter into any contracts or any other transactions or arrangements with the Issuer, the Noteholders, any issuer or counterparty in respect of the Bond

Collateral or any Affiliate thereof (whether in relation to the Notes or otherwise) and may hold or deal in assets or obligations of the same type as the Bond Collateral or any other assets or obligations of any issuer or counterparty in respect of the Bond Collateral. The Selling Agent or any of its Affiliates may take such action as they determine appropriate to protect their interests in connection with any such contracts, transactions or arrangements without regard to the consequences thereof for any Noteholder or the Swap Counterparty. The Selling Agent shall not be required to disclose any such contract, transaction or arrangement to the Noteholders and shall be in no way accountable to the Issuer or to the Noteholders for any profits or benefits arising in connection therewith.

14.4 Appointment of Replacement Selling Agent or Replacement Calculation Agent

(a) Upon the occurrence of a Selling Agent Default or a Calculation Agent Default, the Issuer shall (x) terminate, with immediate effect, the appointment of the Selling Agent or the Calculation Agent, as the case may be, and (y) at no additional cost to the Issuer, appoint a Replacement Selling Agent or a Replacement Calculation Agent, as the case may be, provided that (i) the Replacement Selling Agent or Replacement Calculation Agent, as the case may be, is appointed on substantially the same terms as the Selling Agent or the Calculation Agent, as the case may be, is appointed under the Agency Agreement (other than in respect of any fee arrangements which may be agreed from time to time with the Issuer by the Replacement Selling Agent or the Replacement Calculation Agent, as the case may be, but which shall not for the avoidance of doubt include any fee arrangements that would affect the application of proceeds pursuant to Condition 3.3 (*Application of Proceeds of Enforcement of Security*) or Condition 9.4 (*Realisation of Bond Collateral by the Selling Agent following the Bond Collateral Liquidation Date*)) and notified, as soon as reasonably practicable, to the Noteholders in accordance with Condition 16 (*Notices*), (ii) the Replacement Selling Agent or Replacement Calculation Agent, as the case may be, has the ability, experience and qualifications necessary to professionally and competently perform the duties required of the Selling Agent or the Calculation Agent, as the case may be, and (iii) the Replacement Selling Agent or Replacement Calculation Agent, as the case may be, agrees to be appointed in accordance with this Condition and the Agency Agreement and is able to be so appointed by the Issuer.

(b) If the Issuer fails to (x) terminate, with immediate effect, the appointment of the Selling Agent or the Calculation Agent, as the case may be, and/or (y) appoint a Replacement Selling Agent or a Replacement Calculation Agent, as the case may be, in accordance with paragraph (a) above, within 10 calendar days from the Selling Agent Default or Calculation Agent Default, the Trustee may, and shall, if directed to do so by the Noteholders pursuant to the terms of the Trust Deed, (x) terminate, with immediate effect, the appointment of the Selling Agent or the Calculation Agent, as the case may be, and/or (y) appoint a Replacement Selling Agent or a Replacement Calculation Agent, as the case may be, in accordance with paragraph (a) above, on behalf of the Issuer.

14.5 General

(a) The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

(b) Upon the occurrence of an Event of Default under and as defined in the Swap Agreement where the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement), the Issuer shall give notice thereof to the Selling Agent and the Trustee. At any time at which the Event of Default under the Swap Agreement is continuing (having taken into account any applicable grace period) the Selling Agent (provided it is a Replacement Selling Agent) may instruct the Issuer (with a copy to the Trustee) to terminate the Swap Agreement. Thereupon, the Selling Agent shall terminate the Swap Agreement.

15. ENFORCEMENT

The Trustee may, at its discretion and without notice, institute such proceedings against the Issuer or take any other action as it may think fit to enforce the terms of the Notes, the Trust Deed or any other Transaction Document and at any time after the Security has become enforceable (pursuant to Condition 3.2 (*General Provisions Relating to Security*)), to enforce the Security but it shall not be obliged to take any such proceedings, action or enforcement unless (a) in the case of enforcement of the Security it shall have been so requested or directed by any person entitled to make such request or give such direction pursuant to Condition 3.4 (*Realisation of the Mortgaged Property Relating to the Notes*) or in the case of such proceedings or other enforcement action, it shall have been so requested in writing by the holders of at least one-fifth in aggregate principal amount of Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders and (b) in each case it shall have been indemnified and/or secured and/or prefunded to its satisfaction, and provided that it shall not be obliged to take any action if it would be against any applicable law.

Pursuant to the terms of the Trust Deed, only the Trustee may enforce the rights of the Noteholders and/or the Swap Counterparty and/or any other Secured Party against the Issuer under the Trust Deed or the Notes and none of the Noteholders, the Swap Counterparty nor any other Secured Party is entitled to proceed against the Issuer under the Trust Deed or the Notes unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed and these Conditions, fails to do so within a reasonable period and such failure shall be continuing.

The Trust Deed contains provisions governing the exercise of the Trustee's rights, duties, powers, authorities and discretions including the matters that the Trustee may or shall only consider in the exercise of its discretions.

16. NOTICES

16.1 Notices to Noteholders

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London (which is expected to be the *Financial Times*), or (b) if and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, and it is a requirement of applicable law or regulations, in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*), or on the Luxembourg Stock Exchange's website (www.bourse.lu.), or (c) in either case, on the website www.it.investmentprodukte.db.com or if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper or website, on the date of the first publication. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

16.2 Notices from the Noteholders and Couponholders

Notices to be given by any Noteholder or Couponholder shall be in writing and given by lodging the same, together with the relevant Note or Coupon, with the Principal Paying Agent.

17. WAIVER, MEETINGS OF NOTEHOLDERS AND MODIFICATION

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes or any of the provisions of the Trust Deed relating to the Notes. Such a meeting may be convened by the Issuer or upon the request in writing of Noteholders of the Notes holding not less than 10 per cent. in aggregate principal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes (including, without limitation, modifying the date of maturity of the Notes, reducing or cancelling the amount of principal or altering the currency of payment of the Notes), the quorum shall be one or more persons holding or representing not less than three-quarters in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one quarter in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting and on all Couponholders.

The Trustee may, without the consent of the Noteholders or any other Secured Party but only with the prior written consent of the Swap Counterparty agree to any modification to the Notes, these Conditions, the Trust Deed, the Swap Agreement or any other Transaction Document which is (in the opinion of the Trustee) (i) of a formal, minor or technical nature or is made to correct a manifest error or an error which is, to the satisfaction of the Trustee, proven or (ii) not materially prejudicial to the interests of the Noteholders. The Trust Deed provides that the Issuer shall not agree to any amendment or modification of the Notes, these Conditions, the Trust Deed or any other Transaction Document without first obtaining the consent in writing of the Swap Counterparty.

Unless the Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders and the Principal Paying Agent as soon as practicable thereafter in accordance with Condition 16 (*Notices*).

The Trustee may, without the consent of the Noteholders or any other Secured Party and without prejudice to its rights in respect of any subsequent breach or Event of Default from time to time and at any time but only if and in so far as in its opinion the interests of the Noteholders or the Couponholders shall not be materially prejudiced thereby, waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Trust Deed or determine that any Event of Default or Potential Event of Default shall not be treated as such for the purposes of the Trust Deed provided that the Trustee shall not exercise any powers conferred on it by the Trust Deed in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 11 (Events of Default) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding on the Noteholders and Couponholders and the other Secured Parties and if, but only if, the Trustee, shall so require, shall be notified by the Issuer to the Noteholders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

The provisions relating to meetings of bondholders contained in articles 86 to 94-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, will not apply in respect of the Notes.

17.1 Entitlement of the Trustee

In connection with the exercise of its functions, the Trustee shall have regard to the interests of the holders of the Notes as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual holders of Notes or Coupons.

18. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or Couponholders, to create and issue further Notes ranking *pari passu* in all respects so that the same shall be consolidated and form a single series with the Notes. Any further securities which are to form a single series with the Notes shall, and any other further notes may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trustee may, without the consent of any other parties, make such adjustments to any of the Transaction Documents so as to preserve the economic equivalence of the Notes and the related transactions, provided that any further notes forming a single series with the Notes shall be secured by the Bond Collateral increased as necessary to reflect the increase in the aggregate principal amount of the Notes.

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. GOVERNING LAW AND SUBMISSION TO JURISDICTION

20.1 Governing law

The Trust Deed, these Conditions, the Agency Agreement, the Swap Agreement, the Notes and Coupons and any non-contractual obligations arising out of or in connection with any of the above are governed by, and shall be construed in accordance with, English law.

The provisions of Articles 86 to 94-8 of the Luxembourg Law on Commercial Companies of 10 August 1915, as amended, are excluded.

20.2 Submission to Jurisdiction

The Issuer agrees, for the benefit of the Trustee that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes or the Coupons) and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes or the Coupons may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer 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.

20.3 Other documents

The Issuer has in the Trust Deed submitted to the jurisdiction of the English courts on terms substantially similar to those set out above.

20.4 Agent for Service of Process

The Issuer has irrevocably appointed the person specified in the Trust Deed as its agent for service of process, at its registered office for the time being, as its agent to receive, for it and on its behalf, service of process in any Proceedings in England.

PRINCIPAL PAYING AGENT, CALCULATION AGENT, CUSTODIAN AND SELLING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LUXEMBOURG PAYING AGENT AND LISTING AGENT

Deutsche Bank Luxembourg S.A.
2, boulevard Konrad Adenauer
L-1115 Luxembourg
Grand Duchy of Luxembourg

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

*The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together the **Global Notes**) which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.*

1. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only if:

(a) an Event of Default (as set out in Condition 11 (*Events of Default*)) has occurred and is continuing; or

(b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or

(c) the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two directors of the Issuer is given to the Trustee.

The Issuer will promptly give notice to Noteholders if an Exchange Event occurs. In the case of (a) or (b) above, the holder of the Permanent Global Note, acting on the instructions of one or more of the Accountholders (as defined below), or the Trustee may give notice to the Issuer and the Principal Paying Agent and, in the case of (c) above, the Issuer may give notice to the Trustee and the Principal Paying Agent of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (c) above, shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive notes (the **Notes**) (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

2. Payments

On and after the Exchange Date, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note against presentation for endorsement and, if no

further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 16 (*Notices*), provided that, so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, notice will also be given by publication on the website of the Luxembourg Stock Exchange (www.bourse.lu) if and to the extent that the rules of the Luxembourg Stock Exchange so require. Any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Principal Paying Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

4. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving instructions to the Issuer pursuant to Condition 11 (*Events of Default*)) other than with respect to the payment of principal and interest on the principal amount of such Notes, the right to which shall be vested, as against the Issuer solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in the Conditions).

6. Cancellation

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Euroclear and Clearstream, Luxembourg

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate. References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, amounting to approximately up to EUR 450,000,000, will be used to acquire the Initial Bonds pursuant to the Asset Swap Transaction.

DESCRIPTION OF THE ISSUER

The Issuer was incorporated in Luxembourg as a public limited liability company (*société anonyme*) with unlimited duration on 14 April 2011 under the name "Global Bond Series IX, S.A.". The Issuer is registered with the Luxembourg trade and companies register under number B 160.444.

The registered office of the Issuer is at 1, allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg. The telephone number of the Issuer is +352 24 14 331 and the fax number of the Issuer is +352 24 14 33 300.

Share capital and shareholder

The share capital of the Issuer is EUR31,000 divided into 310 shares in registered form with a par value of EUR100 each (the **Issuer Shares**) all of which are fully paid.

All of the Issuer Shares are held by Stichting Arhes, a foundation (*stichting*) incorporated under the laws of the Netherlands, with registered office at Locatellikade 1, 1076 AZ Amsterdam, The Netherlands, registered with the Chamber of Commerce of Amsterdam under number 33203015. The Issuer is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Issuer.

No compulsory corporate governance regime to which the Issuer would be subject exists in Luxembourg as at the date of this Offering Circular.

The annual general meeting of the shareholders of the Issuer takes place on the first Monday in December of each year at 3.00 p.m. (CET).

Business Activity

The Issuer has been established as a special purpose vehicle for the purposes of issuing up to EUR 450,000,000 Range Accrual Notes due 2016. The Issuer has not previously carried on any business or activities other than those incidental to its incorporation and operates under Luxembourg law.

Principal activities of the Issuer

The principal activities of the Issuer are those which are set out in the Issuer's corporate objects clause, which is clause 4 of the Issuer's articles of incorporation.

The corporate objects of the Issuer is (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto, and (iii) the ownership, administration, development and management of a portfolio of assets (including, among other things, the assets referred to in (i) and (ii) above).

The Issuer may acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or property of claims, receivables and/or other goods or assets (including securities of any kind), either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities of any kind whose value or return is linked to these risks. The Issuer may assume or acquire these risks by acquiring, by any means, claims, receivables and/or assets, by guaranteeing the liabilities or commitments of third parties or by binding itself in any other way.

The Issuer may borrow in any form. It may enter into a type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issue programmes. The Issuer may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company.

The Issuer may also give guarantees and grant security in favour of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company. The Issuer may further pledge, transfer, encumber or otherwise create security over some or all its assets.

The Issuer may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions. The Issuer may generally employ any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The corporate objects shall include any transaction or agreement which is entered into by the Issuer, provided it is not inconsistent with the foregoing enumerated objects.

In general, the Issuer may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its corporate objects.

Corporate Administration

The Issuer is managed by a board of directors (the **Directors**) composed of the following persons:

Director	*principal outside activities*
Jorge Perez Lozano born on 17 August 1973 in Mannheim, Germany	Director and Board Member of TMF Management Luxembourg S.A.
Paul Van Baarle, born on 15 September 1958 in Rotterdam, The Netherlands	Director and Board Member of TMF Management Luxembourg S.A.
Erik Van Os, born on 20 February 1973 in Maastricht, The Netherlands	In-house lawyer of TMF Management Luxembourg S.A.

The business address of each of the Directors is 1, allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg.

None of the Directors is aware of any conflicts of interests or potential conflicts of interests between their respective duties in the Issuer and their respective private interests or principal outside activities.

Financial statements

The financial year of the Issuer shall begin on the 1 October in each year and shall terminate on 30 September of the following year except for the first financial year which began on the date of the Issuer's incorporation and will end on 30 September 2011.

The Issuer has not yet produced any annual financial statements.

Capitalisation and Indebtedness

Since the date of its incorporation, the Issuer has not commenced operations and no financial statements have been made up as at the date of this Offering Circular.

The following table sets out the unaudited capitalisation of the Issuer as at 3 May 2011:

	As at 3 May 2011 (EUR) (unaudited)
Shareholder's equity	
Issued and fully subscribed share capital	31,000
Total shareholder's equity	31,000
Total capitalisation	31,000

As at the date of this Offering Circular, the Issuer has no indebtedness other than as described above.

Approved statutory auditor

The approved statutory auditor (*réviseur d'entreprises*) of the Issuer, which has been appointed by the sole shareholder, is KPMG Audit S.à. r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered with office at 9, allée Scheffer, L-2520 Luxembourg and registered with the Luxembourg trade and companies register under number B.103.590 and belonging to the Luxembourg institute of auditors (*Institut des réviseurs d'entreprises)*.

Material Contracts

Certain administrative and corporate services will be provided to the Issuer by TMF Management Luxembourg S.A. in its capacity as domiciliation agent and corporate service provider pursuant to a corporate services agreement dated 19 July 2011. The office of the domiciliation agent will serve as the registered office of the Issuer which is located at 1, allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg. The appointment of the domiciliation agent may be terminated by either the Issuer or the domiciliation agent upon not less than 30 days' prior written notice.

THE SWAP COUNTERPARTY

Incorporation, Registered Office and Objectives

Deutsche Bank Aktiengesellschaft (**Deutsche Bank AG** or the **Bank**) originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Düsseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank AG which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May 1957. Deutsche Bank AG is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000. The Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main (telephone: +49-69-910-00) and branch offices in Germany and abroad including in London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.

The Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the **Deutsche Bank Group**).

The objects of Deutsche Bank AG, as laid down in its Articles of Association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations. The Bank may realise these objectives itself or through subsidiaries and affiliated companies. To the extent permitted by law, the Bank is entitled to transact all business and to take all steps which appear likely to promote the objects of the Bank, in particular: to acquire and dispose of real estate, to establish branches at home and abroad, to acquire, administer and dispose of participations in other enterprises, and to conclude enterprise agreements.

Deutsche Bank AG, acting through its London Branch

The Swap Agreement will be entered into by Deutsche Bank AG, acting through its London branch (**Deutsche Bank AG, London Branch**). On 12th January, 1973, Deutsche Bank AG filed in the United Kingdom the documents required pursuant to section 407 of the Companies Act 1948 to establish a place of business within Great Britain. On 14th January, 1993, Deutsche Bank AG registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR000005) in England and Wales. Deutsche Bank AG, London Branch is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division, it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

DESCRIPTION OF THE INITIAL BONDS

1.	**Nature of the Initial Bonds:**	On the Issue Date, the Initial Bonds in aggregate, up to EUR 450,000,000 principal amount of (a) up to EUR 150,000,000 principal amount of the €1,250,000,000 Series 4 Fixed Rate *obbligazioni bancarie garantite* due March 2016 (ISIN: IT0004701568) issued by Banco Popolare – Società Cooperativa (the **BP Covered Bonds**) (b) up to EUR 150,000,000 principal amount of the €1,250,000,000.00 Fixed Rate Covered Bonds (*Obbligazioni Bancarie Garantite*) due 15 September 2016 (ISIN: IT0004702251) issued by Banca Monte dei Paschi di Siena S.p.A. (the **MPS Covered Bonds**) and (c) up to EUR 150,000,000 principal amount of the €1,000,000,000.00 3.625 per cent. Covered Bonds (*Obbligazioni Bancarie Garantite*) due 2016 (ISIN: IT0004533896) issued by Unione di Banche Italiane S.c.p.a. (the **UBI Covered Bonds**), all governed by, and construed in accordance with, Italian law. The Initial Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the relevant issuer. In accordance with Italian Law No. 130 of 30 April 1999 (as amended, **Law 130**) holders of the BP Covered Bonds, the MPS Covered Bonds and the UBI Covered Bonds will benefit from the respective guarantees (each, a **Guarantee**) issued by the respective guarantors (each, a **Guarantor**) which will, in turn, hold the respective Cover Pool (as defined below). The obligations of each of the Guarantors under a Guarantee constitute direct, unconditional and unsubordinated obligations collateralised by the relevant Cover Pool and recourse against the relevant Guarantor is limited to such assets. The relevant Guarantor will not have any other source of funds available to meet its obligations under the relevant Guarantee. The receivables forming part of the relevant pool of assets (the **Cover Pool**) will consist of (A) some or all of the following assets: (1) Italian residential mortgage loans (*mutui ipotecari residenziali*) pursuant to Article 2, paragraph 1, lett. (a), of the Decree No. 310 (**Mortgage Loans**), (2) loans granted to, or guaranteed by, and securities issued by, or guaranteed by, the entities indicated in Article 2, paragraph 1, lett. (c) of the Decree No. 310 (**Public Assets**), and (3) securities issued in the framework of securitisations having as underlying assets Mortgage Loans or Public Assets, pursuant to Article 2, paragraph 1, lett. (d) of the Decree No. 310 (**ABS** and, together with the Mortgage Loans and the Public Assets, the **Eligible Assets**), and (B) within certain limits, securities issued by banks having their registered office in states belonging to the European Economic Area, Switzerland and any other state attracting a zero per cent. risk weight factor under the "Standardised Approach" provided for by the Basel II Accord

		(**Eligible States**) with residual a maturity not longer than one year and deposits (the **Eligible Deposits**) held with banks having their registered office in Eligible States pursuant to Article 2, paragraph 3, of the Decree No. 310. Investors are referred to (i) the Base Prospectus dated 7 March 2011 issued by Banco Popolare – Società Cooperativa, as supplemented from time to time (the **BP Base Prospectus**) (ii) the Base Prospectus dated 21 June 2010 issued by Banca Monte dei Paschi di Siena S.p.A., as supplemented from time to time (the **MPS Base Prospectus**) and (iii) the Base Prospectus dated 31 July 2009 issued by Unione di Banche Italiane S.c.p.a., as supplemented from time to time pursuant to which the UBI Covered Bonds were issued (the **UBI Initial Bonds Base Prospectus**) and the Base Prospectus dated 30 July 2010 issued by Unione di Banche Italiane S.c.p.a. (being the most recent Base Prospectus issued by Unione di Banche Italiane S.c.p.a. in connection with its programme for issuance of Italian law governed covered bonds) (the **UBI Initial Bonds Base Prospectus**), which have further information in relation to the respective Cover Pools for each of the Initial Bonds. It is anticipated that the Initial Bonds will be of a type which in normal market conditions may be readily realised in the international capital markets, if necessary by or on behalf of the Trustee in a situation where the security for the Notes is realised or enforced.

2. **Description of Obligor:**

		Full Legal Name	**Address**	**Country of Incorporation**	**Nature of Business**	**Nature of Market on which Securities are Traded**
	Issuer of the Initial Bonds	Banco Popolare – Società Cooperativa	Piazza Nogara 2, 37121 Verona, Italy	Italy	Banco Popolare – Società Cooperativa is the parent company of the Banco Popolare group	*Inter alia*, Luxembourg Stock Exchange
	Issuer of the Initial Bonds	Monte dei Paschi di Siena S.p.A.	Piazza Salimbeni, 3, 53100 Siena, Italy	Italy	Monte dei Paschi di Siena S.p.A. is the parent company of a leading Italian banking group operating throughout Italy and in major international financial centres	*Inter alia*, Luxembourg Stock Exchange

	Issuer of the Initial Bonds	Unione di Banche Italiane S.c.p.a.	Piazza Vittorio Veneto 8, 24122 Bergamo, Italy	Italy	Unione di Banche Italiane S.c.p.a. is the parent company of the UBI Banca group	*Inter alia*, London Stock Exchange
3.	**Maturity or expiry date(s) of the Initial Bonds**		The maturity date of the Initial Bonds will be (i) 31 March 2016 in relation to the BP Covered Bonds (ii) 15 September 2016 in relation to the MPS Covered Bonds and (iii) 23 September 2016 in relation to the UBI Covered Bonds.			
4.	**The amount of the Initial Bonds**		(i) in respect of the BP Covered Bonds, on issue their aggregate principal amount was EUR 1,250,000,000; (ii) in respect of MPS Covered Bonds, on issue their aggregate principal amount was EUR 1,250,000,000; and (iii) in respect of UBI Covered Bonds, on issue their aggregate principal amount was EUR 1,000,000,000. When purchased by the Issuer pursuant to the Asset Swap Transaction to form part of the Collateral for the Notes, the Initial Bonds will have an aggregate principal amount of up to EUR 450,000,000 principal amount of (a) up to EUR 150,000,000 of the BP Covered Bonds (b) up to EUR 150,000,000 of the MPS Covered Bonds and (c) up to EUR 150,000,000 of the UBI Covered Bonds.			
5.	**The loan to value ratio or collateralisation level**		The Initial Bonds will have an aggregate principal amount of up to EUR 450,000,000 which will be equal to the principal amount of the Notes issued.			
6.	**Method of creation of the Initial Bonds**		The Initial Bonds have been issued by the issuers of the Initial Bonds in the normal course of their business.			
7.	**Replacement and/or substitution of the Initial Bonds**		Not applicable			
8.	**Material relationships between the Issuer and any obligor**		Other than the payment of fees and normal payments in connection with the Notes, the Issuer has no material relationships with the obligors listed in 2. above			
9.	**Principal terms and conditions of the Initial Bonds where they have not traded on a regulated or equivalent market**		Not applicable			
10.	**Description of the Initial Bonds, if the Initial Bonds comprise equity securities that are admitted to trading on a regulated or**		Not applicable			

	equivalent market	
11.	**Description of Initial Bonds if more than 10% comprises equity securities, which are not traded on a regulated market**	Not applicable
12.	**Details of Initial Bonds, where the Collateral is actively managed**	Not applicable
13.	**Details of the Portfolio Manager**	Not applicable
14.	**Transfer of the Initial Bonds**	It is anticipated that the Initial Bonds will be acquired by the Issuer on or about the Issue Date from the Swap Counterparty under the Asset Swap Transaction
15.	**Originators of the Initial Bonds**	See item 2 above
16.	**Governing law of the Initial Bonds**	The Initial Bonds are governed by and construed in accordance with the laws of Italy.

17. **Additional information**

The following information in this section 17 has been extracted from the MPS Base Prospectus in order to provide an overview of certain aspects of Italian law in relation to the issuance of covered bonds governed by Italian law and is subject to and qualified entirely by the MPS Base Prospectus.

Introduction

The legal and regulatory framework with respect to the issue of covered bonds in Italy comprises the following:

• Article 7-bis and article 7-ter of the Law No. 130 of 30 April 1999 (as amended, the "**Italian Law 130**");

• the regulations issued by the Italian Ministry for the Economy and Finance on 14 December 2006 under Decree No. 310 (the "**Decree No. 310**");

• the C.I.C.R. Decree dated 12 April 2007; and

• the Bank of Italy's official supervisory regulations issued on 17 May 2007 with respect to the issue of covered bonds (the "**Bank of Italy Instructions**").

Law Decree No. 35 of 14 March 2005, converted by Law No. 80 of 14 May 2005, amended the Italian Law 130 by adding two new articles, Articles 7-bis and 7-ter, which enable banks to issue covered bonds. Articles 7-bis and 7-ter, however, required both the Italian Ministry of Economy and Finance and the Bank of Italy to issue specific regulations before the relevant structures could be implemented.

Following the issue of the Decree No. 310, the Bank of Italy Instructions were published on 17 May 2007, completing the relevant legal and regulatory framework and allowing for the implementation on the Italian

market of this funding instrument, which had previously only been available under special legislation to specific companies (such as Cassa Depositi e Prestiti S.p.A.).

The Bank of Italy Instructions introduced provisions, inter alia, regulating:

• the capital adequacy requirements that issuing banks must satisfy in order to issue covered bonds and the ability of issuing banks to manage risks;

• limitations on the total value of eligible assets that banks, individually or as part of a group, may transfer as cover pools in the context of covered bond transactions;

• criteria to be adopted in the integration of the assets constituting the cover pools;

• the identification of the cases in which the integration is permitted and its limits; and

• monitoring and surveillance requirements applicable with respect to covered bond transactions and the provision of information relating to the transaction.

Basic structure of a covered bond issue

The structure provided under Article 7-bis with respect to the issue of covered bonds may be summarised as

follows:

• a bank transfers a pool of eligible assets (i.e. the cover pool) to an Article 7-bis special purpose vehicle (the "**Guarantor**");

• the bank (or a different bank) grants the Guarantor a subordinated loan in order to fund the payment by the Guarantor of the purchase price due for the cover pool;

• the bank (or a different bank) issues the covered bonds which are supported by a first demand, unconditional and irrevocable guarantee issued by the Guarantor for the exclusive benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction. The Guarantee is backed by the entire cover pool held by the Guarantor.

Article 7-bis however also allows for structures which contemplate different entities acting respectively as cover pool provider, subordinated loan provider and covered bonds issuer.

The Guarantor

The Italian legislator chose to implement the new legislation on covered bonds by supplementing the Italian Law 130, thus basing the new structure on a well established platform and applying to covered bonds many provisions with which the market is already familiar in relation to Italian securitisations. Accordingly, as is the case with the special purpose entities which act as issuers in Italian securitisation transactions, the Guarantor is required to be established with an exclusive corporate object that, in the case of covered bonds, must be the purchase of assets eligible for cover pools and the person giving guarantees in the context of covered bond transactions.

The guarantee

The Decree No. 310 provides that the guarantee issued by the Guarantor for the benefit of the bondholders must be irrevocable, first-demand, unconditional and independent from the obligations of the issuer of the covered bonds. Furthermore, upon the occurrence of a default by the issuer in respect of its payment obligations under the covered bonds, the Guarantor must provide for the payment of the amounts due under the covered bonds, in accordance with their original terms and with limited recourse to the amounts available

to the Guarantor from the cover pool. The acceleration of the issuer's payment obligations under the covered bonds will not therefore result in a corresponding acceleration of the Guarantor's payment obligations under the guarantee (thereby preserving the maturity profile of the covered bonds).

Upon an insolvency of the issuer, solely the Guarantor will be responsible for the payment obligations of the issuer owed to the Bondholders, in accordance with their original terms and with limited recourse to the amounts available to the Guarantor from the cover pool.

If a resolution pursuant to Article 74 of the Consolidated Banking Act is passed in respect of the Issuer, the Guarantor, in accordance with Decree No. 310, shall be responsible for the payments of the amounts due and payable under the Covered Bonds within the entire period in which the suspension continues at their relevant due date, provided that it shall be entitled to claim any such amounts from the Issuer. For further details see section "Description of the Transaction Documents - Guarantee" (in the MPS Base Prospectus).

Finally, if a moratorium is imposed on the issuer's payments, the Guarantor will fulfil the issuer's payment obligations, with respect to amounts which are due and payable and with limited recourse to the cover pool. The Guarantor will then have recourse against the issuer for any such payments.

Segregation and subordination

Article 7-bis provides that the assets comprised in the cover pool and the amounts paid by the debtors with respect to the receivables and/or debt securities included in the cover pool are exclusively designated and segregated by law for the benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction.

In addition, Article 7-bis expressly provides that the claim for reimbursement of the loan granted to the Guarantor to fund the purchase of assets in the cover pool is subordinated to the rights of the Bondholders and of the hedging counterparties involved in the transaction.

Exemption from claw-back

Article 7-bis provides that the guarantee and the subordinated loan granted to fund the payment by the Guarantor of the purchase price due for the cover pool are exempt from the bankruptcy claw-back provisions set out in Article 67 of the Italian Bankruptcy Law (Royal Decree No. 267 of 16 March 1942).

The Issuing Bank

The Bank of Italy Instructions provide that covered bonds may only be issued by banks which individually satisfy, or which belong to banking groups which, on a consolidated basis:

• have regulatory capital of at least €500,000,000; and

• have a minimum total capital ratio of 9%.

The Bank of Italy Instructions specify that the requirements above also apply to the bank acting as cover pool provider (in the case of structures in which separate entities act respectively as issuing bank and as cover pool provider).

The Bank of Italy Instructions furthermore provide that the total amount of eligible assets that a bank may transfer to cover pools in the context of covered bond transactions is subject to limitations linked to the total capital ratio and tier 1 ratio of the individual bank (or of the relevant banking group, if applicable) as follows:

	Ratios	Transfer Limitations
"A" range	- Total capital ratio ≥ 11% Tier 1 ratio ≥ 7%	No limitation
"B" range	- Total capital ratio ⩾ 10% and < 11% - Tier 1 ratio ⩾ 6.5%	Up to 60% of eligible assets maybe transferred
"C" range	- Total capital ratio ⩾ 9% and < 10% - Tier 1 ratio ⩾ 6%	Up to 25% of eligible assets maybe transferred

The Bank of Italy Instructions clarify that the ratios provided with respect to each range above must be satisfied jointly: if a bank does not satisfy both ratios with respect to a specific range, the range applicable to it will be the following, more restrictive, range. Accordingly, if a bank (or the relevant banking group) satisfies the "b" range total capital ratio but falls within the "c" range with respect to its tier 1 ratio, the relevant bank will be subject to the transfer limitations applicable to the "c" range.

The Cover Pool

For a description of the assets which are considered eligible for inclusion in a cover pool under Article 7-bis, see "Description of the Cover Pool - Eligibility Criteria" (in the MPS Base Prospectus).

Ratio between cover pool value and covered bond outstanding amount

The Decree No. 310 provides that the cover pool provider and the issuer must continually ensure that, throughout the transaction:

• the aggregate nominal value of the cover pool is at least equal to the nominal amount of the relevant outstanding covered bonds;

• the net present value of the cover pool (net of all the transaction costs borne by the Guarantor, including in relation to hedging arrangements) is at least equal to the net present value of the relevant outstanding covered bonds;

• the interest and other revenues deriving from the cover pool (net of all the transaction costs borne by the Guarantor) are sufficient to cover interest and costs due by the issuer with respect to the relevant outstanding covered bonds, taking into account any hedging agreements entered into in connection with the transaction.

In respect of the above, under the Bank of Italy Instructions, strict monitoring procedures are imposed on banks for the monitoring of the transaction and of the adequacy of the guarantee on the cover pool. Such activities must be carried out both by the relevant bank and by an asset monitor, to be appointed by the bank, which is an independent accounting firm. The asset monitor must prepare and deliver to the issuing bank's s board of auditors, on an annual basis, a report detailing its monitoring activity and the relevant findings.

The Bank of Italy Instructions require banks to carry out the monitoring activities described above at least every 6 months with respect to each covered bond transaction. Furthermore, the internal auditors of banks

must comprehensively review every 12 months the monitoring activity carried out with respect to each covered bond transaction, basing such review, inter alia, on the evaluations supplied by the asset monitor.

In order to ensure that the monitoring activities above may be appropriately implemented, the Bank of Italy Instructions require that the entities participating in covered bond transactions be bound by appropriate contractual undertakings to communicate to the issuing bank, the cover pool provider and the entity acting as servicer in relation to the cover pool assets all the necessary information with respect to the cover pool assets and their performance.

Substitution of assets

The Decree No. 310 and the Bank of Italy Instructions provide that, following the initial transfer to the cover pool, the eligible assets comprised in the cover pool may only be substituted or supplemented in order to ensure that the requirements described under "*Ratio between cover pool value and covered bond outstanding amount*", or the higher over-collateralization provided for under the relevant covered bond transaction documents, are satisfied at all times during the transaction.

The eligible assets comprised in the cover pool may only be substituted or supplemented by means of:

• the transfer of further assets (eligible to be included in the cover pool in accordance with the criteria described above);

• the establishment of deposits held with banks ("**Qualified Banks**") which have their registered office in a member state of the European Economic Area or in Switzerland or in a state for which a 0% risk weight is applicable in accordance with the prudential regulations' standardised approach; and

• the transfer of debt securities, having a residual life of less than one year, issued by the Qualified Banks.

The Decree No. 310 and the Bank of Italy Instructions, however, provide that the assets described in the last two paragraphs above, cannot exceed 15% of the aggregate nominal value of the cover pool. This 15% limitation must be satisfied throughout the transaction and, accordingly, the substitution of cover pool assets may also be carried out in order to ensure that the composition of the assets comprised in the cover pool continues to comply with the relevant threshold.

The Bank of Italy Instructions clarify that the limitations to the overall amount of eligible assets that may be transferred to cover pools described under "The Issuing Bank" above do not apply to the subsequent transfer of supplemental assets for the purposes described under this paragraph.

Taxation

Article 7-bis, sub-paragraph 7, provides that any tax is due as if the granting of the subordinated loan and the transfer of the cover pool had not taken place and as if the assets constituting the cover pool were registered as on-balance sheet assets of the cover pool provider, provided that:

• the purchase price paid for the transfer of the cover pool is equal to the most recent book value of the assets constituting the cover pool; and

• the subordinated loan is granted by the same bank acting as cover pool provider.

It is likely that the provision described above would imply, as a main consequence, that banks issuing covered bonds will be entitled to include the receivables transferred to the cover pool as on-balance receivables for the purpose of tax deductions applicable to reserves for the depreciation on receivables in accordance with Article 106 of Presidential Decree No. 917 of 22 December 1986.

The information set out above in this section 17 has been extracted from MPS Base Prospectus and is subject to and qualified entirely by the MPS Base Prospectus.

18. **General**

The BP Covered Bonds were issued on 14 March 2011, the MPS Covered Bonds were issued on 15 March 2011 and the UBI Covered Bonds were issued on 23 September 2009. Accordingly, the information set out above has been extracted from (i) with respect to the BP Covered Bonds, the Final Terms dated 11 March 2011 and the BP Base Prospectus (ii) with respect to the MPS Covered Bonds, the Final Terms dated 11 March 2011 and the MPS Base Prospectus and (iii) with respect to the UBI Covered Bonds, the Final Terms dated 21 September 2009 and the UBI Initial Bonds Base Prospectus and the UBI Initial Bonds Base Prospectus, and is subject to and qualified entirely by the full terms of the Initial Bonds issued, the BP Base Prospectus, the MPS Base Prospectus, the UBI Initial Bonds Base Prospectus and the UBI Initial Bonds Base Prospectus, in each case issued by the relevant issuer of the Initial Bonds.

The Issuer accepts responsibility for the accurate extraction of the information set out above. So far as the Issuer is aware and is able to ascertain from information published by the obligor of the Initial Bonds, no facts have been omitted which would render the reproduced information misleading. No further or other responsibility in respect of such information is accepted by the Issuer. In particular, none of the Issuer, the Swap Counterparty, the Trustee, the Arranger, the Agents or any of their affiliates (each a **Transaction Participant**) has verified such information and, accordingly, none of them makes any representation or warranty, express or implied, as to its accuracy or completeness. None of the Transaction Participants has made any investigation of the intended obligor(s) in respect of the Initial Bonds or has taken any steps to verify the validity and binding nature of the Initial Bonds when issued. Prospective purchasers of the Notes should make their own investigation of the intended obligor(s) in respect of the Initial Bonds (including, without limitation, with regard to its financial condition and creditworthiness) and the full terms of the Initial Bonds (including, to the extent varied, the full terms of the collateral when issued).

A copy of the BP Base Prospectus, the MPS Base Prospectus, the UBI Initial Bonds Base Prospectus and the UBI Initial Bonds Base Prospectuswill be available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the specified office of the Paying Agents for the time being in London and Luxembourg. The BP Base Prospectus and the MPS Base Prospectus are available on the website: www.bourse.lu. The UBI Initial Bonds Base Prospectus and the UBI Base Prospectus are available on the website: www.ubibanca.it.

TAXATION

General Taxation Information

The following information provided below does not purport to be a complete summary of the tax law and practice currently available. Potential purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of transactions involving the Notes.

Purchasers and/or sellers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of transfer in addition to the issue price or purchase price (if different) of the Notes.

Transactions involving Notes (including purchases, transfer or redemption), the accrual or receipt of any interest payable on the Notes and the death of a holder of any Note may have tax consequences for potential purchasers which may depend, amongst other things, upon the tax status of the potential purchaser and may relate to stamp duty, stamp duty reserve tax, income tax, corporation tax, capital gains tax and/or inheritance tax.

LUXEMBOURG TAXATION

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective Noteholders should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

The residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. In addition, a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*impôt de solidarité*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Noteholders

Withholding Tax

(i) **Non-resident Noteholders**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident Noteholders, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident Noteholders.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established

in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 20 per cent. and will be levied at a rate of 35 per cent as of 1 July 2011. 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 withholding tax of 20 per cent.

(ii) **Resident Noteholders**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Noteholders, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident Noteholders.

Under the Law, a withholding tax of 10 per cent. will apply to payments of interest or similar income made or ascribed by a paying agent established in Luxembourg (within the meaning of the Law) to or for the benefit of an individual beneficial owner who is resident of Luxembourg or to certain foreign entities securing the interest payments for such individual beneficial owner. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. 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 Law would be subject to withholding tax of 10 per cent.

Income Taxation

(iii) **Non-resident Noteholders**

A non-resident corporate Noteholder or an individual Noteholder acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realised upon the sale or disposal, in any form whatsoever, of the Notes.

(iv) **Resident Noteholders**

A corporate Noteholder must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes. The same inclusion applies to an individual Noteholder, acting in the course of the management of a professional or business undertaking.

A Noteholder that is governed by the law of 31 July 1929, on pure holding companies, as amended and as maintained under certain conditions by the law of 22 December 2006 during a transitional period until 30 December 2010, or by the law of 11 May 2007 on family estate management companies or by the law of 20 December 2002 on undertakings for collective investment, as amended, and the law of 13 February 2007 on specialised investment funds or that is a capital company governed by the law of 15 June 2004 on venture capital vehicles is neither subject to

Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Notes.

An individual Noteholder, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the Notes, except if withholding tax has been levied on such payments in accordance with the Law. A gain realised by an individual Noteholder, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if withholding tax has been levied on such interest in accordance with the Law.

Net Wealth Taxation

A corporate Noteholder, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such Notes are attributable, is subject to Luxembourg wealth tax on such Notes except if the Noteholder is governed by the law of 31 July 1929 on pure holding companies, as amended and as maintained under certain conditions by the law of 22 December 2006 during a transitional period until 30 December 2010, or by the law of 11 May 2007 on family estate management companies or by the law of 20 December 2002 on undertakings for collective investment, as amended, and the law of 13 February 2007 on specialised investment funds or is a securitisation company governed by the law of 22 March 2004 on securitisation, or a capital company governed by the law of 15 June 2004 on venture capital vehicles.

An individual Noteholder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

Other Taxes

Neither the issuance nor the transfer of Notes will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties.

Where a Noteholder is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed or recorded in Luxembourg.

ITALIAN TAXATION

Tax treatment of Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, (**Decree No. 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by non-Italian resident issuers.

Where Notes have an original maturity of at least 18 months and an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the "*risparmio gestito*" regime – see **Capital Gains Tax** below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of

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

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which Notes are effectively connected and such Notes are deposited with an authorised intermediary, interest, premium and other income from such Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP - the regional tax on productive activities).

Under the current regime provided by Law Decree No. 351 of 25 September 2001, as clarified by the Italian Ministry of Economics and Finance through Circular No. 47/E of 8 August 2003, payments of interest in respect of Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented (the **Financial Services Act**), and Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to substitute tax nor to any other income tax in the hands of the fund. Law Decree No. 78 of 31 May 2010 (**Decree No. 78**), has introduced a 5 to 7 per cent. substitute tax to be calculated on the fund's net assets value. Such tax will be due only by real estate investment funds existing at 31 May 2010 and which do not comply with the criteria indicated under Article 1 of the Financial Service Act as amended by Decree No. 78 and by the regulatory framework to be issued by the Italian Minister of Economy.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (the **Fund**) or a SICAV, and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund accrued at the end of each tax period, subject to an ad hoc substitute tax applicable at a 12.50 per cent. rate.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and Notes are deposited with an authorised intermediary, interest, premium and other income relating to such Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11.00 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an **Intermediary**).

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

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

Early Redemption

Without prejudice to the above provisions, in the event that Notes having an original maturity of at least 18 months are redeemed, in full or in part, prior to 18 months from their issue date, Italian resident Noteholders will be required to pay, by way of a withholding to be applied by the Italian intermediary responsible for payment of interest or the redemption of Notes, an amount equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption.

Non-Italian Resident Noteholders

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to the Notes provided that, if the Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

Capital Gains Tax

Any gain obtained from the sale or redemption of Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the relevant Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the relevant Notes are connected.

Where an Italian resident Noteholder is an individual not holding Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 12.50 per cent. Noteholders may set off losses with gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being punctually made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return.

Any capital gains realised by Italian resident individuals holding Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including Notes, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.50 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward

against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return.

Any capital gains realised by a Noteholder which is an Italian open ended or a closed-ended investment 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 12.50 per cent. substitute tax.

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by article 17 of the 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.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of the Notes are not subject to Italian taxation, provided that the Notes (i) are traded on regulated markets, or (ii) if not traded on regulated markets, are held outside Italy.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, (**Decree No. 262**), converted into Law No. 286 of 24 November, 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

(a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR1,000,000;

(b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and

(c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

Transfer Tax

Article 37 of Law Decree No 248 of 31 December 2007, (**Decree No. 248**) converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

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 notarized deeds are subject to fixed registration tax at rate of EUR168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Implementation in Italy of the EU Savings Directive

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

EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria 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 being dependent upon 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.

SUBSCRIPTION AND SALE

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.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Notes may not be offered, sold or delivered (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons and any offer or sale of the Notes during the distribution compliance period will be subject to 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), Deutsche Bank AG, London Branch has represented and agreed 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 Offering Circular to the public in that Relevant Member State other than the offers contemplated in the Offering Circular in the Republic of Italy from the time the Offering Circular has been approved by the competent authority in the Grand Duchy of Luxembourg and published and notified to the relevant competent authority in accordance with the Prospectus Directive as implemented in the Republic of Italy until the end of the Offer Period specified below, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

(a) 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;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, according to its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons in the Relevant Member State (other than qualified investors as defined in the Prospectus Directive); or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or Deutsche Bank AG, London Branch 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 a communication in any form and by any means, presenting 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 for 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

Deutsche Bank AG, London Branch has represented and agreed that:

(a) it has only communicated or caused to communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (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

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Grand Duchy of Luxembourg

In addition to the circumstances described in the section "Public Offer Selling Restriction under the Prospectus Directive" in which the Deutsche Bank AG, London Branch can make an offer of Notes to the public in the Relevant Member State (including the Grand Duchy of Luxembourg) (**Luxembourg**), Deutsche Bank AG, London Branch can also make an offer of Notes to the public in Luxembourg:

(a) at any time, to national and regional governments, central banks, international and supranational institutions such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations;

(b) at any time, to legal entities which are authorised or regulated to operate in the financial markets, and including credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and stock or raw material dealers as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and

(c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**) implementing the Prospectus Directive 2003/71/EC into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the *Commission de surveillance du secteur financier* as competent authority in Luxembourg in accordance with the Prospectus Directive.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of 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

(ii) 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.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(b) 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

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

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.

General

Save as described in the section "*Public Offer*" below, no action has been taken by the Issuer or Deutsche Bank AG, London Bank that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, Deutsche Bank AG, London Bank has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

Subscription

The Issuer will enter into on 19 July 2011 a purchase agreement (the **Purchase Agreement**) with Deutsche Bank AG, London Branch in its capacity as purchaser (the **Purchaser**) in respect of the Notes, pursuant to which the Purchaser will agree, among other things, to purchase the Notes.

The Notes issued will be purchased by the Purchaser at the relevant Issue Price. Such Notes will then be sold by the Purchaser at such times and at such prices as the Purchaser may select provided that where the Notes are listed on any stock exchange this shall be subject to applicable rules and regulations of any such stock exchange. The Notes may be offered or sold from time to time in one or more transactions, in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, in each case at the discretion of the Purchaser. Neither the Issuer nor the Purchaser shall be obliged to sell all or any of the Notes issued.

The Purchaser will in the Purchase Agreement agree that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers the Notes or has in its possession or distributes this Offering Circular or any part thereof or any other offering material in all cases at its own expense unless otherwise agreed and the Issuer shall have no responsibility therefor.

Public Offer

Upon submission of this Offering Circular to the *Commission de surveillance du secteur financier* (the **CSSF**) for approval, the Issuer intends to request that the CSSF provides to the competent authority in the Republic of Italy (the **Public Offer Jurisdiction**) a certificate of approval attesting that the Offering Circular has been drawn up in accordance with the Prospectus Directive. Upon provision of such certificate, an offer of the Notes may be made by Deutsche Bank S.p.A. of Piazza del Calendario 3, 20126, Milan, Italy and Finanza & Futuro Banca S.p.A. of Piazza del Calendario 1, 20126, Milan, Italy (each a **Distributor** and together with any other entities appointed as a distributor in respect of the Notes during the Offer Period, the **Distributors**) other than pursuant to Article 3(2) of the Prospectus Directive in the Public Offer Jurisdiction during the period set out in paragraph (a) below. The Notes may only be offered or sold in any jurisdictions (including, without limitation, the Public Offer Jurisdiction), in accordance with the requirements of the relevant securities laws and regulations applicable in such jurisdiction. In particular the Notes may be offered in the Public Offer Jurisdiction only in accordance with applicable laws and regulations including the Legislative Decree of February 24, 1998, n. 58, as subsequently amended, (the **Financial Services Act**), its implementing CONSOB Regulation May 14, 1999, n. 11971, as amended (the **Regulation**), including Articles 9 and 11 of the Regulation, as well as Articles 14, 17 and 18 of the Prospectus Directive and in accordance with this Offering Circular.

(a) Offer Period:

From 6 May 2011 to 15 July 2011 during the hours in which banks are generally open for business in the Republic of Italy. The Issuer reserves the right for any reason to close the Offer Period early. Notice of the early closure of the Offer Period will be made to investors by means of a notice published on the website of the Luxembourg Stock Exchange (www.bourse.lu), on the website www.it.investmentprodukte.db.com and in accordance with the relevant Distributor's usual procedures. The Issuer reserves the right to appoint other distributors during the Offer Period, which will be communicated to investors by means of a notice published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website www.it.investmentprodukte.db.com.

(b) Offer Price:

The Notes will be offered at the Issue Price (of which up to 4.60 per cent. is represented by a commission payable to the Distributors).

(c) Conditions to which the offer is subject:

The offer of the Notes is conditional on their issue. The Issuer reserves the right to withdraw the offer and/or cancel the issuance of the Notes for any reason at any time on or prior to the Issue Date. For the avoidance of doubt, if any application has been made by a potential investor and the Issuer exercises such a right, each such potential investor shall not be entitled to subscribe or otherwise purchase any Notes. Notice of such withdrawal or cancellation of the issuance of the Notes will be made to investors by means of a notice published on the website of the Luxembourg Stock Exchange (www.bourse.lu), on the website www.it.investmentprodukte.db.com and in accordance with the relevant Distributor's usual procedures.

(d) The time period, including any possible amendments, during which the offer will be open and description of the application process:

The offer will be open during the Offer Period. Applications for the Notes can be made in the Republic of Italy at participating branches of a Distributor. Applications will be in accordance with the relevant Distributor's usual procedures, notified to investors by the relevant Distributor. Amendments to the offer during the Offer Period will be notified to investors by means of a notice

published on the website of the Luxembourg Stock Exchange (www.bourse.lu), on the website www.it.investmentprodukte.db.com and in accordance with the relevant Distributor's usual procedures. Prospective investors will not be required to enter into any contractual arrangements directly with the Issuer relating to the subscription for the Notes.

(e) Details of the minimum and/or maximum amount of application:

The minimum allocation per investor will be equal to EUR 1,000 in principal amount of the Notes. The maximum allocation of Notes will be subject only to availability at the time of the application.

There are no pre-identified allotment criteria. The Distributors will adopt allotment criteria that ensures equal treatment of prospective investors. All of the Notes requested through the Distributors during the Offer Period will be assigned up to the maximum amount of the offer.

(f) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:

Not Applicable.

(g) Details of the method and time limits for paying up and delivering the Notes:

The Notes will be issued on the Issue Date against payment to the Issuer through the Distributors of the net subscription moneys. Each investor will be notified by the relevant Distributor of the settlement arrangements in respect of the Notes at the time of such investor's application.

(h) Manner and date in which results of the offer are to be made public:

The Issuer will in its sole discretion determine the final amount of Notes to be issued (which will be dependent on the outcome of the offer), up to a limit of EUR 450,000,000. The precise Aggregate Principal Amount of Notes to be issued will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) in accordance with article 10 of the Prospectus Act 2005 and on the website www.it.investmentprodukte.db.com on or around the Issue Date. Notice of the precise Aggregate Principal Amount of Notes to be issued will also be given to the CSSF.

(i) Categories of potential investors to which the Notes are offered:

Offers may be made through each Distributor in the Republic of Italy to any person. Qualified Investors (*investitori qualificati*, as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998) may be assigned only those Notes remaining after the allocation of all the Notes requested by the public in Italy during the Offer Period. Offers (if any) in other EEA countries will only be made by Deutsche Bank AG, London Bank or a Distributor pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a Offering Circular. For the avoidance of doubt, Deutsche Bank AG, London Bank will not place any Notes to the public in the Republic of Italy.

Any investor not located in the Republic of Italy should contact its financial advisor for more information, and may only purchase the Notes, remaining after the allocation of all the Notes requested by the public in the Republic of Italy during the Offer Period, from its financial advisor, bank or financial intermediary.

(j) Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made:

Each investor will be notified by the relevant Distributor of its allocation of Notes after the end of the Offer Period and before the Issue Date. No dealings in the Notes may take place prior to the Issue Date.

(k) Amount of any expenses and taxes specifically charged to the subscriber or purchaser:

The Issuer is not aware of any expenses and taxes specifically charged to the subscriber or purchaser.

For details of the Offer Price, which includes the commissions payable to the Distributors, see the section above entitled "Offer Price".

Taxes charged in connection with the subscription, transfer, purchase or holding of Notes must be paid by the relevant investor and the Issuer shall not have any obligation in relation thereto. Investors should consult their professional tax advisers to determine the tax regime applicable to their particular situation.

For details of the tax regime applicable to subscribers in the Republic of Italy, see "Taxation – Republic of Italy" in this Offering Circular.

(l) Name(s) and address(es) of the placers in the various countries where the offer takes place:

The address of Deutsche Bank S.p.A. as Distributor is Piazza del Calendario 3, 20126 Milan, Italy and the address of Finanza & Futuro Banca S.p.A. as Distributor is Piazza del Calendario 1, 20126 Milan, Italy.

(m) Listing and admission to trading

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

The Issuer reserves the right to apply for the Notes to be admitted to trading on the multilateral trading facility EuroTLX (managed by EuroTLX SIM S.p.A.).

The Issuer is not a sponsor of, nor is responsible for, the admission and trading of the Notes on the EuroTLX and no assurance can be given that any such application will be successful.

GENERAL INFORMATION

1. Authorisation

The issue of the Notes was duly authorised by resolutions of the board of directors of the Issuer passed on 28 April 2011 and 3 May 2011.

2. Approval, listing and admission to trading

Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

The Issuer reserves the right to apply for the Notes to be admitted to trading on the multilateral trading facility EuroTLX (managed by EuroTLX SIM S.p.A.).

The Issuer is not a sponsor of, nor is responsible for, the admission and trading of the Notes on the EuroTLX and no assurance can be given that any such application will be successful.

3. Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0619513269 and the Common Code is 061951326.

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

4. Documents Available

For so long as any Notes remain outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Issuer, the Principal Paying Agent, and at the office of the Paying Agent in Luxembourg namely:

(a) the Articles of Association of the Issuer;

(b) the Trust Deed;

(c) the Agency Agreement;

(d) the Swap Agreement;

(e) the Purchase Agreement; and

(f) any future annual financial statements.

A copy of this Offering Circular will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website www.it.investmentprodukte.db.com.

5. Material Adverse Change

The Issuer represents that there has been no material adverse change in its financial position or prospects since its date of incorporation. Since incorporation, the Issuer has not commenced operations except for the transactions described herein.

6. Litigation

The Issuer is not, and has not been since the date of its incorporation, involved in any litigation, arbitration or governmental proceedings relating to claims in amounts which are material in the context of the issue of the Notes and/or have, or have had in the recent past, significant effects on the Issuer's financial position or profitability, nor, so far as the Issuer is aware, is any such litigation or arbitration involving it pending on threatened.

7. Post-issuance information

The Issuer does not intend to provide any post-issuance transaction information in relation to the Notes to be admitted to trading and the performance of the Collateral, except if required by any applicable laws and regulations.

THE ISSUER

Global Bond Series IX, S.A.
1, allée Scheffer
L-2520 Luxembourg
Grand Duchy of Luxembourg

SWAP COUNTERPARTY

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

TRUSTEE

The Law Debenture Trust Corporation p.l.c.
Fifth Floor
100 Wood Street
London
EC2V 7EX
United Kingdom

PRINCIPAL PAYING AGENT, CALCULATION AGENT, CUSTODIAN AND SELLING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LUXEMBOURG PAYING AGENT AND LISTING AGENT

Deutsche Bank Luxembourg S.A.
2, boulevard Konrad Adenauer
L-1115 Luxembourg
Luxembourg

ARRANGER

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LEGAL ADVISERS

To the Arranger as to Luxembourg Law

Elvinger, Hoss & Prussen
2, Place Winston Churchill
L-2014 Luxembourg
Grand Duchy of Luxembourg

To the Arranger as to Italian Securities Law

Simmons & Simmons
Via di San Basilio
00187 Rome
Italy

To the Arranger as to Italian Tax Law

Simmons & Simmons
Corso Vittorio Emanuele, 1
20122 Milan
Italy

To the Arranger as to English Law

Simmons & Simmons
Via di San Basilio
00187 Rome
Italy

To the Trustee as to English Law

Simmons & Simmons
CityPoint
One Ropemaker Street
London EC2Y 9SS
United Kingdom