

PROSPECTUS

Dominato Leonense S.r.l.

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

Euro 137,800,000 Class A Asset Backed Floating Rate Notes due December 2054

Issue Price: 100%

Euro 41,218,000 Class B Asset Backed Floating Rate Notes due December 2054

Issue Price: 100%

This prospectus (the “**Prospectus**” or the “**Offering Circular**”) contains information relating to the issue by Dominato Leonense S.r.l., a limited liability company organised under the laws of the Republic of Italy (the “**Issuer**”) of Euro 137,800,000 Class A Asset Backed Floating Rate Notes due December 2054 (the “**Class A Notes**” or the “**Senior Notes**”). In connection with the issue of the Class A Notes the Issuer will issue the Euro 41,218,000 Class B Asset Backed Floating Rate Notes due December 2054 (the “**Class B Notes**”). The Class A Notes and the Class B Notes, together the “**Notes**”). The Class B Notes are not being offered pursuant to this Prospectus.

This Prospectus is issued pursuant to Article 2, paragraph 3, of Italian Law No. 130 of 30 April 1999 (the “**Law 130**” or also the “**Securitisation Law**”) in connection with the issuance of the Notes. This Offering Circular is a prospectus with regard to Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the “**Prospectus Directive 2003/71/EC**”) and relevant implementing measures in Ireland.

The Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Application has been made to the Irish Stock Exchange for the Class A Notes to be admitted to the Official List and trading on its regulated market. Such approval relates only to the Class A Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. No application has been made to list the Class B Notes on any stock exchange.

All payments of principal and interest on the Notes will be made free and clear of any withholding or deduction for Italian withholding taxes, subject to the requirements of Legislative Decree No. 239 of 1 April 1996 as amended by Italian Law No. 409 of 23 November 2001 and as subsequently amended and supplemented, unless the Issuer is required by any applicable law to make such a withholding or deduction. If any withholding tax is applicable to the Notes, payments of interest on, and principal of the Notes will be made subject to such withholding tax, without the Issuer or any other Person being obliged to pay any additional amounts to any holder of Notes of any Class as a consequence.

The Notes will be held in dematerialised form on behalf of the beneficial owners as of the Issue Date, until redemption or cancellation thereof, by Monte Titoli S.p.A. (“**Monte Titoli**”) for the account of the relevant Monte Titoli Account Holder (as defined below). The expression “**Monte Titoli Account Holder**” means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli and includes any depository banks appointed by Clearstream Banking S. A. (“**Clearstream**”) and Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”). Monte Titoli shall act as depository for Clearstream and Euroclear. The Notes will at all times be evidenced by book-entries in accordance with the provisions of article 83-bis of the Legislative Decree No. 58 of 24 February 1998 and regulation of 22 February 2008 jointly issued by the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) and the Bank of Italy, as subsequently amended and supplemented.

Calculations as to the expected average life of the Class A Notes can be made based on certain assumptions as set out in the section “**Weighted Average Life of the Class A Notes**”, including, but not limited to, the level of the prepayments of the Claims. However, there is no certainty neither that the assumptions made will materialize nor that the Class A Notes will receive their full principal outstanding and all the interest accrued thereon and ultimately the obligations of the Issuer to pay principal and interest on the Class A Notes could be reduced as a result of losses incurred in respect of the Portfolio. If the Notes cannot be redeemed in full on the Final Maturity Date, as a result of the Issuer having insufficient funds available to it in accordance with the Conditions for application in or towards such redemption, the Issuer will have no other funds available to it to be paid to the Noteholders, because the Issuer has no assets other than those described in this Prospectus. If any amounts remain outstanding in respect of the Notes upon expiry of the Final Maturity Date, such amounts (and the obligations to make payments in their respect) will be deemed to be released by the Noteholders and the Notes will be cancelled. The amount and timing of repayment of principal under the Claims will affect also the yield to maturity of the Notes, which cannot be predicted depending, inter alia, on the level of prepayments which will occur under the Portfolio. The Notes will be subject to mandatory pro-rata redemption in whole or in part on each Payment Date. Unless previously redeemed in accordance with their applicable terms and conditions (the “**Conditions**”), the Class A Notes will be redeemed on the Payment Date falling in December 2054 (the “**Final Maturity Date**”). The Notes of each Class will be redeemed in the manner specified in Condition 6 (Redemption, Purchase and Cancellation). Before the Final Maturity Date the Notes may be redeemed at the option of the Issuer at their Principal Amount Outstanding together with accrued interest to the date fixed for redemption under Condition 6.2 (Redemption for Taxation) and Condition 6.4 (Optional Redemption).

Interest on the Notes will accrue from 6 June 2014 (the “**Issue Date**”) and will be payable on 15 September 2014 (the “**First Payment Date**”) and thereafter quarterly in arrears on the 15th day of March, June, September and December in each year or if any such day is not a day on which banks are open for business in Dublin, London, Rome and Milan and on which the Trans-European Automated Real Time Gross Transfer System (TARGET2) (or any successor thereto) is open (a “**Business Day**”) the following Business Day (each a “**Payment Date**”). The Notes will bear interest from (and including) a Payment Date to (but excluding) the following Payment Date (each an “**Interest Period**”) provided that the first Interest Period (the “**Initial Interest Period**”) shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date. The Class A Notes shall bear interest at an annual rate equal to the lower of (i) the Euro-Zone Inter-bank offered rate for three month deposits in Euro (the “**Three Month EURIBOR**”) (or in the case of the Initial Interest Period, the linear interpolation between the Euro-Zone Inter-bank offered rate (“**Euribor**”) for three month and six month deposits in Euro) plus a margin of 0.20% per annum in relation to the Class A Notes and (ii) 7% per annum.

The Class A Notes are expected, on issue, to be rated A2(sf) by Moody's Italia S.r.l. and A(sf) by DBRS Ratings Limited (DBRS Ratings Limited together with Moody's Investors Services Ltd. the "Rating Agencies"). As of the date of this Prospectus, each of Moody's Italia S.r.l. and DBRS Ratings Limited is established in the European Union and was registered on 31 October 2011 in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of 11 May 2011 (the "CRA Regulation") and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority (for the avoidance of doubt, such website does not constitute part of this Prospectus). No rating will be assigned to the Class B Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning rating organisation. The Class A Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or any other state securities laws of the U.S. and may be subject to U.S. tax laws. Subject to certain exceptions, the Class A Notes may not be offered or sold within the U.S. or for the benefit of U.S. Persons (as defined in Regulation S under the Securities Act). See "Subscription and Sale".

ARRANGER

Iccrea Banca S.p.A.

Dated 6 June 2014

For a discussion of certain risks and other factors that should be considered in connection with an investment in the Notes, see "Risks Factors".

The net proceeds of the offering of the Notes will be mainly applied by the Issuer to fund the purchase of a portfolio of monetary claims (the “**Portfolio**” and the “**Claims**”, respectively) arising under residential mortgage loans executed by Cassa Padana Banca di Credito Cooperativo (the “**Originator**”). The Portfolio has been purchased by the Issuer under the terms of a transfer agreement entered into on 15 May 2014, between the Issuer and the Originator pursuant to Law 130 on 23 April 2012 (the “**Transfer Agreement**”). The principal source of payment of interest and repayment of principal on the Notes will be collections and recoveries made from or in respect of the Portfolio.

Responsibility Statements

None of the Issuer, the Representative of the Noteholders, the Arranger or any other party to any of the Transaction Documents (as defined below), other than the Originator, has undertaken or will undertake any investigations, searches or other actions to verify the details of the Claims sold by the Originator to the Issuer, nor have the Issuer, the Representative of the Noteholders, the Arranger or any other party to any of the Transaction Documents, other than the Originator, undertaken, nor will they undertake, any investigations, searches or other actions to establish the existence of any of the monetary claims in the Portfolio or the creditworthiness of any debtor in respect of the Claims.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer confirms that the information contained in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

The Originator has provided the information under the sections headed “**The Portfolio**”, “**The Originator**” and the “**Collection Policy and Recovery Procedures**” and any other information contained in this Prospectus relating to itself and the Portfolio and, together with the Issuer, accepts responsibility for the information contained in those sections. The Originator has also provided the historical data for the information contained in the section headed “**Weighted Average Life of the Class A Notes**” on the basis of which the information contained in the same section have been extrapolated and, together with the Issuer, accepts responsibility for such historical data. To the best of the knowledge of the Originator (which have taken all reasonable care to ensure that such is the case), the information and data in relation to which they are responsible as described above are in accordance with the facts and does not omit anything likely to affect the import of such information and data.

Each of BNP Paribas Securities Services, London Branch and BNP Paribas Securities Services, Milan Branch has provided the information included in this Prospectus in the relevant parts of the sections headed “**The Cash Manager, the English Transaction Bank, the Agent Bank, the Transaction Bank, the Principal Paying Agent, the Back-Up Computation Agent**” and accepts responsibility for the information contained in that section. To the best of the knowledge of each of BNP Paribas Securities, London Branch and BNP Paribas Securities Services, Milan Branch (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, each of BNP Paribas Securities Services, London Branch and BNP Paribas Securities Services, Milan Branch has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.

Accounting Partners S.r.l. has provided the information included in this Prospectus in the relevant parts of the section headed “**The Representative of the Noteholders and the Computation Agent**” and accepts responsibility for the information contained in that section. To the best of the knowledge

of Accounting Partners S.r.l. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, Accounting Partners S.r.l. has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.

*ICCREA Banca S.p.A. has provided the information included in this Prospectus in the relevant parts of the section headed “**The Operating Bank**” and accepts responsibility for the information contained in that paragraph. To the best of the knowledge of ICCREA Banca S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, ICCREA Banca S.p.A. has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

*Zenith Service S.p.A. has provided the information included in this Prospectus in the relevant parts of the section headed “**The Back-Up Servicer Facilitator**” and accepts responsibility for the information contained in that paragraph. To the best of the knowledge of Zenith Service S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, Zenith Service S.p.A. has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

No Person has been authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Originator (in any capacity), the Arranger, or any other party to the Transaction Documents. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change, or any event reasonably likely to involve any change, in the condition (financial or otherwise) of the Issuer or the Originator or the information contained herein since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to the date of this Prospectus.

*The Notes will be direct, secured, limited recourse obligations solely of the Issuer. By operation of Italian law, the Issuer's rights, title and interest in and to the Portfolio and to all amounts deriving therefrom (the “**Issuer's Rights**”) will be segregated from and all other assets of the Issuer.*

The Notes will not be obligations or responsibilities of, or guaranteed by, the Arranger, the Originator (in any capacity), the quotaholder of the Issuer or any Other Issuer Creditor (as defined below). Furthermore, no Person and none of such parties (other than the Issuer) accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

*Both before and after a winding-up of the Issuer, the Issuer's Rights will be available exclusively for the purposes of satisfying the Issuer's obligations to the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the securitisation of the Portfolio (the “**Transaction**”) and to the corporate existence and good standing of the Issuer. The “**Other Issuer Creditors**” are the Originator, the Servicer, the Representative of the Noteholders, the Agent Bank, the Operating Bank, the English Transaction Bank, the Transaction Bank, the Principal Paying Agent, the Back-up Servicer, the Corporate Services Provider, the Cash Manager, the Computation Agent, the Back-Up Computation Agent, the Subscriber, the Limited Recourse Loan Provider and the Back-Up Servicer Facilitator. The Noteholders will agree that the Issuer Available Funds (as defined in the Conditions) will be applied by the Issuer in accordance with the order of priority of application of the Issuer Available Funds set forth in the Intercreditor Agreement (the “**Orders of Priority**”).*

The Issuer's Rights may not be seized or attached in any form by the creditors of the Issuer other than the Noteholders, the Other Issuer Creditors in accordance with the Transaction Documents and any

other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the Transaction and to the corporate existence and good standing of the Issuer, until full redemption or cancellation of the Notes and full discharge by the Issuer of its obligations vis-a-vis the Noteholders, the Other Issuer Creditors and any such third party.

The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part of it) comes are required by the Issuer to inform themselves about, and to observe, any such restrictions. Neither this Prospectus nor any part of it constitutes an offer, and may not be used for the purpose of an offer, to sell any of the Notes, or a solicitation of an offer to buy any of the Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. This Prospectus can only be used for the purposes for which it has been issued.

*The Notes may not be offered or sold directly or indirectly, and neither this Prospectus nor any other prospectus or any offering circular, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. No action has or will be taken which would allow an offering (nor an “offerta al pubblico di prodotti finanziari”) of the Notes to the public in the Republic of Italy. Accordingly, the Notes may not be offered, sold or delivered, and neither this Prospectus nor any other offering material relating to the Notes may be distributed, or made available, to the public in the Republic of Italy. Individual sales of the Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus see “**Subscription and Sale**”.*

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”) or the securities laws of any other jurisdiction. Accordingly, the Class A Notes and the Class B Notes are being offered and sold only outside the United States in accordance with Regulation S under the Securities Act and may not be offered or sold or delivered directly or indirectly within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See “**Subscription and Sale**”.*

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH, OR APPROVED BY, ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Neither this document nor any other information supplied in connection with the issue of the Notes should be considered as a recommendation or constituting an invitation or offer by the Issuer that any recipient of this Prospectus, or of any other information supplied in connection with the issue of the Notes, should purchase any of the Notes. Each investor contemplating purchasing any of the Notes must make its own independent investigation and appraisal of the financial condition and affairs of the Issuer.

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

The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

In this Prospectus references to “Euro”, “EUR”, “€” and “cents” are to the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended by, inter alia, the Single European Act 1986 and the Treaty of European Union of 7 February 1992 establishing the European Union and the European Council of Madrid of 16 December 1995.

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OVERVIEW OF THE TRANSACTION

The following information is an overview of certain aspects of the transactions relating to the Notes and should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Prospectus and in the Transaction Documents. All capitalised words and expressions used in this Overview of the Transaction, not otherwise defined, shall have the meanings ascribed to such words and expressions elsewhere in this Prospectus or in the Terms and Conditions of the Notes.

PRINCIPAL FEATURES OF THE NOTES

Title The Notes will be issued by the Issuer on the Issue Date in the following classes:

Euro 137,800,000 Class A Asset Backed Floating Rate Notes due December 2054 (the “**Class A Notes**” or the “**Senior Notes**”);

Euro 41,218,000 Class B Asset Backed Floating Rate Notes due December 2054 (the “**Class B Notes**” or the “**Junior Notes**”, and together with the Senior Notes, the “**Notes**”).

Issue Price The Notes will be issued at the following percentages of their principal amount:

<i>Class</i>	<i>Issue Price</i>
Class A Notes	100%
Class B Notes	100%

Interest The rate of interest applicable from time to time in respect of the Class A Notes (the “**Interest Rate**”) will be the lower of (i) EURIBOR for three month deposits in Euro (the “**Three Month EURIBOR**”) (or in the case of the Initial Interest Period, the linear interpolation between the Euro-Zone Inter-Bank offered rate (“**Euribor**”) for three month and four month deposits in Euro) plus a margin of 0.20% per annum and (ii) 7% per annum.

Interest due on the Class B Notes on each Payment Date will be equal to the Class B Notes Interest Payment Amount (as defined below) as at such Payment Date.

Class B Notes Interest Payment Amount Means with respect to each Payment Date an amount, calculated on the Calculation Date immediately preceding such Payment Date, equal to:

- (i) the aggregate of all Interest Instalments accrued on the Claims in the immediately preceding Collection Period (excluding Interest Accruals); *plus*
- (ii) the aggregate of all fees for prepayment paid on the Claims in the immediately preceding Collection Period; *plus*

- (iii) the aggregate of all interest for late payments (*interessi di mora*) paid on the Claims in the immediately preceding Collection Period; *plus*
- (iv) all amounts received or recovered by the Issuer in the immediately preceding Collection Period with respect to the Claims which are or have been Defaulted Claims; *plus*
- (v) all amounts of interest (if any) accrued and paid on the amounts standing from time to time to the credit of the Payments Account, the Expenses Account and the Collection and Recoveries Account, the Transitory Collections and Recoveries Account and the Cash Reserve Account and paid into the same during the immediately preceding Collection Period; *plus*
- (vi) all profit and accrued interest (if any) received under the Eligible Investments made in respect of the immediately preceding Collection Period; *minus*
- (vii) the difference between (i) the Amortised Principal due on the immediately previous Payment Date and (ii) the amount paid under item (*Eight*) of the Pre Acceleration Order of Priority at such Payment Date; *minus*
- (viii) (a) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date out of the Issuer Available Funds under items (*First*) to (*Seventh*) (included) of the Pre Acceleration Order of Priority, or
 (b) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date under item (*Fifth*) of the Acceleration Order of Priority to the Servicer (or the Back-up Servicer), plus all amounts due to be paid by the Issuer on the next following Payment Date under items (*First*), (*Second*), (*Third*), (*Fourth*) and (*Sixth*) of the Acceleration Order of Priority; *minus*
- (ix) the Outstanding Balance of all the Claims which have become Defaulted Claims during the immediately preceding Collection Period calculated as at the immediately preceding Collection Date.

Payment Date

Interest is payable in respect of the Notes, quarterly in arrears in Euro on the 15th day of March, June, September and December in each year or, if such date is not a Business Day, on the following Business Day (each such date a “**Payment Date**”). The first Payment Date will fall on 15 September 2014 (the “**First Payment Date**”) and will relate to the period from (and including) the Issue Date to (but excluding) such Payment Date.

Form and Denomination

The Notes will be held in dematerialised form on behalf of the beneficial owners as of the Issue Date, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holder. Monte Titoli shall act as depository

for Clearstream and Euroclear. Title to the Notes will be evidenced by book entries in accordance with the provisions of article 83-*bis* of the Legislative Decree No. 58 of 24 February 1998 and regulation of 22 February 2008 jointly issued by CONSOB and the Bank of Italy, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

The Class A Notes will be issued in denominations of Euro 100,000. The Class B Notes will be issued in denominations of Euro 1,000.

The Issuer will elect Ireland as Home Member State for the purpose of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (the “**Transparency Directive**”).

Status

With respect to the obligation of the Issuer to pay interest and to repay principal on the Notes before the delivery of a Trigger Notice (as defined below), the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Class B Notes; and the Class B Notes will rank *pari passu* without preference or priority amongst themselves but subordinated to the Class A Notes.

With respect of the obligation of the Issuer to pay interest and repay principal on the Notes following the delivery of a Trigger Notice, the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Class B Notes; and the Class B Notes will rank *pari passu* without preference or priority amongst themselves but subordinated to the Class A Notes.

The Class B Notes shall at all times be subordinated to the Class A Notes.

Issuer Available Funds

Means, in respect of each Payment Date, the aggregate (without duplication) of:

- (i) all Collections received by the Issuer through the Servicer, during the immediately preceding Collection Period;
- (ii) all other amounts transferred during the immediately preceding Collection Period from the Transitory Collections and Recoveries Account into the Collections and Recoveries Account;
- (iii) all interest accrued and paid on the amounts standing to the credit of each of the Accounts (except for the Expenses Account and the Quota Capital Account) during the immediately preceding Collection Period and any profit and accrued interest received under the Eligible Investments made in respect of the immediately preceding Collection Period;
- (iv) all interest accrued and paid on the amount from time to time standing to the credit of the Expenses Account during the immediately preceding Collection Period and paid into the same;

- (v) all amounts received from the Originator, if any, pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreement, all amounts received by the Issuer as indemnities for the renegotiation of the Mortgage Loan Agreements and any payment made to the Issuer by any other party to the Transaction Documents, during the immediately preceding Collection Period;
- (vi) any other amounts paid into the Payments Account during the immediately preceding Collection Period other than the Issuer Available Funds utilised on the immediately preceding Payment Date;
- (vii) until full repayment of the Class A Notes:
 - (A) before the delivery of a Trigger Notice the amount of the Cash Reserve (for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement) :
 - (a) *firstly* necessary exclusively to pay amount due under items from (*First*) to (*Sixth*) (included) of the Pre-Acceleration Order of Priority in the event of a shortfall of the Issuer Available Funds in respect of such amounts on such Payment Date; and
 - (b) *secondly*, for an amount equal to the difference (if positive) between
 - (i) the amount of the Cash Reserve (including any amount to be credited on the Cash Reserve Account on such Payment Date and each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement) available after making the payments under letter (a) above, and
 - (ii) an amount equal to 1% of the Principal Amount Outstanding of the Class A Notes as at the day following the immediately preceding Payment Date, in respect of payments ranking as (*Eighth*) of the Pre-Acceleration Order of Priority, in the event of a shortfall of the Issuer Available Funds in respect of such amounts on such Payment Date; and
 - (c) only on the earlier of (i) the Final Maturity Date or (ii) the Payment Date on which the Class A Notes Principal Amount Outstanding may be redeemed in full by utilising the Cash Reserve (available on such Payment Date following payment in full of all items indicated under paragraph (a) above) a corresponding amount of the Cash Reserve; or
- (B) on each Payment Date on which the Acceleration Order of Priority applies the amount of the Cash Reserve (for an amount as determined pursuant to the terms of the Cash

Administration and Agency Agreement):

(a) *firstly* necessary exclusively to pay amount due under items from (*First*) to (*Sixth*) (included) of the Acceleration Order of Priority in the event of a shortfall of the Issuer Available Funds in respect of such amounts on such Payment Date; and

(b) the Cash Reserve (available on such Payment Date following payment in full of all items indicated under paragraph (a) above) will be utilised to redeem in full the Class A Notes.

(viii) the Cash Reserve Excess.

Class A Notes Principal Amount Outstanding

Means, with respect to each Payment Date, the difference between:

- (1) the Initial Class A Notes Principal Amount Outstanding; and
- (2) the aggregate of all the Class A Notes Principal Payment Amounts paid to the Noteholders on the preceding Payment Dates.

Initial Class A Notes Principal Amount Outstanding

Means the Principal Amount Outstanding as at the Issue Date of the Class A Notes, equal to Euro 137,800,000.

Available Class B Notes Redemption Funds

Means with respect to each Payment Date and to the Class B Notes, an amount, calculated as at the Collection Date immediately preceding such Payment Date, equal to the lower of:

- (i) the Issuer Available Funds available for redemption of the Principal Amount Outstanding of the Class B Notes according to the Pre-Acceleration Order of Priority or the Acceleration Order of Priority, as applicable; and
- (ii) the Principal Amount Outstanding of the Class B Notes.

Class A Notes Principal Payment Amount

Means (a) with respect to each Payment Date the lower of: (i) the Amortised Principal with respect to such Payment Date; and (ii) the Class A Notes Principal Amount Outstanding as at the immediately preceding Collection Date; *plus* (b) only on the Payment Date on which the Class A Notes Principal Amount Outstanding may be redeemed in full by utilising the Cash Reserve (available on such Payment Date following payment in full of all items ranking higher), an amount equal to the Class A Notes Principal Amount Outstanding (which would otherwise remain outstanding following payments under item (a) above); *provided that* on the Final Maturity Date the Class A Notes Principal Payment Amount will be equal to the Class A Notes Principal Amount Outstanding.

Amortised Principal

Means, with respect to each Payment Date, an amount equal to the aggregate of:

- (i) the aggregate amount of the Principal Instalments of the Claims collected during the immediately preceding Collection Period, excluding all Principal Instalments collected in such immediately preceding Collection Period in relation to the Claims that have become Defaulted Claims in any previous Collection Period (without prejudice to the provisions under items (iii) and (iv) below);
- (ii) the aggregate amount of the Principal Instalments of the Pre-paid Claims that have been prepaid during the immediately preceding Collection Period;
- (iii) the Outstanding Principal of the Claims that have become Defaulted Claims during the immediately preceding Collection Period, as of the date when such Claims became Defaulted Claims;
- (iv) any amount received by the Issuer during the immediately preceding Collection Period from the Originator pursuant to the Transfer Agreement and/or the Warranty and Indemnity Agreement and any amount received by the Issuer from the Originator as indemnities in respect of the renegotiations of the Mortgage Loan Agreements in accordance with the Servicing Agreement;
- (v) any repurchase price of the Claims received in the immediately preceding Collection Period (or at any time upon exercise of the Optional Redemption or the Redemption for Taxation);
- (vi) the Amortised Principal unpaid at the previous Payment Date; and
- (vii) only on the Payment Date on which the Class A Notes Principal Amount Outstanding may be redeemed in full by utilising the Cash Reserve (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority), an amount equal to the Class A Notes Principal Amount Outstanding (which would otherwise remain outstanding following payments under items from (i) to (vi) above).

ACCOUNTS AND DESCRIPTION OF CASH FLOWS

(1) ACCOUNTS HELD WITH THE OPERATING BANK

The Issuer has directed the Operating Bank to establish, maintain and operate the following accounts as separate accounts in the name of the Issuer:

Transitory Collections and Recoveries Account an account (the “**Transitory Collections and Recoveries Account**”) (*Conto Incassi e Recupero Transitorio*) with IBAN No. IT 52 R 03479 01600 000800950701

into which all amounts standing to the credit of the Transitory Collections and Recoveries Account will be transferred (i) on the Business Day following the date of receipt or (ii) immediately upon the aggregate balance of the Transitory Collection and Recoveries Account being equal to or greater than Euro 500,000 (five hundred thousand); and

out of which all amounts standing to the credit of each such account will be transferred to the Collection and Recoveries Account on the Business Day following the date of receipt;

Expenses Account an account (the “**Expenses Account**”) (*Conto Spese*) with IBAN No IT 34 L 080 0003 2000 0080 0030 756

into which (i) within the Issue Date the Retention Amount and the amounts indicated in the Notes Subscription Agreement necessary to pay certain upfront costs and expenses of the Issuer shall be paid; and (ii) on each Payment Date an amount shall be paid from the Payments Account so that the balance standing to the credit of the Expenses Account on such Payment Date is equal to the Retention Amount; and

out of which the amounts necessary to pay certain upfront costs and expenses of the Issuer pursuant to the Notes Subscription Agreement and any taxes due and payable by the Issuer and any fees, costs and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing and comply with applicable legislation and regulations shall be paid;

Quota Capital Account an account (the “**Quota Capital Account**”) (*Conto Capitale Sociale*) with IBAN No. IT 11 M 080 0003 2000 0080 0030 757

into which all sums contributed by the Quotaholder as quota capital and any interest thereon will be credited.

(2) ACCOUNTS HELD WITH THE TRANSACTION BANK

The Issuer has directed the Transaction Bank to establish, maintain and operate the following accounts as separate accounts in the name of the Issuer:

Payments Account an account (the “**Payments Account**”) (*Conto Pagamenti*) with IBAN No. IT 75 Q 03479 01600 000800950700

into which (i) all amounts received by the Issuer under the Transaction Documents (other than the collections and recoveries on the Claims) will be credited if not credited to other account pursuant to the Transaction Documents; (ii) all amounts standing to the credit of the Investment Account and in general any sums arising from the liquidation, maturity or disposal of the Eligible Investments (including any profit generated thereby or interest matured thereon) shall be transferred two Business Days prior to each Payment Date; (iii) all amounts to be transferred from the Cash Reserve Account 2 (two) Business Days prior to each Payment Date in order to augment the Issuer Available Funds and as Cash Reserve Excess shall be credited; and

out of which (i) on the Business Day preceding each Payment Date until the Payment Date (excluded) on which the Class A Notes are fully reimbursed, an amount equal to the difference between: (a) amounts invested in Eligible Investments out of the funds which have been transferred from the Cash Reserve Account to the Investment Account in the preceding Collection Period and (b) the sum of (x) the amount of the Cash Reserve necessary to augment the Issuer Available Funds as calculated by the Computation Agent (also in accordance with the provisions of the Cash Administration and Agency Agreement and indicated in the Payments Reports) in respect of the immediately following Payment Date, and (y) the Cash Reserve Excess in respect of the immediately following Payment Date, shall be credited to the Cash Reserve Account; (ii) all amounts standing to credit thereof will be transferred to the Investment Account one Business Day after each Payment Date and on the Business Day following the 15th and the 30th day of each calendar month (except for February in which case the 30th day shall be the 28th and except for each month in which a Payment Date falls) if the balance of such account is equal to or higher than Euro 50,000 (fifty thousand); and (iii) on each Payment Date all payments of interest and principal on the Notes and any payments to the Other Issuer Creditors and any third party creditors of the Transaction shall be made in accordance with the applicable Order of Priority and the Payments Report (provided that amounts necessary to pay interest and principal on the Notes shall be transferred to the Principal Paying Agent two Business Days before each Payment Date);

Collection and Recoveries Account

an account (the “**Collection and Recoveries Account**”) (*Conto Incassi e Recuperi*) with IBAN No. IT 52 R 03479 01600 000800950701.

into which all amounts standing to the credit of the Transitory Collections and Recoveries Account will be transferred (i) on the Business Day following the date of receipt and (ii) immediately upon the aggregate balance of the Transitory Collection and Recoveries Account being equal to or greater than Euro 500,000 (five hundred thousand); and

out of which any amount standing to the credit of the Collection and Recoveries Account will be transferred on a daily basis, upon receipt, into the Investment Account;

Cash Reserve Account

an account (the “**Cash Reserve Account**”) with IBAN No. IT 29 S 03479 01600 000800950702,

into which (i) on the Issue Date, the Limited Recourse Loan Provider shall credit the Target Cash Reserve Amount pursuant to the Limited Recourse Loan Agreement; and (ii) on the Issue Date the Subscriber shall credit the amount indicated under the Notes Subscription Agreement as Issue Price Difference; and (iii) on each Payment Date all sums payable under item (*Seventh*) of the Pre-Acceleration Order of Priority shall be credited, and (iv) on the Business Day preceding each Payment Date until the Payment Date (excluded) on which the Class A Notes are redeemed in full, an amount equal to the difference between (a) amounts transferred to the Investment Account out of the Cash Reserve Account in the preceding Collection Period and (b) the sum of (x) the amount of the Cash Reserve necessary to augment the Issuer Available Funds as calculated by the Computation Agent (also in accordance with the provisions of the Cash Administration and Agency Agreement as indicated in the Payments Report) in respect of the immediately following Payment Date, and (y) the Cash Reserve Excess in respect of the immediately following Payment Date, shall be credited from the Payments Account; and

out of which (i) 2 (two) Business Days prior to each Payment Date, the amounts under item (ii) and (iv)(b)(x) and (iv)(b)(y) above (except for those described under item (ii) herebelow) will be transferred to the Payments Account; or otherwise (ii) upon instruction of the Issuer (with the advice of the Operating Bank or other financial advisor) pursuant to clause 8.1 of the Cash Administration and Agency Agreement, all amount standing to the credit thereof will be transferred to the Investment Account.

(3) ACCOUNTS HELD WITH THE ENGLISH TRANSACTION BANK

The Issuer has directed the English Transaction Bank to establish, maintain and operate the following account as separate account in the name of the Issuer:

Investment Account

a cash account No. 070218381 and a securities account No. 1040702183E (the “**Investment Account**”)

into which (i) all the amounts standing to the credit of the Collection and Recoveries Account will be transferred on a daily basis; (ii) all the amounts standing to credit of the Payments Account will be transferred one Business Day after each Payment Date and on the Business Day following the 15th and 30th day of each calendar month (except for February in which case the 30th day shall be the 28th and except for each month in which a Payment Date falls) if the balance of such account is equal to or higher than Euro 50,000 (fifty thousand); (iii) the amounts standing to the credit of the Cash Reserve Account transferred pursuant to the Cash Management and Agency Agreement shall be credited for the purpose of the investment in Eligible Investments; and (iv) all securities constituting Eligible Investments and any proceeds upon maturity or any sums arising from the disposal or liquidation of the Eligible

Investments (including profit generated thereby or interest matured thereon) different from those proceeds to be credited to the Payments Account shall be credited; and

out of which (i) any amounts standing to the credit thereof shall be credited to the Payments Account two Business Days before each Payment Date; and (ii) all amounts standing to the credit thereof will be applied by the Cash Manager for the purchase of Eligible Investments, in accordance with the provisions of the Cash Administration and Agency Agreement.

ORDERS OF PRIORITY

Pre-Acceleration Order of Priority

In each of the following cases: (i) prior to the delivery of a Trigger Notice, (ii) in case of Optional Redemption, or (iii) in case of Redemption for Taxation, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

First, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with the applicable legislation and regulations or to fulfill payment obligations of the Issuer to third parties (not being Other Issuer Creditors) incurred in relation to this Transaction to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account (ii) all costs and taxes required to be paid to maintain the rating of the Class A Notes and in connection with the registration and deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents;

Second, to pay the fees, expenses and all other amounts due to the Representative of Noteholders;

Third, to pay into the Expenses Account the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;

Fourth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Cash Manager, the Computation Agent, the Agent Bank, the Operating Bank, the Back-Up Computation Agent, the Transaction Bank, the English Transaction Bank, the Principal Paying Agent, the Corporate Services Provider and the Back-Up Servicer Facilitator;

Fifth, to pay the fees and expenses of the Servicer pursuant to the Servicing Agreement and/or to the Back-up Servicer pursuant to the Back-up Servicing Agreement, as the case may be (to the extent not expressly included in any following item);

Sixth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) all amounts of interest due and payable on the Class A Notes Principal Amount Outstanding on such Payment Date;

Seventh, to credit the Cash Reserve Account with the amount required, if any, such that the amount standing to the credit of the Cash Reserve Account (calculated on the day following the immediately preceding Payment Date) equals the Target Cash Reserve Amount;

Eighth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the Class A Notes Principal Payment Amount;

Ninth, to pay to the Originator any amount due by the Issuer as a restitution of the indemnities paid by it to the Issuer under the terms of the Warranty and Indemnity Agreement;

Tenth, to pay to the Originator the Interest Accruals;

Eleventh, to pay to (a) the Originator any amount due and payable in respect of purchase price adjustments due in relation to the Claims, not listed under the Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as a restitution of indemnities paid by the Originator, referred to under item (*Ninth*) above) and pursuant to the Notes Subscription Agreement, (b) the Servicer any amount due by the Issuer pursuant to the Servicing Agreement, to the extent not already paid under other items of the Order of Priority and (c) the Subscriber or the Originator any amount due by the Issuer pursuant to the Notes Subscription Agreement;

Twelfth, to pay to the Originator, any amount due and payable as restitution of the insurance *premia* and relevant expenses advanced by it under the Transfer Agreement;

Thirteenth, from (and including) the Payment Date on which the Class A Notes are repaid in full, to repay any amounts of principal due and payable to the Limited Recourse Loan Provider under the Limited Recourse Loan Agreement;

Fourteenth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the Class B Notes Interest Payment Amount, in each case to the extent such interest is due and payable on such Payment Date;

Fifteenth, following full redemption of the Class A Notes, to redeem the Principal Amount Outstanding of the Class B Notes in the maximum amount of the Available Class B Notes Redemption Funds (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

Sixteenth, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the Transitory Collections and Recoveries Account, the Payments Account, the Collections and Recoveries Account and the Expenses Account to the Originator.

Acceleration Order of Priority

Following the delivery of a Trigger Notice, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

First, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with the applicable legislation and regulations or to fulfill payment obligations of the Issuer to third parties (not being Other Issuer Creditors) incurred in relation to this Transaction to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account, (ii) all costs and taxes required to be paid to maintain the rating of the Class A Notes and in connection with the registration and deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents;

Second, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Representative of Noteholders and the Receiver;

Third, to pay into the Expenses Account the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;

Fourth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Cash Manager, the Computation Agent, the Agent Bank, the Operating Bank, the Transaction Bank, the English Transaction Bank, the Principal Paying Agent, the Corporate Services Provider, the Back-up Computation Agent and the Back-Up Servicer Facilitator;

Fifth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to the Servicer all the fees and expenses pursuant to the Servicing Agreement and/or to the Back-up Servicer pursuant to the Back-up Servicing Agreement, as the case may be, to the extent not expressly included in any following item;

Sixth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) all amounts of interest due and payable on the Class A Notes on such Payment Date;

Seventh, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the Principal Amount Outstanding on

the Class A Notes on such Payment Date;

Eighth, to pay to the Originator any amount due by the Issuer as a restitution of the indemnities paid by it to the Issuer under the terms of the Warranty and Indemnity Agreement;

Ninth, to pay to the Originator the Interest Accruals;

Tenth, to pay to (a) the Originator any amount due and payable in respect of purchase price adjustments due in relation to the Claims not listed under the Transfer Agreement but matching the criteria listed in the Transfer Agreement and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as restitution of indemnities paid by the Originator under the Warranty and Indemnity Agreement referred under item (*Eighth*) above) and pursuant to the Notes Subscription Agreement and (b) the Servicer any amount due by the Issuer pursuant to the Servicing Agreement, to the extent not already paid under other items of the Order of Priority;

Eleventh, to pay to the Originator any amount due and payable as restitution of the insurance *prima* and relevant expenses advanced by it under the Transfer Agreement;

Twelfth, from (and including) the Payment Date on which the Class A Notes are repaid in full, to repay any amounts of principal due and payable to the Limited Recourse Loan Provider under the Limited Recourse Loan Agreement;

Thirteenth, to pay the Class B Notes Interest Payment Amount due and payable on the Class B Notes (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

Fourteenth, following full redemption of the Class A Notes, to redeem the Principal Amount Outstanding of the Class B Notes in the maximum amount of the Available Class B Notes Redemption Funds (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

Fifteenth, to pay any surplus standing to the credit of any of the Accounts to the Originator.

The Issuer is entitled, pursuant to the Intercreditor Agreement and the Conditions, to dispose of the Claims in order to finance the redemption of the Notes following the service of a Trigger Notice.

Trigger Events

If any of the following events (each a “**Trigger Event**”) occurs:

- (a) *Non-payment*:
 - (i) the Issuer defaults in the payment of the amount of principal then due and payable on the Most Senior Class of Notes on the Final Maturity Date;
 - (ii) on any Payment Date (provided that a 3 (three)

Business Days' grace period shall apply) the amount paid by the Issuer as interest on the Most Senior Class of Notes is lower than the relevant Interest Amount on the Class A Notes or the Class B Notes Interest Payment Amount on the Class B Notes, as the case may be; or

(b) *Breach of other obligations:*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Most Senior Class of Notes (other than (i) the obligation to pay principal on the Notes in case the Issuer has not enough Issuer Available Funds to such purpose on any Payment Date, and (ii) any payment obligation on the Notes under paragraph (a) above) or any of the Transaction Documents to which it is a party and (except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy, in which case no notice will be required) such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer, certifying that such default is, in the sole opinion of the Representative of the Noteholders, materially detrimental to the interests of the Noteholders of the Most Senior Class of Notes and requiring the same to be remedied; or

(c) *Breach of representation and warranties:*

any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is a party is or proves to have been incorrect or misleading in any material respect when made or deemed to be made; or

(d) *Insolvency:*

- (i) the Issuer becomes subject to any applicable bankruptcy, liquidation, administration, receivership, insolvency, composition or reorganisation (among which, without limitation, *fallimento*, *liquidazione coatta amministrativa*, *concordato preventivo* and *accordi di ristrutturazione*, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of the jurisdiction in which the Issuer is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, receivership, arrangement, adjustment, protection or relief of debtors) or similar proceedings or the whole or any substantial part of the undertaking or assets of the Issuer are subject to a *pignoramento* or similar procedure having a similar effect (other than any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless

in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success;

- (ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by the Issuer or the same proceedings are otherwise initiated against the Issuer and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success;
- (iii) the Issuer takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments;
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation, administration or dissolution in any form of the Issuer (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2484 of the Italian civil code occurs with respect to the Issuer.

(e) *Unlawfulness:*

It is or will become unlawful (in any respect deemed by the Representative of the Noteholders to be material) for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party;

then the Representative of the Noteholders in any case acting in accordance with the Conditions and the Rules of the Organisation of the Noteholders:

- (i) shall, in the case of the Trigger Event set out under point (a) above;
- (ii) shall if so requested in writing by an Extraordinary Resolution of the holders of the Class A Notes, in the case of the Trigger Events set out under points (b) and (c) above;
- (iii) may at its sole and absolute discretion but shall if so requested in writing by an Extraordinary Resolution of the

holders of the Class A Notes in case of any other Trigger Event,

give a written notice (a “**Trigger Notice**”) to the Issuer (with copy to the Servicer) declaring that the Notes have immediately become due and payable at their Principal Amount Outstanding, together with accrued interest, and that the Acceleration Order of Priority shall apply.

“**Most Senior Class of Notes**” means the Class A Notes or, upon redemption in full of the Class A Notes, the Class B Notes.

Following the delivery of a Trigger Notice, without any further action or formality, on the immediately following Payment Date, and on each Payment Date thereafter, all payments of principal, interest and other amounts due with respect to the Notes and to the Other Issuer Creditors shall be made in accordance with the Acceleration Order of Priority.

“**Negative Balance**” means with respect to any Payment Date on which the Pre-Acceleration Order of Priority applies and until full repayment of the Class A Notes, the difference, if positive, between:

- (a) all amounts due to be paid by the Issuer on such Payment Date under items from (*First*) to (*Sixth*) (included) and (*Eighth*) of the Pre-Acceleration Order of Priority, and
- (b) the Issuer Available Funds with respect to such Payment Date but excluding the amounts under item (vii) of the Issuer Available Funds.

CASH RESERVE

On the Issue Date the Issuer will establish a reserve fund in the Cash Reserve Account. Specifically, pursuant to the Limited Recourse Loan Agreement: Cassa Padana will advance to the Issuer on the Issue Date a limited recourse loan for an amount of Euro 5,371,000 (the “**Limited Recourse Loan**”) which will be deposited into the Cash Reserve Account to fund the Cash Reserve, (equal to 3% of the principal outstanding amount of the Portfolio as of the Effective Date) necessary to fund the Cash Reserve as at the Issue Date.

“**Cash Reserve**” means with reference to any given Payment Date and Calculation Date, the monies standing from time to time to the credit of the Cash Reserve Account (including amounts to be credited on the Cash Reserve Account on such Payment Date, on the immediately preceding Payment Date (after application of the Issuer Available Funds, in accordance with the applicable Order of Priority) except for the Issue Price Difference.

Thereafter, on each Payment Date prior to the delivery of a Trigger Notice to (but excluding) the Payment Date on which the Notes are redeemed in full, the Issuer will, in accordance with the Pre-Acceleration Order of Priority, pay into the Cash Reserve Account an amount to bring the balance of such account equal to the Target Cash Reserve Amount.

“Target Cash Reserve Amount” means an amount equal to 3% of the principal outstanding amount of the Portfolio as of the Effective Date; *provided that* the Target Cash Reserve Amount will be equal to 0 (zero) on the earlier of the Payment Date on which the Class A Notes are redeemed in full (and on each Payment Date thereafter) and the Final Maturity Date.

(A) Before the delivery of a Trigger Notice and until full repayment of the Class A Notes, the Cash Reserve, in the event of a Negative Balance:

- (a) firstly, shall provide support (being included in the Issuer Available Funds) in respect of payments under items (*First*) to (*Sixth*) of the Pre-Acceleration Order of Priority;
- (b) secondly, shall provide support (being included in the Issuer Available Funds) in respect of payments under item (*Eighth*) of the Pre-Acceleration Order of Priority for an amount not higher than the difference (if positive) between the amount of the Cash Reserve available after making the payments under letter (a) above, and an amount equal to 1% of the Principal Amount Outstanding of the Class A Notes as at the day following the immediately preceding Payment Date.

(B) In addition (i) on the Payment Date on which the Class A Notes Principal Amount Outstanding may be redeemed in full by utilising the Cash Reserve (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority), the Cash Reserve will be utilised to such purpose, and (ii) on the earlier of the Final Maturity Date and the first Payment Date on which the Acceleration Order of Priority applies, the Cash Reserve (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority) will be utilised to redeem in full the Class A Notes.

If, on any Calculation Date it is verified that the Target Cash Reserve Amount is to be reduced to zero due to the Class A Notes being redeemed in full on the immediately following Payment Date, the amount standing to the credit of the Cash Reserve Account on the Business Day following the immediately preceding Payment Date (less any amount which shall be used on the Payment Date on which the Class A Notes are redeemed in full to make such redemption) (the **“Cash Reserve Excess”**) (if any) shall, on the Payment Date on which the Class A Notes are redeemed in full, form part of the Issuer Available Funds.

Final Redemption

To the extent not otherwise redeemed, the Class A Notes will be redeemed at their Principal Amount Outstanding on the Payment Date falling on December 2054 and the Class B Notes will be redeemed at their Principal Amount Outstanding on the Payment Date falling on December 2054 (the **“Final Maturity Date”**).

The **“Principal Amount Outstanding”** of each of the Notes on any date shall be the principal amount of that Note upon issue less the

aggregate amount of all principal payments in respect of that Note that have been paid prior to such date.

Mandatory Redemption

The Class A Notes will be subject to mandatory redemption in full or in part:

- (A) on each Payment Date (other than the Payment Dates under item (B) below), in a maximum amount equal to their Class A Notes Principal Payment Amount with respect to such Payment Date;
- (B) on any Payment Date: (i) following the delivery of a Trigger Notice pursuant to Condition 9.1 (*Trigger Notice*); (ii) in case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*); or (iii) in the case of the Issuer exercising the Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*), at their Principal Amount Outstanding,

if, on each Calculation Date preceding such Payment Date, it is determined that there will be sufficient Issuer Available Funds which may be applied for this purpose in accordance with the Pre-Acceleration Order of Priority or the Acceleration Order of Priority as applicable.

Optional Redemption

The Issuer may redeem the Notes in whole but not in part (or only the Class A Notes in whole, if all the Class B Noteholders consent) at their Principal Amount Outstanding, together with interest accrued and unpaid up to the date fixed for redemption, if at the preceding Collection Date the principal outstanding amount of the Portfolio is equal to or less than 30 % of the lesser of (i) the principal outstanding amount of the Portfolio as of the Effective Date; and (ii) the Purchase Price (such relevant Payment Date the “**Clean Up Option Date**”).

Such optional redemption shall be effected by the Issuer giving not more than forty-five (45) nor less than fifteen (15) days' prior written notice to the Representative of the Noteholders and the Class A Noteholders in accordance with Condition 12 (*Notices*) and the Rating Agencies and provided that the Issuer, prior to giving such notice to the Representative of the Noteholders, has produced evidence reasonably acceptable to the Representative of the Noteholders that it will have the necessary funds, not subject to interests of any other Person, to discharge all its outstanding liabilities in respect of the Notes (or the Class A Notes only, if all the Class B Noteholders consent) and any amounts required under the Intercreditor Agreement and the Conditions to be paid in priority to or *pari passu* with the relevant Notes to be redeemed.

Redemption for Taxation

If the Issuer has provided the Representative of the Noteholders with: (i) a legal opinion in form and substance satisfactory to the Representative of the Noteholders from a firm of lawyers (approved in writing by the Representative of the Noteholders); and (ii) a certificate from the legal representative of the Issuer, to the effect that the Issuer:

- (A) (also through the Issuer's Agent) would be required on the next Payment Date to deduct or withhold (other than in respect of a Law 239 Deduction) from any payment of principal or interest on the Class A Notes, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any applicable authority having jurisdiction (or that amounts payable to the Issuer in respect of the Portfolio would be subject to withholding or deduction); or
- (B) would incur increased costs or charges of a fiscal nature (including taxes, duties, assessment or withholdings or deductions) in respect of the Noteholders or the Issuer's assets in respect of the Transaction;

and in each case will have the necessary funds (not subject to the interests of any other person) to discharge all of its outstanding liabilities with respect to the Notes (or with the consent of the Class B Noteholders the Class A Notes only) and any amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with, each Notes (together with any additional taxes payable by the Issuer by reason of such early redemption of the Notes),

the Issuer may, on the first Payment Date on which such necessary funds become available to it, redeem the Notes in whole but not in part (or only the Class A Notes in whole, if all the Class B Noteholders consent) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date and together with all payments ranking in priority or *pari passu* with the relevant Notes to be redeemed, in accordance with the Pre-Acceleration Order of Priority, provided that the Issuer shall have given not more than forty-five (45) nor less than fifteen (15) days' prior written notice to the Representative of the Noteholders, to the Rating Agencies, to the Servicer and to the Noteholders in accordance with Condition 12 (*Notices*).

Upon redemption of the Class A Notes the Issuer shall apply any Issuer Available Funds which may be applied for this purpose in accordance with the Acceleration Order of Priority to the redemption of the Class B Notes.

Sale of the Portfolio

In the following circumstances:

- (i) in case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*),
- (ii) in case of Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*),
- (iii) after a Trigger Notice has been served on the Issuer (with a copy to the Servicer) pursuant to Condition 9 (*Trigger Events*) if an Extraordinary Resolution of the holders of the

Class A Notes resolve to request the Issuer to sell all (or part only) the Portfolio to one or more third parties,

the Issuer will be authorised to search for potential purchasers of all (or part only) of the Portfolio.

In addition, following the delivery of a Trigger Notice, the Representative of the Noteholders shall be entitled to sell the Portfolio acting in accordance with the provisions of the Intercreditor Agreement. In any case neither the Issuer nor the Representative of the Noteholders will be allowed to sell the Portfolio in case a bankruptcy or similar proceeding has been commenced against the Issuer or in any other case such a sale would be prohibited under Italian law. Should such a sale of the Portfolio take place, the proceeds of such sale shall be treated by the Issuer as the Issuer Available Funds and as from the immediately subsequent Payment Date shall be applied to payments due to be made by the Issuer according to the Acceleration Order of Priority.

No authorisation to the sale of the Portfolio shall be necessary in case of exercise of the option by the Originator pursuant to clause 11 (*Clean Up Option*) of the Intercreditor Agreement.

The Portfolio

The principal source of payment of interest and principal on the Notes will be recoveries and collections made in respect of the following portfolio of monetary claims and connected rights arising under mortgage loan agreements purchased by the Issuer pursuant to the Transfer Agreement from Cassa Padana Banca di Credito Cooperativo.

See further “*Description of the Transfer Agreement*” and “*Description of the Warranty and Indemnity Agreement*”.

Segregation of the Issuer's Rights

The Notes have the benefit of the provisions of article 3 of Law 130, pursuant to which the Issuer's Rights are segregated by operation of law from the Issuer's other assets. Both before and after a winding-up of the Issuer, amounts deriving from the Issuer's Rights (for so long as such amounts are credited to one of the Issuer's account under this Transaction and not commingled with other sums) will be available exclusively for the purpose of satisfying the Issuer's obligations to the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the securitisation of the Portfolio and to the corporate existence and good standing of the Issuer.

The Issuer's Rights may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the Transaction and to the corporate existence and good standing of the Issuer, until full redemption or cancellation of the Notes and full discharge by the Issuer of its obligations *vis-à-vis* the Other Issuer Creditors and any such third party.

Pursuant to the terms of the Intercreditor Agreement, the Issuer has granted irrevocable instructions to the Representative of the Noteholders, upon the Notes becoming due and payable following the delivering of a Trigger Notice, to exercise, in the name and on behalf of the Issuer, all the Issuer's rights, powers and discretions under the Transaction Documents and generally to take such actions in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Issuer's Rights. Such instructions are governed by Italian law. See for further details "*Description of the other Transaction Documents*".

Ratings

The Class A Notes are expected, on issue, to be rated A(sf) by DBRS Ratings Limited and A2(sf) by Moody's Italia S.r.l.. As of the date of this Offering Circular, each of DBRS Ratings Limited and Moody's Italia S.r.l. is established in the European Union and was registered on 31 October 2011 in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the CRA Regulation and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA Website (for the avoidance of doubt, such website does not constitute part of this Prospectus).

No rating will be assigned to the Class B Notes.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning rating organisation.

Taxation

Payments under the Notes may, in certain circumstances referred to in the section headed "*Taxation*" of this Prospectus, be subject to withholding for or on account of tax including, without limitation, a Law 239 Deduction. In such circumstances, a Noteholder of any Class will receive interest payments amounts (if any) payable on the Notes of such Class, net of such withholding tax.

Upon the occurrence of any withholding for or on account of tax from any payments under the Notes, neither the Issuer nor any other Person shall have any obligation to pay any additional amount(s) to any Noteholder of any Class.

Listing

Application has been made to list and admit to trading the Class A Notes on the Irish Stock Exchange. No application has been made to list the Class B Notes on the Irish Stock Exchange or on any other stock exchange.

Governing Law

The Notes and all of the Transaction Documents (other than the Deed of Charge) will be governed by Italian law. The Deed of Charge will be governed by English law.

RISK FACTORS

The following is a description of certain aspects of the issue of the Notes of which prospective Noteholders should be aware. However, it is not intended to be exhaustive and prospective Noteholders should make their own independent valuation of all of the risk factors and should also read the detailed information set forth elsewhere in this Prospectus and in the Transaction Documents. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations.

1. THE ISSUER

1.1 Liquidity and Credit Risk

The Issuer is subject to the risk of delay arising between the scheduled payment dates and the date of receipt of payments due from the Borrowers. The Issuer is also subject to the risk of, among other things, default in payments by the Borrowers and the failure of the Servicer to collect and recover sufficient funds in respect of the Portfolio in order to enable the Issuer to discharge all amounts payable under the Notes. In respect of the Class A Notes, these risks are mitigated by the liquidity and credit support provided by (i) the subordination of the Class B Notes (see for further details the section headed “*Subordination*” below) and (ii) the Cash Reserve.

However in each case, there can be no assurance that the levels of credit support and the liquidity support provided by the subordination of the Class B Notes and the Cash Reserve will be adequate to ensure punctual and full receipt of amounts due under the Class A Notes.

In each case the performance by the Issuer of its obligations thereunder is dependent on the solvency of the Servicer (or any permitted successors or assignees appointed under the Servicing Agreement) and the other parties to the Transaction Documents as well as the timely receipt of any amount required to be paid to the Issuer by the various agents and counterparts of the Issuer pursuant to the terms of the Transaction Documents.

It is not certain that the Servicer will duly perform at all times their obligations under the Servicing Agreement and that a suitable alternative Servicer could be available to service the Portfolio if the Servicer becomes insolvent or its appointment under the Servicing Agreement is otherwise terminated. In order to mitigate the servicing risk in respect of the Portfolio, the Back-Up Servicer has been appointed before the Issue Date and, in case, the Back-Up Servicer shall service the Portfolio and assume and/or perform the duties and obligations of the Servicer on the same terms as are provided for in the Servicing Agreement. However it is not certain that, in case of termination of the appointment of the Servicer under the Servicing Agreement, the Back-Up Servicer will fulfill its obligations to service the Portfolio.

In some circumstances (including after service of a Trigger Notice), the Issuer could attempt to sell the Portfolio, but there is no assurance that the amount received on such a sale would be sufficient to repay in full all amounts due to the Noteholders.

1.2 The Securitisation Law

As of the date of this Prospectus, only limited interpretation of the application of the Securitisation Law has been issued by Italian governmental or regulatory authorities; therefore, it is possible that further regulations, relating to the Securitisation Law or the interpretation thereof, are issued in the future, the impact of which cannot be predicted by the

Issuer or any other party to the Transaction Documents, as of the date of this Prospectus.

It should be noted that Law Decree No. 145 of 23 December 2013 (“*Interventi urgenti di avvio del piano “Destinazione Italia”, per il contenimento delle tariffe elettriche e del gas, per la riduzione dei premi RC-auto, per l’internazionalizzazione, lo sviluppo e la digitalizzazione delle imprese, nonché misure per la realizzazione di opere pubbliche ed EXPO 2015”*”), converted with amendments into Law No. 9 of 21 February 2014 (“**Law 9/2014**”), introduces certain amendments to Securitisation Law. For further details with respect to Law 9/2014, please see the section headed “*Claims of Unsecured Creditors of the Issuer and Segregated Assets*”, “*Rights of Set-off of Borrowers*”, “*Risk of Losses Associated with Borrowers*” and the section “*Selected aspects of Italian Law – The Securitisation Law*”.

1.3 Issuer's ability to meet its obligations under the Notes

The Issuer will not as of the Issue Date have any significant assets other than the Portfolio and the other Issuer's Rights. The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on the extent of collections and recoveries from the Portfolio and any other amounts payable to the Issuer pursuant to the terms of the Transaction Documents to which it is a party.

There is no assurance that, over the life of the Notes or at the redemption date of the Notes (whether on the Final Maturity Date, upon redemption by acceleration of maturity following the delivery of a Trigger Notice, or otherwise), there will be sufficient funds to enable the Issuer to pay interest on the Notes, or to repay the Notes in full.

If there are not sufficient funds available to the Issuer to pay in full all principal and interest and any other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. After the Notes have become due and payable following the delivery of a Trigger Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of Noteholders of the Issuer's Rights under the Transaction Documents.

1.4 No independent investigation in relation to the Portfolio

None of the Issuer, the Arranger nor any other party to the Transaction Documents (other than the Originator) has undertaken or will undertake any investigation, searches or other actions to verify the details of the Portfolio sold by the Originator to the Issuer, nor has any such party undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Borrower.

None of the Issuer, the Arranger nor any other party to the Transaction Documents (other than the Originator) has carried out any due diligence in respect of the Mortgage Loan Agreements in order to, without limitation, ascertain whether or not the Mortgage Loan Agreements contain provisions limiting the transferability of the Claims.

The Issuer will rely instead on the representations and warranties given by the Originator in the Warranty and Indemnity Agreement and in the Transfer Agreement. The only remedies of the Issuer in respect of the occurrence of a breach of a representation and warranty which materially and adversely affects the value of a Claim will be the requirement that the Originator indemnifies the Issuer for the damage deriving therefrom or repurchase the relevant Claim in relation to which a misrepresentation has occurred. In particular, the Originator has, pursuant to the Warranty and Indemnity Agreement, made certain representations and warranties, and undertaken related indemnification obligations, in respect, *inter alia*, of: (i) the validity and existence of the relevant Claims; (ii) the validity, effectiveness and proper execution of the Mortgage Loan Agreements; (iii) the perfection of

the Mortgages; (iv) the validity of the assignment to the Issuer by the Originator of its rights under the insurance policies entered into in connection with the Mortgage Loan Agreements; and (v) the accuracy with respect to any data provided to the Issuer. See the section headed “*Description of the Warranty and Indemnity Agreement*”, below. In any case there can be no assurance that the Originator will have the financial resources to honour such obligations.

1.5 Claims of unsecured creditors of the Issuer and segregated asset.

By operation of Law 130, the right, title and interest of the Issuer in and to the Portfolio will be segregated from all other assets of the Issuer (including, for the avoidance of doubt, any other portfolio purchased by the Issuer pursuant to the Law 130) and amounts deriving therefrom (for so long as such amounts are credited to one of the Issuer's accounts under this Transaction and not commingled with other sums) will be available on a winding up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and to pay other costs of the Transaction. Amounts derived from the Portfolio (for so long as such amounts are credited to one of the Issuer's accounts under this Transaction and not commingled with other sums) will not be available to any other creditors of the Issuer.

In order to ensure such segregation: (i) the Issuer has undertaken (and is obligated pursuant to the Bank of Italy regulations) to open and to keep separate accounts in relation to each securitisation transaction; (ii) the Servicer shall be able to individuate at any time, pursuant to the Bank of Italy regulations, specific funds and transactions relating to each securitisation and shall keep appropriate information and accounting systems to this purpose; and (iii) the parties to the Transaction have undertaken not to credit to the Accounts amounts other than those set out in the Cash Administration and Agency Agreement.

Moreover, the provisions of article 3 of the Securitisation Law concerning the *patrimonio separato* are not likely to apply in circumstances where the cash-flow referred to above is commingled with the assets of a party other than the Issuer (such as, for example, the Servicer). Thus, if any such party becomes insolvent, any such cash-flow held by it could not be included in the *patrimonio separato*.

It should be noted that Law 9/2014 introduced certain amendments to the Securitisation Law. In particular, Law 9/2014 provides, among others, that companies incorporated as special purpose vehicles pursuant to Article 3 of the Securitisation Law are entitled to open segregated accounts (“*conti correnti segregati*”) with the servicers or with the depositary bank of securitisation transactions, on which the amounts paid by the assigned debtors as well as any other amount due to the relevant special purpose vehicle under the securitisation may be credited. The amounts credited into such accounts will be segregated from the assets of the servicer or the depositary bank with which they have been opened and may be utilized only to fulfil the obligations of the relevant special purpose vehicle against the noteholders and the other creditors under the securitisation, and to pay the expenses to be borne in connection with the securitisation. Should any proceeding under Title IV of the Consolidated Banking Act, or any other insolvency procedure or restructuring agreement (“*accordi di ristrutturazione dei debiti*”) apply to the relevant servicer or depositary bank, the amounts credited on such segregated accounts (i) will be deemed as being outside of the servicer or depositary bank's estate, (ii) will not be subject to the suspension of payments; and (iii) will be returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and in any case prior to any distribution to be made thereunder. In addition, pursuant to Law 9/2014, the servicers and the sub-servicers are entitled to open segregated accounts (“*conti correnti segregati*”) with banks into which the amounts received from the assigned debtors on behalf of the special purpose vehicle may be credited. The creditors of the relevant servicer or sub-servicer may exercise claims only in respect of the amounts credited on such accounts that exceed the amounts due to the relevant special purpose vehicle. Should any insolvency procedure or restructuring agreement (“*accordo di ristrutturazione dei debiti*”) apply to the

relevant servicer or sub-servicer, the amounts credited on such segregated accounts will be deemed as being outside of the servicer's or sub-servicer's estate and will be returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and in any case prior to any distribution to be made thereunder. However, given the recent introduction of such amendments and in the absence of official interpretations and/or implementing rules, as of the date of this Prospectus, it is not clear if whether any particular formalities are required to be performed in order to open and manage segregated accounts and in this respect it is not possible to assess precisely whether the Issuer would benefit from segregation of the accounts as provided under Law 9/2014. For further details with respect to the Law 9/2014, please see the section headed "*Selected aspects of Italian Law – The Securitisation Law*".

In addition, no guarantee can be given on the fact that the parties to the Transaction will comply with the law provisions and contractual provisions which have been inserted in the relevant Transaction Documents in order to ensure the segregation of assets. Furthermore, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt. Notwithstanding the foregoing, the corporate object of the Issuer as contained in its by-laws is limited and the Issuer has also agreed to certain covenants in the Intercreditor Agreement and the Conditions restricting the activities that may be carried out by the Issuer and has furthermore covenanted not to enter into any transactions that are not contemplated in the Transaction Documents. To the extent that the Issuer has other creditors, the Issuer has established the Expenses Account and the funds therein may be used for the purposes of paying the ongoing fees, costs, expenses and taxes of the Issuer to third parties, excluding the Other Issuer Creditors, in respect of the Transaction.

1.6 Limited enforcement rights

The protection and exercise of the Noteholders' rights against the Issuer and the security under the Notes is one of the duties of the Representative of the Noteholders. The Rules of the Organisation of the Noteholders limit the ability of individual Noteholders to commence proceedings against the Issuer by conferring on the Meeting of the Noteholders the power to resolve on the ability of any Noteholder to commence any such individual actions.

1.7 Rights of set-off of borrowers

Under general principles of Italian law, the Borrowers would be entitled to exercise rights of set-off in respect of amounts due under any Claim against any amounts payable by the Originator to the relevant assigned Borrower. The transfer of receivables under the Securitisation Law is governed by article 58, paragraphs 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such provision, such transfer becomes enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice of transfer in the Official Gazette and (ii) the date of its registration in the competent Companies' Register. Consequently, after (i) publication in the Official Gazette of the notice of transfer of the Portfolio to the Issuer pursuant to the Transfer Agreement, and (ii) registration of the assignment in the register of companies where the Issuer is enrolled (and provided that the relevant Borrower has not accepted the assignment of its debt with an express qualification to maintain a right to set-off, as indicated in certain law cases by the Italian Supreme Court ("*Corte di Cassazione*") (i.e. judgement 5 March 1980, No. 1484 and 16 January 1979, No. 310)), the Borrowers shall not be entitled to exercise any set-off right against their claims against the Originator which arises after the date of such publication and registration.

In addition, the Italian consumer legislation set forth in the Consolidated Banking Act (i) provides for a more borrower friendly set-off ruling and (ii) attributes to the borrower the

right to terminate the loan and receive back any amount paid to the lender (and to any assignee) in case of breach by the supplier of the goods purchased by the borrower out of the loan. In any case, the Originator has represented under the Warranty and Indemnity Agreement there are no Mortgage Loans subject to the Italian consumer legislation. There can be no assurance that the Originator will have the financial resources to meet their respective obligations to indemnify the Issuer in the event that any such reduction arises. In any case Law 9/2014 expressly provides that assigned debtors in securitisation transactions shall not be entitled to exercise any set-off between the amounts due by them under the assigned receivables and their claims arisen after the date of publication in the Official Gazette of the notice of transfer of the relevant portfolio or the date certain at law (“*data certa*”) on which the relevant purchase price has been paid. For further details with respect to Law 9/2014, please see the section headed “*Selected aspects of Italian Law – The Securitisation Law*”.

Prospective noteholders should be aware that under the terms of the Warranty and Indemnity Agreement, the Originator has undertaken to indemnify the Issuer against any right of set-off which the Borrowers may exercise vis-à-vis the Issuer with respect to the Claims. Notice of the assignment of the Portfolio pursuant to the Transfer Agreement was published in the Official Gazette No. 61, Part II, of 24 May 2014 and registered with the Register of Enterprises of Milano on 20 May 2014.

1.8 Servicing of the Portfolio and potential conflicts of interest

Pursuant to the Servicing Agreement and as of its date of execution, the Portfolio will be serviced by the Originator (in its quality of Servicer). The net cash flows from the Portfolio may be affected by decisions made, actions taken and the collection procedures adopted pursuant to the provisions of the Servicing Agreement by the Servicer (or any permitted successors or assignees appointed under the Servicing Agreement). The Servicing Agreement prevents the Servicer from renegotiating, in the name and behalf of the Issuer, the Claims with the relevant Borrowers, other than when certain conditions specified in the Servicing Agreement are met. In order to mitigate the servicing risk in respect of the Portfolio, the Back-Up Servicer has been appointed before the Issue Date; however it is not certain that, in case of termination of the appointment of the Servicer under the Servicing Agreement, the Back-Up Servicer will fulfill its obligations to service the Portfolio. For further details see the section headed “*Description of the Servicing Agreement and the Back-Up Servicing Agreement*”.

The parties to the Transaction Documents perform multiple roles within the Transaction, including but not limited to (i) the Originator which is also Servicer, Limited Recourse Loan Provider and (ii) ICCREA Banca which is also Back-up Servicer and Operating Bank. Accordingly, conflicts of interest may exist or may arise as a result of the parties to this Transaction: (a) having engaged or engaging in the future in transactions with other parties of the Transaction; (b) having multiple roles in this Transaction and/or (c) executing other transactions for third parties. In any case, this risk factor is mitigated by the provisions indicated in the risk factor illustrated in the following paragraph 2.9 (*The Representative of the Noteholders*).

1.9 Further securitisations

The Issuer may purchase and securitise further portfolios of monetary claims in addition to the Portfolio. Pursuant to Article 3 of the Securitisation Law, the assets relating to each individual securitisation transaction will, by operation of law, be segregated from all other assets of the company that purchases the receivables. On a winding up of such company, such assets will only be available to holders of notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by such

company in connection with the securitisation of the relevant assets.

The implementation by the Issuer of any such further securitisation is subject to the conditions specified under Condition 3.10 (*Covenants - Further Securitisations*). According to such condition, it is a condition precedent, *inter alia*, to any such securitisation that the Issuer has notified in advance DBRS and Moody's of the implementation of each further securitisation, and that such implementation does not adversely affect the current ratings of the Class A Notes. See Condition 3 (*Covenants*).

1.10 Tax treatment of the Issuer

Taxable income of the Issuer is determined in accordance with Italian Presidential Decree No. 917 of 22 December 1986. Pursuant to the regulations issued by the Bank of Italy on 14 February 2006 (*Istruzioni per la Redazione dei Bilanci degli Intermediari Finanziari Iscritti nell' "Elenco Speciale", degli Imel, delle SGR e delle SIM*), the assets, liabilities, costs and revenues of the Issuer in relation to the securitisation of the Portfolio will be treated as off-balance sheet assets, liabilities, costs and revenues, to be reported in the notes to the financial statements. Based on the general rules applicable to the calculation of the net taxable income of a company, such taxable income should be calculated on the basis of accounting, *i.e.* on-balance sheet, earnings, subject to such adjustments as are specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Issuer in the context of the transfer to the Issuer of the Portfolio. This opinion has been expressed by scholars and tax specialists and has been confirmed by the tax authority (Circular No. 8/E issued by the Italian tax authority (*Agenzia delle Entrate*) on 6 February 2003) on the grounds that the net proceeds generated by the securitised assets may not be considered as legally available to an issuer insofar as any and all amounts deriving from the underlying assets are specifically destined to satisfy the obligations of such issuer to the noteholders, the originator and any other creditors of the issuer in respect of the securitisation of the underlying assets in compliance with applicable laws.

It is, however, possible that the Ministry of Economy and Finance or another competent authority may issue further regulations, letters or rulings relating to Law 130 which might alter or affect the tax position of the Issuer as described above in respect of all or certain of its revenues and/or items of income also through the non-deduction of costs and expenses.

A transfer of claims falls within the scope of VAT if it can be characterized as a supply of services rendered by the purchaser. In this respect, a transfer of claims entails a supply of services in the event and to the extent that (i) it has a "financial purpose" pursuant to Article 3, paragraph 2, item 3) of Presidential Decree of 26 October 1972, No. 633 and (ii) it is effected for consideration pursuant to Article 3, paragraph 1 of the above mentioned Presidential Decree. As far as the "financial purpose" is concerned, it must be pointed out that the transfer of the claims related to the securitisation in question takes place in the context of a "financial transaction" because (a) the Originator transfers the claims to the Issuer in order to enable the latter to raise funds (through the issuance of Notes collateralised by the claims) to be advanced to the Originator as transfer price of the claims; (b) the Issuer will effectively be entitled to retain for itself all collection and recoveries proceeds of the claims to the extent necessary to repay the principal amount of the Notes and to pay interest thereon and all costs borne by the Issuer in the context of the Transaction. As far as the transfer of claims for a consideration is concerned, it must be pointed out that this matter has been recently analyzed by the EU Court of Justice and by *Agenzia delle Entrate* (among others EU Court of Justice judgment of June 26, 2003 on case C-305/01 and Resolution No. 32/E of 11 March 2011 issued by *Agenzia delle Entrate*). According to the above judgments and resolutions, the remuneration of the "financial transaction" executed through the assignment of claims would be represented by any existing positive difference between the face value of the claims and the purchase price paid by the purchaser for the purchase of the same claims (*i.e.* the so-called

“Discount”) as well as by any commission paid by the transferor with the purpose to remunerate the transferee for the payment in advance made before the expiration of the claim, which in substance constitutes a financing. In the absence of a remuneration for the financing granted through the transfer of claims, such transfer cannot result in the supply of a “financial transaction” for VAT purposes. In a judgement (Judgement of October 27, 2011 on case C-93/10), the EU Court of Justice took an even more restrictive view on this matter, by stating, with specific reference to non-performing claims, as follows “*an operator who, at his own risk, purchases defaulted debts at a price below their face value does not effect a supply of services for consideration and does not carry out an economic activity falling within the scope of that directive when the difference between the face value of those debts and their purchase price reflects the actual economic value of the debts at the time of their assignment*”. On the basis of a cross interpretation of principles embodied in Resolution No. 32/E of 2011 and EU Court of Justice C-93/10, it can be summarized that, with specific reference to non-performing claims, whenever the amount paid by a purchaser in exchange for the acquisition of the claims reflects the actual economic value of the claims, no “financial service” for VAT purposes would be rendered by the purchaser. According to the above in a context of a securitisation transaction, as the one at stake, if (i) a portfolio of performing claims is not transferred either for a consideration due by the transferor to the transferee or for a discount below the face value of the claims or (ii) a portfolio of non-performing claims is transferred for a price not below the actual economic value of the claims at the time of their assignment, the relevant transfer could be treated not as a “financial transaction” rendered by the Issuer and therefore the transaction could not qualify for VAT purposes as *operazione esente* (VAT exempt subject to VAT at the zero per cent. rate) and could qualify instead as *operazione fuori campo* (out of the scope of VAT and not subject to VAT). In this respect, if a transaction does not fall within the scope of VAT, VAT is not due and proportional registration tax will be applicable. Should for any reason the Transfer Agreement be subject, either voluntarily or in case of use or enunciation, to registration, 0.5% registration tax will be payable on the nominal value of the transferred claims. However it must be pointed out that both EU Court of Justice decisions and *Agenzia delle Entrate* resolutions mentioned above make specific reference to the transfer of claims within the context of a factoring transaction and without specifically considering a securitisation transaction. Since both factoring and securitisation transactions share similar “financial purposes”, the general consensus in the tax doctrine is that the transfer of claims must be treated similarly within the context of both transactions. However a different interpretation may be suggested by a different characterisation of a securitisation transaction *vis à vis* a factoring transaction. In particular it may be argued that usually the purpose of the transfer of claims is that of raising funds (*i.e.* being financed) through the subscription of the senior notes by the investors (which remuneration are the interests on the senior notes).

Pursuant to Legislative Decree No. 141/2010 which modified article 3, paragraph 3, of Law 130, the Issuer is not any longer requested to be registered as financial intermediary under article 106 of the Banking Act while it is enrolled in the register for securitization vehicles held by the Bank of Italy pursuant to the Bank of Italy's regulation dated 29 April 2011. The Italian tax authority (*Agenzia delle Entrate*) has not changed its tax guidelines and the Issuer has been advised that the current tax regime has not been modified by the new regulations of Bank of Italy.

2. THE NOTES

2.1 Liability under the Notes

The Notes will be obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by the Originator (in any capacity), the Agent Bank, the Cash Manager, the Representative of the Noteholders, the Transaction Bank, the English Transaction Bank, the Operating Bank, the Servicer, the Limited Recourse Loan

Provider, the Corporate Services Provider, the Computation Agent, the Back-up Computation Agent, the Back-Up Facilitator, the Principal Paying Agent, the Arranger. No such person accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

The Notes are limited recourse obligations of the Issuer and amounts payable thereunder are payable solely from amounts received by the Issuer from or in respect of the Portfolio and the other Issuer's Rights and receipts under the Transaction Documents to which it is or will be a party. On the Issue Date, the Issuer will have no significant assets other than the Portfolio and the other Issuer's Rights. Although the Issuer may issue further notes subject to the terms of the Conditions and to the Quotaholder's Agreement, the Noteholders will not have any recourse to the assets securing such notes.

2.2 Subordination

Before the delivery of Trigger Notice, with respect to the obligation of the Issuer to pay interest and repay principal on the Notes, the Conditions provide that the Class A Notes will rank *pari passu* and without any preference or priority among themselves; the Class B Notes of each Series will rank *pari passu* and without any preference or priority among themselves but will be subordinated to the Class A Notes in accordance to the Pre-Acceleration Order of Priority.

Following the delivery of a Trigger Notice, with respect to the obligation of the Issuer to pay interests and repay principal on the Notes, the Conditions provide that the Class A Notes will rank *pari passu* and without any preference or priority among themselves; the Class B Notes of each Series will rank *pari passu* and without any preference or priority among themselves but will be subordinated to the Class A Notes in accordance to the Acceleration Order of Priority.

No repayments of principal will be made on the Class B Notes until all principal due on the Class A Notes has been paid or is paid concurrently with such repayment as set forth in the Conditions.

If a Trigger Notice is served, as long as any Class A Notes are outstanding, unless notice has been given to the Issuer declaring the Class A Notes due and payable, the Class B Notes shall not be capable of being declared due and payable and the Class A Noteholders will be entitled to determine the remedies to be exercised. Remedies pursued by the Class A Noteholders could be adverse to the interests of the Class B Noteholders. No repayment of principal will be made on any Class of Notes until all principal due on each Class of Notes ranking in priority thereto has been repaid.

2.3 Yield and payment considerations

The yield to maturity of the Notes will depend on, *inter alia*, the amount and timing of repayment of principal under the Claims (including prepayments).

The yield to maturity of the Notes may be affected by a higher than anticipated prepayment rate under the Claims. Such rate cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates and margin offered by the banking system, the availability of alternative financing and local and regional economic conditions and recently enacted legislation which simplifies the refinancing of loans and possible future legislations enacted to the same purpose. Therefore, no assurance can be given as to the level of prepayments that will occur under the Portfolio.

2.4 Projections, forecasts and estimates

Estimates of the weighted average life of the Class A Notes included herein, together with any other projections, forecasts and estimates in this Prospectus, are forward-looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, actual results may vary from the projections, and the variations may be material. The potential noteholders are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Offering Circular and are based on assumptions that may prove to be inaccurate. No-one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Offering Circular.

2.5 Limited nature of credit ratings assigned to the Class A Notes

The credit ratings assigned to the Class A Notes reflects the Rating Agencies' assessment only in relation to a likelihood of timely payment of interest and the ultimate repayment of principal on or before the Final Maturity Date, not that such payments will be paid when expected or scheduled. These ratings are based, among other things, on the Rating Agencies' determination of the value of the Portfolio, the reliability of the payments on the Portfolio and the availability of credit enhancement.

The ratings do not address, among others, the following:

- the possibility of the imposition of Italian or European withholding tax; or
- the marketability of the Class A Notes, or any market price for the Class A Notes; or
- whether an investment in the Class A Notes is a suitable investment for the Noteholder.

A rating is not a recommendation to purchase, hold or sell the Class A Notes.

The Rating Agencies may lower their ratings or withdraw their ratings if, in the sole judgment of the Rating Agencies, the credit quality of the Class A Notes has declined or is in question. If any rating assigned to the Class A Notes is lowered or withdrawn, the market value of the Class A Notes may be affected.

2.6 Interest rate risk

The Claims have or may have interest payments calculated on a fixed rate basis or a floating rate basis (which may be different from the EURIBOR applicable under the Class A Notes and may have different fixing mechanism), whilst the Class A Notes will bear interest at a rate based on Three Month EURIBOR determined on each Interest Determination Date, subject to and in accordance with the Conditions. As a result, there could be a rate mismatch between interest accruing on the Class A Notes and on the Portfolio. As a result of such mismatch, an increase in the level of Three Month EURIBOR could adversely impact the ability of the Issuer to make payments on the Class A Notes.

2.7 Suitability

Prospective investors should determine whether an investment in the Class A Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in the Class A Notes and to arrive at their own evaluation of the investment.

Investment in the Notes is only suitable for investors who:

- (i) have the requisite knowledge and experience in financial and business matters to evaluate such merits and risks of an investment in the Class A Notes;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;
- (iii) are capable of bearing the economical risk of an investment in the Class A Notes; and
- (iv) recognise that it may not be possible to dispose of the Class A Notes for a substantial period of time, if at all.

Prospective investors in the Notes should make their own independent decision whether to invest in the Notes and whether an investment in the Notes is appropriate or proper for them, based upon their own judgement and upon advice from such advisers as they may deem necessary.

Prospective investors in the Class A Notes should not rely on or construe any communication (written or oral) of the Issuer, the Originator or the Arranger as investment advice or as a recommendation to invest in the Class A Notes, it being understood that information and explanations related to the Conditions shall not be considered to be investment advice or a recommendation to invest in the Class A Notes.

No communication (written or oral) received from the Issuer, the Servicer or the Originator or from any other person shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Class A Notes.

2.8 Absence of secondary market

There is not at present an active and liquid secondary market for the Class A Notes. The Class A Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Although the application has been made to the Irish Stock Exchange for the Class A Notes to be admitted to the official listing and trading on its regulated market, there can be no assurance that a secondary market for the Class A Notes will develop, or, if a secondary market does develop in respect of any of the Class A Notes, that it will provide the holders of such Class A Notes with the liquidity of investments or that it will continue until the final redemption or cancellation of such Class A Notes. Consequently, any purchaser of Class A Notes must be prepared to hold such Class A Notes until the final redemption or cancellation.

In addition, illiquidity means that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield. Illiquidity can have a severe adverse effect on the market value of the Notes. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

It is the intention of the Originator to initially use the Class A Notes as collateral in repurchase transactions and/or as collateral in connection with liquidity and/or open market operations with the European Central Bank or other qualified investors.

Prospective Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes.

Moreover, the current liquidity stress has stalled the primary market for a number of financial products, including instruments similar to the Notes. While it is possible that the current liquidity stress may soon alleviate for certain sectors of the global credit markets, there can be no assurance that the market for securities similar to the Notes will recover at the same time or to the same degree as such other recovering global credit market sectors. In particular, the secondary market for residential mortgage-backed securities is continuing to experience disruptions resulting from, among other factors, reduced investor demand for such securities. This has had a materially adverse impact on the market value of residential mortgage-backed securities and resulted in the secondary market for residential mortgage-backed securities experiencing very limited liquidity. Structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities have been experiencing funding difficulties and have been forced to sell residential mortgage-backed securities into the secondary market. The price of credit protection on residential mortgage-backed securities through credit derivatives has risen materially. Limited liquidity in the secondary market may continue to have an adverse effect on the market value of residential mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. Consequently, whilst these market conditions continue to persist, an investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and market values of the Notes are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to Noteholders.

2.9 The Representative of the Noteholders

The Conditions and the Intercreditor Agreement contain provisions regarding the fact that the Representative of the Noteholders shall, as regards the exercise and performance of all its powers, authorities, duties and discretion, have regard to the interests of all Class of Noteholders and the Other Issuer Creditors provided that if, in the opinion of the Representative of the Noteholders (i) there is a conflict between their interests, the Representative of the Noteholders will have regard solely to the interests of the Noteholders; or (ii) there is a conflict between the interests of the holders of different Classes, the Representative of the Noteholders will consider only the interests of the holders of the Most Senior Class of Notes then outstanding; or (iii) there is a conflict between the interests of the Other Issuer Creditors, then the Representative of the Noteholders shall have regard to the interests of whichever of the Other Issuer Creditors ranks higher in the Order of Priority for the payment of the amounts therein specified.

2.10 Class A Notes as Eligible Collateral for ECB liquidity and/or open market transaction

After the Issue Date an application may be made to a central bank in the Eurozone to record the Class A Notes as eligible collateral, within the meaning of the guidelines issued by the European Central Bank (ECB) on September 2011 (*The implementation of monetary policy in the Euro area*) and on March 2013 (*Additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9*), as subsequently amended and supplemented, for liquidity and/or open market transactions carried out with such central bank. In this respect, it should be noted that in accordance with their policies, neither the ECB nor the central banks of the Eurozone will confirm the eligibility of the Class A Notes for the above purpose prior to their issuance and if the Class A Notes are accepted for such purpose, the relevant central bank may amend or withdraw any such approval in relation to the Class A Notes at any time. The assessment and/or decision as to whether the Class A Notes qualify as eligible collateral for liquidity and/or open market transactions rests with the relevant central bank.

None of the Issuer, the Originator and the Arranger or any other party to the Transaction Documents gives any representation or warranty as to the eligibility of the Class A Notes for

such purpose, nor do they accept any obligation or liability in relation to such eligibility or lack of it of the Class A Notes at any time.

2.11 Substitute tax under the Notes

Payments of interest and other proceeds under the Notes may in certain circumstances, described in the section headed “*Taxation in the Republic of Italy*” of this Prospectus, be subject to a Law 239 Deduction. In such circumstance, any beneficial owner of an interest payment relating to the Notes of any Class will receive amounts of interest payable on the Notes net of a Law 239 Deduction. Law 239 Deduction, if applicable is levied at the rate of 20 per cent (rising to 26 per cent. as of 1 July 2014 according to Law Decree No. 66/2014 (“**Decree 66/2014**”) to be converted into Law by 23 June 2014), or such lower rate as may be applicable under the relevant double taxation treaty.

In the event that any Law 239 Deduction or any other deduction or withholding for or on account of tax is imposed in respect of payments to Noteholders of amounts due pursuant to the Notes, the Issuer will not be obliged to gross-up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of any such deduction or withholding, or otherwise

2.12 EU Directive on the taxation of savings income

Directive on the taxation of savings income under which Member States are required starting from July 1, 2005, to provide to the tax authorities of another Member State the details of payments of interest (or similar income) paid by a person within its jurisdiction, qualifying as paying agent under the Directive, to an individual resident in that other Member State, except that, 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 Third Countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures.

Luxembourg and Austria may however elect to introduce automatic exchange of information during the transitional period, in which case they will no longer apply the withholding tax.

Based on the available information, Luxembourg announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Council Directive. On March 24, 2014, the European Council adopted a revised version of the Council Directive. National rules for transposing the revised Council Directive should be adopted by the Member States by January 1, 2016.

The Council Directive was implemented in Italy by Legislative Decree No. 84 of 18 April 2005. Pursuant to said decree, subject to a number of important conditions being met, with respect to interest paid to individuals who qualify as beneficial owners of the interest payment and are resident for tax purposes in another EU Member State or in a dependent or associated territory under the relevant international agreement, Italian paying agents (e.g., banks, SIMs, SGRs., financial companies and fiduciary companies resident in Italy for tax purposes, permanent establishments in Italy of non-resident persons as well as any other person resident in Italy for tax purposes paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information of 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.

The same details of payments of interest (or similar income) shall be provided to the tax authorities of a number of non-EU countries and territories, which have agreed to adopt

similar measures with effect from the same date.

2.13 Change of law

The structure of the transaction and, *inter alia*, the issue of the Notes and the ratings assigned to the Class A Notes are based on Italian law, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Italian law, tax or administrative practice will not change after the Issue Date or that any such change will not adversely impact the structure of the transaction and the treatment of the Notes.

3. GENERAL RISKS

3.1 Mortgage Loans' performance

The Portfolio is comprised of performing residential mortgage loans governed by Italian law. The Portfolio has characteristics that show the capacity to produce funds to service payments due on the Notes. However, there can be no guarantee that the Borrowers will not default under such Mortgage Loans and that they will continue to perform their relevant payment obligations. The recovery of amounts due in relation to any defaulted claims will be subject to effectiveness of enforcement proceedings in respect of the Portfolio which, in the Republic of Italy, can take a considerable time depending on the type of action required and where such action is taken as well as depend on several other factors.

These factors include the following: proceedings in certain courts involved in the enforcement of mortgage loans and mortgages may take longer than the national average; obtaining title deeds from land registries which are in the process of computerising their records can take up to two (2) or three (3) years. For the Republic of Italy as a whole, it takes an average of six (6) to seven (7) years from the time lawyers commence enforcement proceedings until the time an auction date is set for the forced sale of any assets. In this respect, it is to be taken into account that Italian Law No. 302 of 3 August 1998 ("*Norme in tema di espropriazione forzata e di atti affidabili ai notai*") (the "**Law No. 302**") has allowed notaries to conduct certain stages of the foreclosure procedures in place of the courts and that by means of Law No. 80 of 14 May 2005 ("*Conversione in legge, con modificazioni, del decreto-legge 14 marzo 2005, n. 35, recante disposizioni urgenti nell'ambito del Piano di azione per lo sviluppo economico, sociale e territoriale. Deleghe al Governo per la modifica del codice di procedura civile in materia di processo di cassazione e di arbitrato nonché per la riforma organica della disciplina delle procedure concorsuali*") extends such activity to lawyers, certified accountants and fiscal experts enrolled in a special register. The reforms are expected to reduce the length of foreclosure proceedings by between two (2) and three (3) years, although at the date of this Prospectus, the impact which the mentioned laws will have on the Mortgage Loans comprised in the Portfolio cannot be fully assessed. See the section headed "*Selected Aspects of Italian Law*".

3.2 Risk of losses associated with Borrowers

General economic conditions and other factors have an impact on the ability of Borrowers to repay the Mortgage Loans. Loss of earnings, illness, divorce, decrease in turnover, increase in operating or in financial costs and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers, which may lead to a reduction in Mortgage Loans payments by such Borrowers and could reduce the Issuer's ability to service payments on the Notes.

The Mortgage Loans have been entered into with Borrowers which are individuals (*persone fisiche*) or entities (*persone giuridiche*). In any case, some of the Borrowers may fall within the scope of application of the Royal Decree No. 267 of 16 March 1942, as subsequently

amended and supplemented (the "**Bankruptcy Law**") and as such may be subject to insolvency proceedings (*procedure concorsuali*) under the Bankruptcy Law.

In the event of insolvency, prepayments made by a Borrower (to the extent the same is subject to the Bankruptcy Law) under the relevant Mortgage Loan Agreement may be declared ineffective pursuant to article 65 of the Bankruptcy Law which provides that a payment of a debt not yet due and payable, which falls due and payable on or after the date of declaration of bankruptcy of a debtor is ineffective towards the creditors of the bankruptcy estate if such payment is made by the debtor in the two -years preceding the declaration of bankruptcy (including, accordingly, any prepayments made under a loan agreement).

Securitisation Law, as amended by Law 9/2014, provides that (i) the claw-back provisions set forth in article 67 of the Bankruptcy Law do not apply to payments made by the Borrowers to the Issuer in respect of the securitised Claims and (ii) the payments made by the Borrower under the securitised Claims are not subject to the declaration of ineffectiveness pursuant to article 65 of the Bankruptcy Law. For further details with respect to Law 9/2014, please see the section headed "*Selected aspects of Italian Law – The Securitisation Law*".

More in general, with respect to the insolvency proceedings, due to the complexity of these procedures, the time involved and the possibility for challenges and appeals by the debtor and the other parties involved, there can be no assurance that any such insolvency proceeding would result in the payment in full of outstanding amounts under the Mortgage Loans or that such proceedings would be concluded before the stated maturity of the Notes. For further details see section headed "*Selected Aspects of Italian Law*".

3.3 Restructuring arrangements in accordance with Law No. 3 of 27 January 2012

Law No. 3 of 27 January 2012 (the "**Law 3/2012**"), as amended, applies, *inter alios*, to (i) debtors who are not eligible to be adjudicated bankrupt under the Bankruptcy Law; or (ii) to debtors which have not benefited of any procedure set out by Law 3/2012 in the past five years. In any case the debtors must comply with article 7 of Law 3/2012 in order to benefit from the procedure provided by Law 3/2012.

In addition a specific procedure is provided by Law 3/2012 in relation to debtors who qualify as consumers ("*consumatori*").

In particular, according to the provision of Law 3/2012, a debtor in a state of over indebtedness ("*stato di sovraindebitamento*") is entitled to submit to his creditors, with the assistance of a competent body ("*Occ-Organismi per la Composizione della Crisi*"), a debt restructuring arrangement (the "**Restructuring Agreement**") which shall in any case ensure the full payment of the creditors whose claims towards the relevant debtor are not subject to be attached ("*pignorati*") in accordance with article 545 of the Italian code of civil procedure.

The Restructuring Agreement shall provide the revised terms of payment of all of the debtor's obligations, including – at certain conditions – the secured creditors ("*creditori privilegiati*"). The Restructuring Agreement becomes effective, upon approval ("*omologazione*") by the competent Court (which shall be given in any case within 6 months from the date on which the proposal of Restructuring Agreement is submitted by the relevant debtor). In any case a favorable vote of creditors representing at least 60% of the debtor's claims is required for the approval of the Restructuring Agreement.

Under the approved Restructuring Agreement, which shall be binding for all of the creditors of the relevant debtor, the latter may obtain: (a) up to a one-year period moratorium for secured creditors ("*creditori privilegiati*"); (b) the suspension of all foreclosure procedures and seizures ("*sequestri conservativi*") against it; (c) that creditors will be prevented from

creating pre-emption rights (“*diritti di prelazione*”) on the debtor’s assets; and (d) that legal interests will stop to accrue.

As a consequence of the entering into force of the Restructuring Agreement, the debtor’s assets will be considered as attached, and could not be further attached by upcoming creditors.

The Restructuring Agreement ceases to be effective if the relevant debtor does not pay the obligations set out therein within 90 days from the established deadlines, or if they attempt to fraud its creditors. The Restructuring Agreement does not prejudice claims owed to the relevant debtor’s guarantors and co-obligors.

As an alternative to the procedure described hereabove, the debtors (i) in a state of over indebtedness (“*stato di sovraindebitamento*”) and (ii) which have not benefited of any procedure set out by Law 3/2012 in the past five years, may request the voluntary winding up of all its assets.

In particular, under such procedure the competent judge, upon request of the relevant debtor, is entitled to issue a decree by means of which they will appoint a liquidator, and order the relevant debtor to transfer its assets to such liquidator. The appointed liquidator will then pay creditors proportionally to their claims (save for claims with pre-emption causes (“*diritti di prelazione*”). Upon such decree being issued by the competent Court, all the foreclosure procedures and seizures (“*sequestri conservativi*”) on the debtor’s assets will be suspended. Such procedure cannot have a duration lower than four years. Consequently, should the debtor acquire further assets within four years from the date on which the filing has been made by the relevant debtor, such new assets will form part of the liquidator’s assets and will be applied by the latter to pay the creditors of the relevant debtor.

Should any Borrower enter into a proceeding set out by Law 3/2012, the Issuer could be subject to the risk of having the payments due by the relevant Borrower suspended for up to one year (in case of the entering into of Restructuring Agreement) or part of its debts released. However, given the novelty of this new legislation, the impact thereof on the cashflows deriving from the Portfolio and, as a consequence, on the amortisation of the Notes may not be predicted as at the date of this Prospectus.

3.4 Real estate investments

All the Mortgage Loans are secured by real estate assets and subject to the risks inherent in investments in or secured by real property. Such risks include adverse changes in national, regional or local economic and demographic conditions in Italy and in real estate values generally as well as in interest rates, real estate tax rates, other operating expenses, inflation and the strength or weakness of Italian national, regional and local economies, the supply of and demand for properties of the type involved, zoning laws or other governmental rules and policies (including environmental restrictions and changes in land use) and competitive conditions (including construction of new competing properties) all of which may affect the value of the real estate assets and the collections and recoveries generated by them.

The performance of investments in real estate has historically been cyclical. There is a possibility of losses with respect to the real estate assets for which insurance proceeds may not be adequate or which may result from risks that are not covered by insurance. As with all properties, if reconstruction (for example, following destruction or damage by fire or flooding) or any major repair or improvement is required to be made to a real estate asset, changes in laws and governmental regulations may be applicable and may materially affect the cost to, or ability of, the owner to effect such reconstruction, major repair or improvement. Any of these events would affect the amount realised with respect to the Mortgage Loans, and consequently, the amount available to make payments on the Notes.

3.5 Italian Usury Law

Italian Law No. 108 of 7 March 1996 (“*Disposizioni in materia di usura*”) (as also amended by law decree number 70 of 13 May 2011 (“*Decreto Sviluppo*”), as converted into Law no. 106 of 12 July 2011) (the “**Usury Law**”) introduced legislation preventing lenders from applying interest rates equal to or higher than the thresholds set on a quarterly basis by a decree issued by the Italian Treasury (the “**Usury Thresholds**”) (the latest of such decrees has been issued on 24 March 2014 and being applicable for the quarterly period from 1 April 2014 to 30 June 2014). Such rates are applicable without retroactive effect (*ex nunc*), as confirmed by the Italian Supreme Court (“*Corte di Cassazione*”) decision number 46669 of 23 November 2011. In particular the Italian Supreme Court (“*Corte di Cassazione*”), with two aligned decisions, number 12028 of 19 February 2010 and number 28743 of 14 May 2010, has recently clarified that in the calculation of the interest rate for the assessment of its compliance with the Usury Law, any costs and/or expenses, including overdraft (“*commissione di massimo scoperto*”), related to the relevant agreement (other than taxes and fees) shall also be considered. In addition, the Italian Supreme Court (“*Corte di Cassazione*”), with the decision number 350 of 9 January 2013 has further clarified that, for the purpose of such calculation, also default interests (“*interessi moratori*”) shall be taken into account. It should be noted that, pursuant to Usury Law, even though the applicable Usury Thresholds are not exceeded, interests and other advantages and/or remunerations might be held usurious if: (i) they are disproportionate to the sum lent (taking into account, in evaluating such condition, the specific terms and conditions of the transaction and the average rate usually applied to similar transactions); and (ii) the person who paid or accepted to pay the relevant amounts was, at the time it made such payment or undertook the obligation, in financial and economic difficulties.

On 29 December 2000, the Italian Government issued law decree No. 394 (“*Interpretazione autentica della legge 7 marzo 1996, n. 108*”) (the “**Decree 394/2000**”), turned into Law No. 24 of 28 February 2001 (“*Conversione in legge, con modificazioni, del decreto-legge 29 dicembre 2000, n. 394, concernente interpretazione autentica della legge 7 marzo 1996, n. 108, recante disposizioni in materia di usura*”), which clarified the uncertainty over the interpretation of the Usury Law and provided, *inter alia*, that interest will be deemed to be usurious only if the interest rate agreed by the parties exceeded the Usury Thresholds at the time when the loan agreement or any other credit facility was entered into or the interest rate was agreed. Decree 394/2000 also provided that as an extraordinary measure due to the exceptional fall in interest rates in 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on fixed rate loans (other than subsidised loans) already entered into on the date such decree came into force (such date being 31 December 2000) are to be substituted, except where the parties have agreed to more favourable terms, with a lower interest rate set in accordance with parameters fixed by such decree by reference to the average gross yield of multiannual treasury bonds (“*Buoni Tesoro Poliennali*”) in the period from January 1986 to October 2000.

The Italian Constitutional Court (“*Corte Costituzionale*”) has rejected, with decision no. 29/2002 (deposited on 25th February 2002), a constitutional exception raised by the Court of Benevento concerning article 1, paragraph 1, of the Usury Law. In so doing, the Constitutional Court has confirmed the constitutional validity of the provisions of the Usury Law which holds that the interest rates may be deemed to be void due to usury only if they infringe the Usury Law at the time they are agreed upon between the borrower and the lender and not as at the time such rates are actually paid by the borrower.

Prospective Noteholders should note that under the terms of the Warranty and Indemnity Agreement, the Originator has represented and warranted to the Issuer, *inter alia*, that the terms and conditions of each Mortgage Loan are, and the exercise by the Originator of its rights thereunder is, in each case, in compliance with all applicable laws and regulations

including, without limitation, all laws and regulations relating to banking activity, *credito fondiario*, usury and personal data protection provisions in force at the time, as well as in compliance with the internal procedures from time to time adopted by the Originator. See the section headed “*Description of the Warranty and Indemnity Agreement*”.

3.6 Compounding of interest (*Anatocismo*)

According to article 1283 of the Italian Civil Code, in respect of a monetary claim, interests accrued for at least six months can be capitalised and provided that the capitalisation has been agreed after the date when they have become due or from the date when the relevant legal proceedings are commenced in respect of that monetary claim, save there are no contrary recognised customary practices (“*usi normativi*”). Banks in Italy have traditionally capitalised accrued interests on a quarterly basis on the grounds that such practice could be characterized as a customary practices. Certain judgments from Italian Courts (including Judgments No. 2374/99 and No. 2593/03 of the Italian Supreme Court (“*Corte di Cassazione*”)) have held that such practice do not meet the legal definition of customary practices. In this respect, it should be noted that article 25, paragraph 2, of the Decree No. 342 of 4 August 1999 (the “**Decree**”) has delegated to the Interministerial Committee of Credit and Saving (the “**CICR**”) powers to fix the conditions for the capitalization of accrued interests. As a matter of fact, the CICR, pursuant to article 3 of a Resolution dated 9 February 2000 (the “**Resolution**”), has provided, in relation to loans involving a deferred repayment that, in case of breach by the debtor, the amount due on the maturity of each instalment, shall produce interests from such date up to the date of the actual payment, if so provided by the relevant contract. Moreover, article 25, paragraph 3, of the Decree provides that the provisions relating to the capitalization of accrued interest set forth in contracts entered into before the date of the Resolution are valid and effective up to the date thereof and after such date shall be consistent to the provisions of the Resolution. Such Decree has been challenged, however, before the Italian Constitutional Court on the grounds that it falls outside the scope of the powers delegated under the Legge Delega, and article 25 paragraph 3 of the Decree has been declared unconstitutional by decision No. 425 of 9/17 October 2000 issued by the Italian Constitutional Court. On the basis of the foregoing, it cannot be excluded that borrowers may, where appropriate, challenge the practice of capitalising interest by banks on the grounds set forth by the Italian Supreme Court (“*Corte di Cassazione*”) in the above mentioned decision and, therefore, that a negative effect on the returns generated from the residential and commercial mortgage loan could derive.

With respect to this matter, a ruling issued on 29 October 2008 by the Court of Bari (honorary judge of the detached office of Rutigliano) declared some mortgage loan agreements (executed in 1988 and 1989) that were based upon the amortisation method known as “*French amortisation*” (i.e. mortgage loans with fixed instalments, made up of an amount of principal (that progressively increases) and an amount of interest (that decreases as repayments are made) calculated with a compound interest formula, as partially void.

In the case at hand, the technical consultancy requested by the judge showed that the instalments were calculated with a compound interest formula not expressly stated in the agreement, and that from the application of such formula the effective interest was higher than the nominal interest. The debtors were not able to realise, therefore, at the time of execution of the relevant mortgage loans, the effective high interest to be paid, as the nominal annual interest was that resulting from the agreement while the effective interest could only be inferred from time to time on the basis of the amortisation plan. Considering that the calculation of compound interest is permitted only within the limits of article 1283 of the Italian Civil Code, as described above (i.e. the compounding has to follow the maturation of interest and never to precede it, as occurs in such French amortisation), the judge declared that the relevant mortgage loans were partially void and recalculated the amortisation plans

with reference to the applicable legal rate, so determining an interest rate lower than to that paid by the debtors.

Recently, article 1, paragraph 629 of law No. 147 of 27 December 2013 (so called, “*Legge di Stabilità 2014*”) amended article 120, paragraph 2, of the Consolidated Banking Act, providing that interests shall not accrue on capitalised interests. However, given the novelty of this new legislation and the absence of any jurisprudential interpretation, the impact of such new legislation may not be predicted as at the date of this Prospectus.

Under the terms of the Warranty and Indemnity Agreement, the Originator has undertaken to indemnify the Issuer in respect of any losses, costs and expenses that may be incurred by the Issuer in connection with any challenge in respect of the Claims. See the section headed “*Description of the Warranty and Indemnity Agreement*”.

3.7 Claw-back of the sale of the Portfolio

A transfer pursuant to the Securitisation Law may be subject to a claw-back action of such sale by a liquidator of the transferor: (i) if the sale is not undervalued, within three months following the transfer if: (a) the transferor was insolvent at the time of the transfer; and (b) the liquidator can prove that the transferee was, or ought to have been, aware of such insolvency; or (ii) if the sale is undervalued, within six months following the transfer if: (a) the transferor was insolvent at the time of the transfer; and (b) the transferee cannot prove that it was not, or ought not to have been, aware of such insolvency.

Accordingly, if the Originator was insolvent at the date of the execution of the Transfer Agreement and the Issuer was, or ought to have been, aware of such insolvency, the relevant transfer may, in certain circumstances, be subject to claw-back by a liquidator of the Originator. Under the Warranty and Indemnity Agreements, the Originator has represented that it was solvent as of the date of the transfer, and that such representations shall be deemed to be repeated as of the Issue Date by the Originator, and that all appropriate solvency certificates have been obtained as of the date of the transfer of the Portfolio.

3.8 Mutui Fondiari

The Mortgage Loans include, *inter alia*, mortgage loans qualifying as “*mutui fondiari*”. In addition to the general legislation commonly applicable to mortgage lending, “*mutui fondiari*” are regulated by specific legislation (“*credito fondiario*”), which grants certain rights to the borrower and the mortgage lender which are not provided for by the general legislation. For further details see the section headed “*Selected aspects of Italian law - Mutui fondiari*”.

3.9 Article 120-ter of the Consolidated Banking Act

Article 120-ter of the Consolidated Banking Act provides that any provisions imposing a prepayments penalty in case of early redemption of mortgage loans is null and void with respect to loan agreements entered into, with an individual as borrower for the purpose of purchasing or restructuring real estate properties destined to residential purposes or to carry out the borrower's own professional or business activities. For a description of the main terms of the article 120-ter of the Consolidated Banking Act, see the section headed “*Selected aspects of Italian law –Article 120-ter of the Consolidated Banking Act*”.

The Italian banking association (“**ABI**”) and the main national consumer associations have reached an agreement (the “**Prepayment Penalty Agreement**”) regarding the equitable renegotiation of prepayment penalties with certain maximum limits calculated on the outstanding amount of the loans (the “**Substitutive Prepayment Penalty**”) containing the following main provisions: (i) with respect to variable rate loan agreements, the Substitutive

Prepayment Penalty should not exceed 0.50% and should be further reduced to (a) 0.20% in case of early redemption of the loan carried out within the third year from the final maturity date and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (ii) with respect to fixed rate loan agreements entered into before 1 January 2001, the Substitutive Prepayment Penalty should not exceed 0.50%, and should be further reduced to: (a) 0.20%, in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (iii) with respect to fixed rate loan agreements entered into after 31 December 2000, the Substitutive Prepayment Penalty should be equal to: (a) 1.90% if the relevant early redemption is carried out in the first half of loan's agreed duration; (b) 1.50% if the relevant early redemption is carried out following the first half of loan's agreed duration, provided however that the Substitutive Prepayment Penalty should be further reduced to: (x) 0.20%, in case of early redemption of the loan carried out within three years from the final maturity date; and (y) zero, in case of early redemption of the loan carried out within two years from the final maturity date.

The Prepayment Penalty Agreement introduces a further protection for borrowers under a “safeguard” equitable clause (the “*Clausola di Salvaguardia*”) in relation to those loan agreements which already provide for a prepayment penalty in an amount which is compliant with the thresholds described above. In respect of such loans, the *Clausola di Salvaguardia* provides that: (1) if the relevant loan is either: (x) a variable rate loan agreement; or (y) a fixed rate loan agreement entered into before 1 January 2001; the amount of the relevant prepayment penalty shall be reduced by 0.20%; (2) if the relevant loan is a fixed rate loan agreement entered into after 31 December 2000, the amount of the relevant prepayment penalty shall be reduced by (x) 0.25% if the agreed amount of the prepayment penalty was equal or higher than 1.25%; or (y) 0.15%, if the agreed amount of the prepayment penalty was lower than 1.25%.

Finally the Prepayment Penalty Agreement sets out specific solutions with respect to hybrid rate loans which are meant to apply to the hybrid rates the provisions, as more appropriate, relating respectively to fixed rate and variable rate loans.

Prospective Noteholders' attention is drawn to the fact that, as a result of the entry into force of the Prepayment Penalty Agreement, the rate of prepayment in respect of Mortgage Loans can be higher than the one traditionally experienced by the Originator for mortgage loans and that the Issuer may not be able to recover the prepayment fees in the amount originally agreed with the Borrowers.

3.10 Article 120-quater of the Consolidated Banking Act

Article 120-quater of the Consolidated Banking Act provides that any borrower may at any time prepay the relevant mortgage loan funding such prepayment by a loan granted by another lender which will be subrogated pursuant to article 1202 of the Italian civil code (“*surrogato per volontà del debitore*”) in the rights of the former lender, including the mortgages (without any formalities for the annotation of the transfer with the land registry, which shall be requested by enclosing a certified copy of the deed of subrogation (“*atto di surrogazione*”) to be made in the form of a public deed (“*atto pubblico*”) or of a deed certified by a notary public with respect to the signature (“*scrittura privata autenticata*”) without prejudice to any benefits of a fiscal nature.

In the event that the subrogation is not completed within ten days from the relevant request from the succeeding lender to the former lender to start the relevant cooperation procedures, the original lender shall pay to the borrower an amount equal to 1% of the amount of the loan for each month or part thereof of delay, provided that if the delay is due to the succeeding lender, the latter shall repay to the former lender the delay penalty paid by it to the borrower.

As a consequence of the above and, as a result of the subrogation, the rate of prepayment of the Mortgage Loan Agreements might materially increase; such event might therefore have an impact on the yield to maturity of the Notes.

3.11 Suspension of mortgage instalments

Italian Law No. 244 of 24 December 2007 (the Italian budget law for year 2008 (the “**2008 Budget Law**”)) provided, *inter alia*, that borrowers of loans granted for the purchase of real estate property to be used as the borrower's main residence (“*abitazione principale*”) may request that payment of instalments thereunder be suspended at the terms specified therein.

The 2008 Budget Law provide for the establishment of a fund (“*Fondo di solidarietà per i mutui per l'acquisto della prima casa*”) (the “**Fund**”) created for the purpose of bearing certain costs deriving from the suspension of payments by the borrowers and referred to an implementing regulation to be issued by the Ministry of the Economy and Finance (“*Ministro dell'economia e delle finanze*”) in conjunction with the Ministry of the Social Solidarity (“*Ministro della solidarietà sociale*”). Pursuant to the decree of the General Director of Treasury Department of the Ministry of Economy and Finance issued on 14 September 2010, CONSAP (“*Concessionaria Servizi Assicurativi S.p.A*”) was selected as managing company of the Fund.

On 21 June 2010, Ministerial Decree number 132 issued by the Ministry of Economy and Finance and published in the Official Gazette of the Republic of Italy on 18th of August 2010, as amended by Decree number 37 of 22 February 2013 (the “**Decree 132**”), set out the requirements to be complied with by borrowers in order to have the right to the aforementioned suspension and the subsequent aid from the Fund.

The 2008 Budget Law has been supplemented by Law No. 92 of 28 June 2012 (the “**Law 92**”), which has modified the requirements to be met by borrowers to benefit of the aids provided for by the Fund. In particular, Law 92 provides that the suspension of the payment of mortgage loans instalments can be granted for a period of 18 (eighteen) months upon the occurrence of at least one of the following events with respect to the relevant borrower:

- (i) termination of an employment contract of indeterminate duration;
- (ii) termination of a fixed term employment contract;
- (iii) termination of one of the employment relationships provided for by article 409, No. 3) of the Italian civil procedure code; or
- (iv) death or declaration of handicap or disability for at least 80%.

Decree 132 has been supplemented by a new decree, entered into force on 27 April 2013, which has been enacted for the purpose make Decree 132 compliant with the new provisions of Law 92.

Starting from 27 April 2013, new requests to access to the aids granted by the Fund shall be submitted (in accordance with the requirements and the conditions provided for by Law 92) by using the documentation published on the CONSAP official website <http://www.consap.it/> (for the avoidance of doubt, such website does not constitute part of this Prospectus). As to regard, the requests submitted to CONSAP before 17 July 2012, such requests shall be regulated by the provisions of the Decree 132.

As specified in Law 92, the suspension of payments of the instalments can be granted also in favour of mortgage loans which have been object of securitisation transactions.

Any Borrower who will comply with the requirements set out in Law 92 might have the right to suspend the payment of the instalments of its Mortgage Loan and therefore there is the risk that the Issuer will experience a consequential delay in the collection of the relevant instalments. A significant number of applications by borrowers of Mortgage Loans concentrated over a specific period will have an adverse impact on the Issuer's cash flow of that period, although it should be considered that the aforementioned aids will be granted to the borrowers within the limits of the budget available to the Fund. Pursuant to the Italian Law Decree No. 102 of 31 August 2013, converted into Italian Law No. 124 of 28 October 2013, the budget of the Fund is increased of Euro 20,000,000 for each of 2014 and 2015 years.

3.12 Recharacterisation of English Law fixed security interests

There is a possibility that an English court could find that the fixed security interests expressed to be created by the Deed of Charge governed by English law could take effect as floating charges as the description given to them as fixed charges is not determinative.

Where the Issuer is free to deal with the secured assets, or any proceeds received on realisation of the secured assets, without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Whether the fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, amongst other things, on whether the Representative of the Noteholders (acting as security trustee) has the requisite degree of control over the Issuer's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the Representative of the Noteholders in practice.

If the fixed security interests are recharacterised as floating security interests, the claims of (i) the unsecured creditors (if any) of the Issuer in respect of that part of the net property of the Issuer which is ring fenced as a result of the Enterprise Act 2002 and (ii) certain statutorily defined preferential creditors of the Issuer may have priority over the rights of the Representative of the Noteholders to the proceeds of enforcement of such security. In addition, the expenses of an administration would also rank ahead of the claims of the Representative of the Noteholders as floating charge holder.

A receiver appointed by the Representative of the Noteholders would be obliged to pay preferential creditors out of floating charge realisations in priority to payments to the Other Issuer Creditors and the Noteholders). Following the coming into force of the insolvency provisions of the Enterprise Act 2002, the only remaining categories of preferential debts are certain amounts payable in respect of occupational pension schemes, employee remuneration and levies on coal and steel production.

If the Representative of the Noteholders was prohibited from appointing an administrative receiver by virtue of the amendments made to the Insolvency Act 1986 by the Enterprise Act 2002, or failed to exercise its rights to appoint an administrative receiver within the relevant notice period and the Issuer were to go into administration, the expenses of the administration would also rank ahead of the claims of the Representative of the Noteholders as floating charge holder.

Furthermore, in such circumstances, the administrator would be free to dispose of floating charge (and fixed charge) assets without the leave of the court, although the Representative of the Noteholders would have the same priority in respect of the property of the company representing the proceeds of disposal of such floating charge assets, as it would have had in respect of such floating charge assets.

3.13 Forward-looking statements

Words such as “intend(s)”, “aim(s)”, “expect(s)”, “will”, “may”, “believe(s)”, “should”, “anticipate(s)” or similar expressions are intended to identify forward-looking statements and subjective assessments. Such statements are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by such forward-looking statements. The potential noteholders are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Prospectus and are based on assumptions that may prove to be inaccurate. No-one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Prospectus.

3.14 Regulatory Capital Framework

The regulatory capital framework published by the Basel Committee on Banking Supervision (the “**Basel Committee**”) in 2006 (the “**Basel II Framework**”) has not been fully implemented in all participating countries. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as “**Basel III**”), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the “**Liquidity Coverage Ratio**” and the “**Net Stable Funding Ratio**”). Member countries will be required to implement the new capital standards from January 2014, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

3.15 Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Originator, the Arranger makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future.

Prospective investors should be aware that certain EU regulations provide for certain retention and due diligence requirements which shall be applied, or are expected to be applied in the future, with respect to regulated investors (including, *inter alia*, authorised alternative investment fund managers, insurance and reinsurance companies and UCITS funds, credit

institutions, investment firms or other financial institutions) which intend to invest in a securitisation transaction. Among other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that relevant investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 (five) per cent in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. In this perspective, prospective investors should note that the European Parliament and the EU Council adopted on 26 June 2013 Regulation (EU) No. 575/2013 and Directive 2013/36/EU (the so-called “**CRD IV**”). In particular, Directive 2013/36/EU governs the access to deposit-taking activities while Regulation No. 575/2013 (the “**CRR**” or the “**Capital Requirement Regulation**”) establishes the prudential requirements institutions need to respect. The CRD IV has replaced and re-casted, in general, with effect from 1 January 2014, Directives 2006/48/EC and 2006/49/EC, as amended by Directive 2009/111/EC. In particular, pursuant to Article 163 of Directive 2013/36/EU, Directive 2006/48/EC has been repealed with effect from 1 January 2014 and references to such repealed Directive shall be construed as references to Directive 2013/36/EU and to Regulation (EU) No 575/2013 and shall be read in accordance with the correlation tables set out respectively in the abovementioned Directive and Regulation.

The main role of CRD IV is to implement in the EU the key Basel III reforms agreed in December 2010. These include, *inter alios*, amendments to the definition of capital and counterparty credit risk and the introduction of a leverage ratio and liquidity requirements. In particular, in the context of this new European regulatory capital framework, the provisions of Article 122-*bis* of Directive 2006/48/EC, as amended by Directive 2009/111/EC have been re-casted by the new provisions of Articles 404 to 409 of CRR (which includes, *inter alios*, the extension of the applications of the requirements also to regulated investment firms). In addition, the current guidelines on the abovementioned Article 122-*bis* will be replaced by new and potentially different regulatory technical standards in relation to which, the European Banking Authority published on 17 December 2013 the final draft regulatory technical standards (“**RTS**”) on securitisation retention rules and related requirements, as well as the final draft implementing technical standards (“**ITS**”) on the convergence of supervisory practices related to the implementation of additional risk weights in the case of non-compliance with the retention rules consultation paper. These RTS and ITS have been developed respectively in accordance with Article 410(2) and 410(3) of the CRR. On 17 December 2013, the final standards have been submitted by the European Banking Authority to the European Commission for their adoption as EU Regulations, that will be directly applicable throughout the European Union. In this respect, it has to be noted that (i) on 13 March 2013, the European Commission adopted the provisional versions of the RTS, which, subject to the absence of any objection by the European Parliament and the Council, will be finally published as EU Regulation in the Official Journal of the European Union; and (ii) on 16 April 2014, the European Commission has adopted the final version of the ITS, which will enter into force following its publication in the Official Journal of the European Union. It is uncertain how any such changes to the current regime will affect transactions entered into previously. No assurance can be provided that any changes made or that will be made in connection with CRD IV and/or CRR (including through the corresponding regulatory technical standards) will not affect the requirements applying to relevant investors.

In particular, in Europe, investors should be aware that the Capital Requirements Regulation restricts an institution (credit institution, investment firm or other financial institution) from investing in asset-backed securities unless the originator, sponsor or original lender in respect

of the relevant securitisation has explicitly disclosed to such institution that it will retain, on an ongoing basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 405 of the CRR (“**Article 405**”). In addition, Article 406 of the CRR requires an EU regulated credit institution, before becoming exposed to the risks of a securitisation, and as appropriate thereafter, to be able to demonstrate to the competent authorities, for each of its securitisation transaction, that it has a comprehensive and thorough understanding of the key terms and risks of the transaction and it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis.

Pursuant to article 407 of the CRR, where an institution does not meet the requirements in articles 405, 406 or 409 of the CRR in any material respect by reason of the negligence or omission of the institution, the competent authorities shall impose a proportionate additional risk weight of no less than 250% of the risk weight (capped at 1 250%) which shall apply to the relevant securitisation positions in the manner specified in the CRR;

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear and this uncertainty is increased by certain legislative developments. In particular, in the context of the requirements which apply in respect of EU regulated credit institution investors, investment firms and authorised alternative investment fund managers, the corresponding interpretation materials (to be made in the form of technical standards) have not yet been finalised. No assurance can be provided that such final materials will not affect the compliance position of previously issued transactions and/or the requirements applying to relevant investors in general.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. Prospective Noteholders should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

With respect to the commitment of the Originator to retain a material net economic interest in the securitisation under Article 405, with respect to the information to be made available by the Issuer or another relevant party from article 405 to article 409 of the CRR, please refer to section headed “*Compliance with Article 405 of the CRR and with article 51 of the AIFMD 2 Regulation and Article*”.

Prospective Noteholders are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any and all relevant requirements applicable to it and none of the Issuer, the Originator, the Servicer, the Arranger or any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes. Prospective Noteholders who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the applicable provisions and any implementing rules in a relevant jurisdiction should seek guidance from their regulator.

The EU risk retention and due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

3.17 Risks arising from the sovereign debt crisis

The Issuer is affected by disruptions and volatility in the global financial markets. During the period between 2011 and 2012, the debt crisis in the Euro-zone intensified and three countries (Greece, Ireland and Portugal) requested the financial aid of the European Union and the International Monetary Fund. More recently, in 2013, aid was also requested by Cyprus. Credit quality has generally declined, as reflected by downgrades suffered by several countries in the Euro-zone, including Italy, since the beginning of the sovereign debt crisis in May 2010. The large sovereign debts and fiscal deficits in European countries have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries. These concerns may have an impact on Euro-zone banks' funding.

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

3.18 Macro-risks in the European Union

Global markets and economic conditions have been negatively impacted in recent years by market perceptions regarding the ability of certain EU member states to service their sovereign debt obligations. As a result of the credit crisis in the EU, monetary and political conditions and stability remain uncertain in the EU, in particular, in a number of the euro-zone members, including Greece, Italy, Ireland, Portugal, Cyprus and Spain. In particular concerns persist regarding the debt burden of certain Eurozone Countries and their ability to meet future financial obligations, the overall stability of the Euro and the suitability of the Euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the Euro entirely. Should the Euro dissolve entirely, the legal and contractual consequences for the Noteholders would be determined by laws in effect at such time.

In addition these potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes or have other unforeseen consequences relevant to the Noteholders. These developments could have material adverse impacts on financial markets and economic conditions throughout the world and, in turn, the market's anticipation of these impacts could have a material adverse effect on the business, financial condition and liquidity of the parties to the Transaction. In particular, these developments could disrupt payment systems, money markets, long-term or short-term fixed income markets, foreign exchange markets, commodities markets and equity markets and adversely affect the cost and availability of funding. Certain impacts, such as increased spreads in money markets and other short term rates, have already been experienced as a result of market expectations. These factors and general market conditions could adversely affect the performance of the Notes. There can be no assurance that governmental or other actions will improve these conditions in the future.

3.19 U.S. Foreign Account Tax Compliance Act Withholding

The U.S. Foreign Account Tax Compliance Act ("FATCA") generally imposes a new reporting regime and potentially a 30.00 per cent withholding tax with respect to certain payments to certain non-U.S. financial institutions (including entities such as the Issuer) that do not (i) enter into and comply with an agreement with the U.S. Internal Revenue Service ("IRS") to provide certain information about the holders of its debt or equity or (ii) comply

with any law implementing an intergovernmental agreement, if any, between the United States and the applicable residence jurisdiction (an “IGA”). The new withholding regime will be phased in beginning on 1 July 2014, with respect to certain U.S. source payments, but FATCA withholding on debt obligations generating non-U.S. source interest (such as the Notes) will not begin to apply at the earliest until 2017. Furthermore, in accordance with a grandfathering rule, even if the payments on the Notes are otherwise potentially subject to FATCA withholding, the Notes, so long as they are characterised as indebtedness for U.S. federal income tax purposes, should only become subject to the FATCA regime if the Notes are issued (or materially modified) after the date that is six months after the date final regulations defining the term “foreign passthrough payment” are published. No such final regulations have been published yet. In particular, a FATCA withholding tax may be triggered if (i) the issuer is a foreign financial institution (“FFI”) (as defined by FATCA), which enters into and complies with an agreement with the IRS to provide certain information on its account holders (a term which includes the holders of its debt or equity interests that are not regularly traded on an established securities market) (making the issuer a “participating FFI”), (ii) any payment by the issuer is considered to be attributable to any U.S. source “withholdable payment” to the issuer, and (iii) (a) an investor does not provide information sufficient for the participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States account” of such issuer, or (b) any FFI through which payment on the notes or other payments are made is not a participating FFI.

The United States is in the process of negotiating IGAs to implement FATCA with a number of jurisdictions. Different rules than those described above may apply if the Issuer or an investor is resident in a jurisdiction that has entered into an IGA. Italy and the United States have entered into a so-called Model 1 IGA under which information regarding direct and indirect U.S. investors in the Issuer may be provided to the Italian tax authorities, which would provide such information to the U.S. tax authorities. Under the Italian IGA, the Issuer will not be required to enter into an agreement with the IRS, but would instead be required to register with the IRS and comply with any Italian legislation that would be implemented to give effect to such IGA.

Because many aspects of the application of FATCA to the Issuer are uncertain and will have to be addressed in future legislation or regulatory guidance, it is not clear at this time how the FATCA reporting and withholding regime may affect interest, principal or other amounts due under the Notes or any payment to be made by any paying agent or any other Party to this Transaction, or what actions, if any, will be required to minimise the impact of FATCA on the Issuer and the Noteholders. No assurance can be given that the Issuer will take any actions or that, if actions are taken, they will be successful in minimising the new FATCA withholding tax. If an amount in respect of U.S. withholding tax (including under FATCA) were to be deducted or withheld from interest or principal on the Notes or other payments from a Party to this Transaction as a result of a holder’s failure to comply with these rules or as a result of the presence in the payment chain of a non-participating FFI, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions or any other Transaction Documents, be required to pay additional amounts as a result of the deduction or withholding of such tax.

Holders of Notes should consult their own tax advisors about the application of FATCA and on how the above rules may apply to, or affect, payments to be received under the Notes or any other payments to be made by the Parties to this Transaction.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for holders of the Class A Notes but the inability of the Issuer to pay interest or repay principal on the Class A Notes may occur for other reasons and the Issuer does not represent that the above statements of the risks of holding the Class A Notes are exhaustive. While the various structural elements described in this Prospectus are

intended to lessen some of these risks for holders of the Class A Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Class A Notes of any Class of interest or principal on such Notes on a timely basis or at all. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations.

THE PRINCIPAL PARTIES

ISSUER	Dominato Leonense S.r.l. , a limited liability company with a sole quotaholder, incorporated under article 3 of Law 130, enrolled in the register of the special purpose vehicles held by Bank of Italy pursuant to the Bank of Italy's regulation dated 29 April 2011 with No. 35128.8 whose registered office is at via Della Moscova, 3, 20121 Milano, fiscal code and VAT No. 08566700962, with paid-in share capital of Euro 10,000.
THE ORIGINATOR	Cassa Padana , a bank incorporated in Italy as a <i>società cooperativa</i> , whose registered office is at Via Garibaldi 25, 25024, Leno (BS), fiscal code and VAT No. 01741030983, enrolled with the register of banks held by Bank of Italy under No. 08340, with paid-in share capital of Euro 20,147,681.66 as of 31/12/2013 (" Cassa Padana ");
AGENT BANK	BNP Paribas Securities Services , a company incorporated under the laws of the Republic of France, having its registered office at 3, Rue d'Antin, 75002 Paris, France (" BNP Paribas Securities Services "), acting through its Milan branch, with offices at Via Ansperto, 5, 20123, Milan, Italy (" BNP Paribas Securities Services, Milan Branch "), or any other person from time to time acting as Agent Bank.
OPERATING BANK	ICCREA Banca S.p.A. , whose registered office is at Via Lucrezia Romana 41-47, Rome, Italy or any other person from time to time acting as operating bank (the " Operating Bank ") (" ICCREA Banca "), at which the Transitory Collections and Recoveries Account, the Expenses Account and the Quota Capital Account will be held.
TRANSACTION BANK	BNP Paribas Securities Services, Milan Branch , or any other person from time to time acting as transaction bank (the " Transaction Bank "), at which the Collections and Recoveries Account, the Payments Account and the Cash Reserve Account will be held.
ENGLISH TRANSACTION BANK	BNP Paribas Securities Services , acting through its London branch, with offices at 55 Moorgate, London EC2R 6PA, United Kingdom (" BNP Paribas Securities Services, London Branch "), or any other person from time to time acting as custodian and English transaction bank (the " English Transaction Bank "), at which the Investment Account will be held.
PRINCIPAL PAYING AGENT	BNP Paribas Securities Services, Milan Branch , or any other person from time to time acting as principal paying agent (the " Principal Paying Agent ").
REPRESENTATIVE OF THE NOTEHOLDERS	Accounting Partners S.r.l. , a limited liability company, VAT number 09180200017, whose registered office is at Corso Re Umberto 8 – 10121 Torino, Italy, acting through its operative office located in Milano, Via Statuto, 10 (" Accounting Partners ") or any other person from time to time acting as

representative of the noteholders (the “**Representative of the Noteholders**”).

ARRANGER

ICCREA Banca.

SERVICER

Cassa Padana, or any other person from time to time acting as servicer (the “**Servicer**”).

LIMITED RECOURSE LOAN PROVIDER

Cassa Padana, or any other person from time to time acting as limited recourse loan provider (the “**Limited Recourse Loan Provider**”).

BACK-UP SERVICER

ICCREA Banca, or any other person from time to time acting as back-up servicer (the “**Back-up Servicer**”).

CORPORATE SERVICES PROVIDER

FIS Full Integrated Solutions S.p.A., whose registered office is at Via della Moscova 3, 20121, Milan, Italy, or any other person from time to time acting as corporate services provider (the “**Corporate Services Provider**”).

CASH MANAGER

BNP Paribas Securities Services, Milan Branch, or any other person from time to time acting as cash manager (the “**Cash Manager**”).

COMPUTATION AGENT

Accounting Partners S.r.l., or any other person from time to time acting as computation agent (the “**Computation Agent**”).

BACK-UP COMPUTATION AGENT

BNP Paribas Securities Services, Milan Branch, or any other person from time to time acting as back-up computation agent (the “**Back-Up Computation Agent**”).

IRISH LISTING AGENT

BNP Paribas Securities Services, acting through its Luxembourg branch, with offices at 33, Rue de Gasperich, Howald Hesperange, L-5826, Luxembourg (“**BNP Paribas Securities Services, Luxembourg Branch**”), or any other person from time to time acting as Irish listing agent (the “**Irish Listing Agent**”).

QUOTAHOLDER

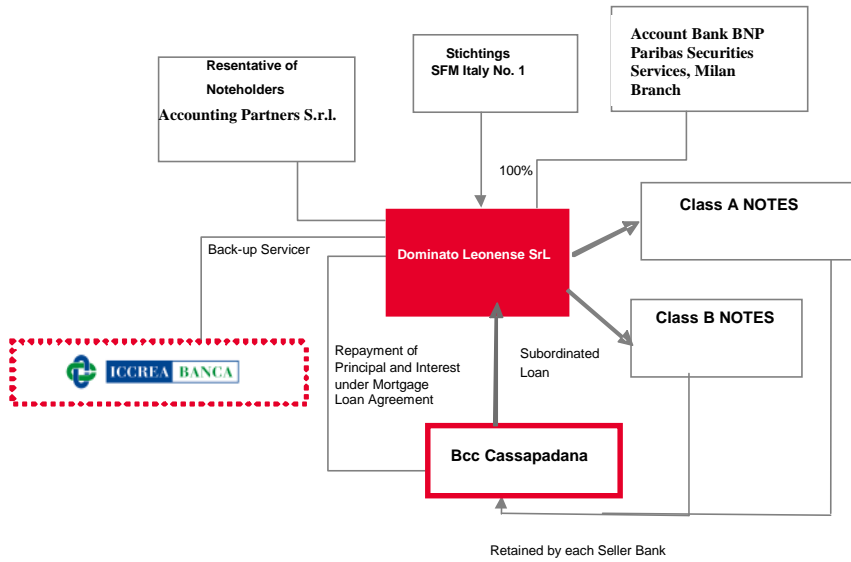
Stichting SFM Italy No. 1, a foundation incorporated under the laws of The Netherlands whose registered office is at 24 Claude Debussylaan, 18 Amsterdam, The Netherlands and enrolled at the Chamber of Commerce in Amsterdam at the No. 34370029 (the “**Quotaholder**”).

BACK-UP SERVICER FACILITATOR

Zenith Service S.p.A., a joint stock company (*società per azioni*), incorporated and organised under the laws of the Republic of Italy, with registered office at Via Guidubaldo Del Monte 61, 00197 Rome, and administrative office at Via Gustavo Fara n. 26, 20124 Milan, Italy, enrolled with the Companies Registrar of Rome under No. 02200990980, in the register of financial intermediaries held by the Bank of Italy pursuant to Article 106 of the Banking Act under number 32819, in the special register of financial intermediaries held by the Bank of Italy pursuant to Article 107 of the Banking Act and with a share capital of Euro 2,000,000

(“**Zenith**”) or any other person from time to time acting as back-up servicer facilitator (the “**Back-Up Servicer Facilitator**”).

TRANSACTION DIAGRAM



THE PORTFOLIO

The Portfolios purchased by the Issuer comprise debt obligations arising out of residential mortgage loans classified as performing by the Originator. The Originator is not allowed to transfer to the Issuer additional portfolio of claims.

SELECTION CRITERIA OF THE CLAIMS

The Claims included in the Portfolio have been selected on the basis of the following criteria (the “Criteria”) as at the Valuation Date (or at the specific date indicated with respect to the relevant Criterion), in order to ensure that the Claims have the same legal and financial characteristics.

The Criteria are as follows:

- a) Mortgage Loans denominated in Euro;
- b) Mortgage Loans regulated by Italian law;
- c) Mortgage Loans classified by the Originators as in bonis pursuant to the relevant supervisory provisions (“*normativa di vigilanza*”) enacted by the Bank of Italy;
- d) Mortgage Loans deriving from Mortgage Loan Agreements with reference to which at least an Instalment (including both the principal and the interest quota) has been paid;
- e) Mortgage Loans secured by a Mortgage in favour of the Originator which is (i) a first legal priority mortgage, or (ii) a first economic priority mortgage, meaning: (a) mortgages having a priority ranking lower than first legal priority provided that all obligations secured by mortgage/mortgages with prevailing priority, had been fully satisfied as at the Valuation Date; (b) mortgages having a priority ranking lower than first legal priority provided that all mortgages with prevailing priority (save for the further mortgages with prevailing priority whose secured obligations have been fully satisfied as at the Valuation Date) are registered in favour of the Originator as a security for claims that satisfy all the other Criteria related to the Originator;
- f) Mortgage Loans deriving from Mortgage Loan Agreements secured by a Mortgage on Real Estate Assets located in the Republic of Italy;
- g) Mortgage Loans with reference to which the pre-amortisation period (if any) specified in the relevant Mortgage Loan Agreement has elapsed;
- h) Mortgage Loans deriving from Mortgage Loan Agreements which provide for the full reimbursement on a date not later than 31 December 2042;
- i) Mortgage Loans whose Borrowers are individuals that, in compliance with the classification criteria set forth by the determination of Bank of Italy No. 140 dated 11 February 1991 (as subsequently amended), fall within the SAE activity sector (“*settore di attività economica*”) No. 600 (“*Famiglie Consumatrici*”), No. 614 (“*Artigiani*”) or No. 615 (“*altre famiglie produttrici*”);
- j) Mortgage Loans deriving from Mortgage Loan Agreements (1) which in relation to all the Installments which are due and payable, save for the last Installment, do not hold due and unpaid Installment as at the Valuation Date; (2) with reference to which the last Installment due and payable before the Valuation Date has been paid within 15 days following the relevant due date; (3) which, as at the Effective Date, do not hold due and unpaid Installments for more than 5 days;

- k) Mortgage Loans deriving from Mortgage Loans fully disbursed for which there is no obligation, neither it is possible, to disburse any further amount;
- l) Mortgage Loans deriving from Mortgage Loan Agreements whose relevant Borrowers are (i) individuals (“*persone fisiche*”) resident in Italy; (ii) or legal entities (“*persone giuridiche*”) incorporated under the Italian law and have their registered office in Italy;
- m) Mortgage Loans deriving from Mortgage Loan Agreements whose relevant Borrower’s guarantors are (i) individuals resident or domiciled in Italy and in any case resident in the European Economic Area or (ii) legal entities (“*persone giuridiche*”) incorporated under the law of a country being a member of the European Economic Area and have their registered office in a country being a member of the European Economic Area;
- n) Mortgage Loans in relation to which the prevailing Real Estate Assets on which the Mortgage has been created - the prevailing Real Estate Asset being the Real Estate Asset which, in case of one or more Mortgages created on one or more Real Estate Assets securing the same Mortgage Loan, has the highest appraisal value - is a residential Real Estate Asset as resulting (i) from the registration of such Prevailing Real Estate Assets at the land registry office in the “*catastale*” category comprised from “A1” to “A9” or (ii) if registration at the land registry office of such Prevailing Real Estate Assets is already in progress, from the notarial deed by means of which the Prevailing Real Estate Assets has been purchased or from the valuation relating to such Prevailing Real Estate Assets carried out during the provision of the relevant Mortgage Loan.

Excluding:

- (i) mortgage loans which, even if *in bonis*, have been classified at any time as defaulted loans (“*crediti in sofferenza*”) pursuant to the relevant Bank of Italy’s supervisory provisions (“*Istruzioni di Vigilanza*”);
- (ii) mortgage loans with reference to which, as at the Effective Date (included), the relevant borrower (i) has sent to the Originator the notice of acceptance of the renegotiation offer, or (ii) has attended in person a branch of the relevant Originator, accepting the renegotiation offer, pursuant to law decree No. 93/2008, as amended by law No. 126/2008, and the agreement entered into on 19 June 2008 between ABI and Ministero dell’Economia e delle Finanze, as amended from time to time.
- (iii) mortgage loans with reference to which, as at the Effective Date (included), (a) the Originator and its respective borrower have executed a moratorium agreement providing for the suspension of payment of the instalments (entirely or only with respect to the principal quota) or (b) the relevant borrower have filed a request to the relevant Originator in order to obtain a moratorium agreement providing for the suspension of payment of the instalments (entirely or only with respect to the principal quota).
- (iv) mortgage loans with reference to which, as at the Effective Date (included), (a) the Originator and its respective borrower have executed a moratorium agreement providing for the suspension of payment of the instalments (entirely or only with respect to the principal quota) or (b) the relevant borrower have filed a request to the Originator in order to obtain a moratorium agreement providing for the suspension of payment of the instalments (entirely or only with respect to the principal quota);
- (v) mortgage loans deriving from mortgage loan agreements pursuant to any Italian law provisions allowing any contributions, profits or facilities of whatever kind (the so-called “*mutui agevolati*” and “*mutui convenzionati*”);

- (vi) mortgage loans deriving from mortgage loan agreements granted in favor of borrowers being directors or employees of the Originator;
- (vii) mortgage loans deriving from mortgage loan agreements qualified as agricultural credit ("*credito agrario*") pursuant to article 43 of the Consolidated Banking Act, neither in case the agricultural credit transaction has been executed through an agricultural bill ("*cambiale agraria*");
- (viii) mortgage loans with floating interest rate whose spread is lower than 0.5%.

The following tables describe the characteristics of the Portfolio compiled from information provided by the Originator in connection with the acquisition of the Claims by the Issuer on the Effective Date. The information in the following tables reflects the position as at the Effective Date. The characteristics of the Portfolio as at the Issue Date may vary from those set out in the tables as a result, inter alia, of repayment or repurchase of the Mortgage Loans prior to the Issue Date (in relation to the real property backing the Claims, there has been no revaluation of such properties for the purpose of the issue of the Notes and the valuation quoted are as at the date of the original initial mortgage loan origination).

Unless stated otherwise, in the following range breakdown tables the lower boundary is intended included, the upper boundary is intended excluded.

<i>Statistic</i>	<i>Value</i>
No. of Mortgage Loans	2253
Current Balance of Portfolios (€)	179,017,079.65
Original Balance of Portfolios (€)	257,570,269.84
Average Current Loan Amounts (€)	79,457.20
Average Original Loan Amounts (€)	114,323.24
Maximum Current Loan Amounts (€)	932,236.38
Maximum Original Loan Amounts (€)	1.300.000.00
Weighted Average Seasoning (yrs)	5.31
Weighted Average Remaining Maturity (yrs)	14.18
Weighted Average Maturity (yrs)	19.49
Weighted Average Current Loan to Value	49.60%
Weighted Average Original Loan to Value	63.35%
WA spread (current floating)	1.52%
WA interest rate (current fixed)	5.27%
Top 1/10/20 Borrowers (%)	0.54%/3.27%/5.31%

Break-down by Seller

Originator	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
CASSA PADANA B.C.C.	2253	100.00%	257,570,269.84	100.00%	179,017,079.65	100.00%
Grand Total	2253	100.00%	257,570,269.84	100.00%	179,017,079.65	100.00%

Break-down by interest rate type

Interest Rate Type	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
fixed	504	22.37%	47,348,840.37	18.38%	32,476,418.98	18.14%
floating	1670	74.12%	200,658,818.89	77.90%	138,488,945.25	77.36%
floating with cap	79	3.51%	9,562,610.58	3.71%	8,051,715.42	4.50%
Grand Total	2253	100.00%	257,570,269.84	100.00%	179,017,079.65	100.00%

Break-down by Index

Index of loan	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
FISSO	504	22.37%	47,348,840.37	18.38%	32,476,418.98	18.14%
EUR 1M	5	0.22%	524,711.72	0.20%	423,061.49	0.24%
EUR 3M	427	18.95%	54,423,899.59	21.13%	43,272,960.89	24.17%
EUR 6M	1211	53.75%	144,710,499.58	56.18%	93,292,531.34	52.11%
BCE	9	0.40%	885,008.24	0.34%	585,408.22	0.33%
RENDISTATO 2A 7M - 3A 6M	2	0.09%	200,000.00	0.08%	154,871.01	0.09%
RENDISTATO 4A 7M - 6A 6M	28	1.24%	2,544,000.00	0.99%	2,295,257.30	1.28%
RENDISTATO 8A 7M - 12A 6M	67	2.97%	6,933,310.34	2.69%	6,516,570.42	3.64%
Grand Total	2253	100.00%	257,570,269.84	100.00%	179,017,079.65	100.00%

Break-down by spread for floating rate contracts

Current Margin Floating	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
0-0,01	124	7.09%	14,357,120.01	6.83%	9,887,990.46	6.75%
0,01-0,02	1351	77.24%	164,070,715.62	78.05%	112,964,328.08	77.09%
0,02-0,03	237	13.55%	28,040,992.14	13.34%	20,664,565.98	14.10%
0,03-0,04	32	1.83%	2,917,601.70	1.39%	2,282,694.48	1.56%
0,04-0,05	5	0.29%	835,000.00	0.40%	741,081.67	0.51%
Grand Total	1749	100.00%	210,221,429.47	100.00%	146,540,660.67	100.00%

Break-down by current interest rate

Current Interest Rate Type	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
Fixed	504	18.14%	47,348,840.37	18.38%	32,476,418.98	18.14%
Floating	1749	81.86%	210,221,429.47	81.62%	146,540,660.67	81.86%
Grand Total	2253	100.00%	257,570,269.84	100.00%	179,017,079.65	100.00%

Break-down by frequency of instalments

Frequency of Installment	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
semi-annually	29	1.48%	4,002,872.26	1.55%	2,653,058.36	1.48%
quarterly	13	0.50%	1,243,101.02	0.48%	901,104.23	0.50%
bimestral	1	0.06%	150,000.00	0.06%	102,499.00	0.06%
monthly	2210	97.96%	252,174,296.56	97.91%	175,360,418.06	97.96%
Grand Total	2253	100.00%	257,570,269.84	100.00%	179,017,079.65	100.00%

Break-down by origination date

Origination Date	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
1997	1	0.04%	77,468.53	0.03%	19,185.81	0.01%
1998	6	0.27%	488,051.77	0.19%	150,234.06	0.08%
1999	9	0.40%	846,989.31	0.33%	256,614.10	0.14%
2000	13	0.58%	1,047,697.46	0.41%	377,232.78	0.21%
2001	15	0.67%	1,541,916.59	0.60%	588,751.71	0.33%
2002	110	4.88%	10,068,781.33	3.91%	3,807,269.59	2.13%
2003	164	7.28%	17,411,887.74	6.76%	7,556,803.31	4.22%
2004	146	6.48%	16,693,136.94	6.48%	8,394,463.08	4.69%
2005	154	6.84%	15,528,198.62	6.03%	8,158,368.43	4.56%
2006	165	7.32%	20,187,030.93	7.84%	12,462,454.94	6.96%
2007	205	9.10%	23,340,585.67	9.06%	15,704,198.65	8.77%
2008	193	8.57%	22,429,253.89	8.71%	16,186,832.33	9.04%
2009	287	12.74%	35,487,122.64	13.78%	26,814,061.44	14.98%
2010	294	13.05%	34,247,204.39	13.30%	27,298,481.19	15.25%
2011	299	13.27%	37,865,470.39	14.70%	32,494,390.47	18.15%
2012	118	5.24%	12,262,053.94	4.76%	11,025,735.31	6.16%
2013	74	3.28%	8,047,419.70	3.12%	7,722,002.45	4.31%
Grand Total	2253	100.00%	257,570,269.84	100.00%	179,017,079.65	100.00%

Break-down by remaining

Remaining	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
<3,5	89	3.95%	7,195,429.48	2.79%	2,065,126.58	1.15%
3,5-5,5	219	9.72%	20,695,093.12	8.03%	8,053,521.34	4.50%
5,5-7,5	279	12.38%	27,587,509.02	10.71%	14,901,637.27	8.32%
7,5-9,5	283	12.56%	27,924,454.53	10.84%	16,423,275.42	9.17%
9,5-11,5	308	13.67%	34,442,249.50	13.37%	22,376,197.63	12.50%
11,5-13,5	260	11.54%	31,886,814.62	12.38%	23,451,928.84	13.10%
13,5-15,5	216	9.59%	26,549,322.81	10.31%	20,964,324.45	11.71%
15,5-17,5	227	10.08%	30,830,304.86	11.97%	25,764,934.48	14.39%
17,5-19,5	121	5.37%	16,024,213.06	6.22%	14,198,127.76	7.93%
19,5-21,5	50	2.22%	6,652,186.07	2.58%	5,657,979.17	3.16%
21,5-23,5	66	2.93%	8,656,531.58	3.36%	7,724,795.89	4.32%
23,5-25,5	51	2.26%	6,854,560.36	2.66%	6,174,246.15	3.45%
25,5-27,5	77	3.42%	11,180,600.83	4.34%	10,223,155.55	5.71%
27,5-29,5	7	0.31%	1,091,000.00	0.42%	1,037,829.12	0.58%
Grand Total	2253	100.00%	257,570,269.84	100.00%	179,017,079.65	100.00%

Break-down by seasoning

Seasoning	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
0-1	39	1.73%	4,512,013.52	1.75%	4,359,415.12	2.44%
1-2	114	5.06%	11,457,619.65	4.45%	10,510,668.52	5.87%
2-3	227	10.08%	27,565,132.78	10.70%	23,720,549.00	13.25%
3-4	302	13.40%	37,537,976.03	14.57%	31,276,270.99	17.47%
4-5	309	13.72%	37,419,195.26	14.53%	28,601,720.01	15.98%
5-6	227	10.08%	27,035,048.52	10.50%	19,693,272.52	11.00%
6-7	179	7.94%	20,140,687.08	7.82%	14,236,991.88	7.95%
7-8	190	8.43%	22,914,274.93	8.90%	14,211,541.45	7.94%
8-9	162	7.19%	16,965,372.53	6.59%	9,314,970.86	5.20%
9-10	137	6.08%	16,226,019.87	6.30%	8,221,389.53	4.59%
10-11	170	7.55%	17,036,124.68	6.61%	7,801,458.55	4.36%
11-12	124	5.50%	11,953,303.23	4.64%	4,717,676.50	2.64%
12-13	42	1.86%	4,161,370.21	1.62%	1,467,350.94	0.82%
13-14	10	0.44%	792,051.28	0.31%	310,581.51	0.17%
14-15	10	0.44%	916,711.00	0.36%	288,649.37	0.16%
15-16	10	0.44%	859,900.74	0.33%	265,387.09	0.15%
>16	1	0.04%	77,468.53	0.03%	19,185.81	0.01%
Grand Total	2253	100.00%	257,570,269.84	100.00%	179,017,079.65	100.00%

Break-down by current loan balance

Current Loan Balance	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
0-100000	1681	74.61%	145,576,622.88	56.52%	89,020,456.74	49.73%
100000-200000	481	21.35%	79,452,032.46	30.85%	64,237,192.07	35.88%
200000-300000	68	3.02%	19,244,216.96	7.47%	16,010,491.98	8.94%
300000-400000	14	0.62%	6,545,429.75	2.54%	4,776,797.14	2.67%
400000-500000	4	0.18%	2,081,967.79	0.81%	1,752,288.59	0.98%
500000-600000	3	0.13%	2,570,000.00	1.00%	1,654,281.62	0.92%
600000-700000	1	0.04%	900,000.00	0.35%	633,335.13	0.35%
900000-1000000	1	0.04%	1,200,000.00	0.47%	932,236.38	0.52%
Grand Total	2253	100.00%	257,570,269.84	100.00%	179,017,079.65	100.00%

Break-down by original loan amount

Original Loan Amount	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
10000-110000	1306	57.97%	95,116,305.64	36.93%	61,095,952.54	57.97%
110000-210000	787	34.93%	112,403,873.25	43.64%	81,690,145.17	34.93%
210000-310000	117	5.19%	29,099,042.07	11.30%	21,934,844.11	5.19%
310000-410000	23	1.02%	8,244,524.65	3.20%	6,237,138.88	1.02%
410000-510000	7	0.31%	3,310,000.00	1.29%	2,016,570.90	0.31%
510000-610000	7	0.31%	4,044,556.44	1.57%	2,463,350.81	0.31%
610000-710000	3	0.13%	1,951,967.79	0.76%	1,453,373.67	0.13%
810000-910000	1	0.04%	900,000.00	0.35%	633,335.13	0.04%
1110000-1210000	1	0.04%	1,200,000.00	0.47%	932,236.38	0.04%
1210000-1310000	1	0.04%	1,300,000.00	0.50%	560,132.06	0.04%
Grand Total	2253	100.00%	257,570,269.84	100.00%	179,017,079.65	100.00%

Break-down by SAE code

SAE Code	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
600	1912	84.86%	211,630,994.64	82.16%	147,588,088.83	82.44%
614	146	6.48%	17,482,946.10	6.79%	11,839,714.25	6.61%
615	195	8.66%	28,456,329.10	11.05%	19,589,276.57	10.94%
Grand Total	2253	100.00%	257,570,269.84	100.00%	179,017,079.65	100.00%

Break-down by original loan to value

Original Loan to value	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
0-0,2	122	5.42%	8,024,798.72	3.12%	5,422,695.12	5.42%
0,2-0,4	418	18.55%	35,245,599.62	13.68%	23,269,393.88	18.55%
0,4-0,6	561	24.90%	62,336,966.02	24.20%	41,328,224.97	24.90%
0,6-0,8	869	38.57%	111,662,831.31	43.35%	80,240,339.70	38.57%
0,8-1	229	10.16%	32,017,190.20	12.43%	23,018,845.45	10.16%
1-1,2	43	1.91%	6,870,883.97	2.67%	5,007,356.17	1.91%
1,2-1,4	6	0.27%	687,000.00	0.27%	329,434.95	0.27%
1,4-1,6	4	0.18%	585,000.00	0.23%	354,281.82	0.18%
2,6-2,8	1	0.04%	140,000.00	0.05%	46,507.59	0.04%
Grand Total	2253	100%	257,570,269.84	100%	179,017,079.65	100%

Break-down by current loan to value

Current Loan to value	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
0-0,1	122	5.42%	8,914,386.14	3.46%	3.104.361.36	5.42%
0,1-0,2	342	15.18%	28,600,271.13	11.10%	14,074,094.06	15.18%
0,2-0,3	371	16.47%	36,761,791.25	14.27%	21,306,553.58	16.47%
0,3-0,4	368	16.33%	42,932,178.87	16.67%	27,792,671.41	16.33%
0,4-0,5	324	14.38%	37,573,962.77	14.59%	26,508,440.31	14.38%
0,5-0,6	274	12.16%	37,095,750.37	14.40%	29,445,173.75	12.16%
0,6-0,7	241	10.70%	34,209,261.60	13.28%	29,101,523.00	10.70%
0,7-0,8	150	6.66%	21,944,789.56	8.52%	19,403,401.44	6.66%
0,8-0,9	38	1.69%	5,753,298.15	2.23%	5,126,342.96	1.69%
0,9-1	22	0.98%	3,707,580.00	1.44%	3,087,851.59	0.98%
1-1,1	1	0.04%	77,000.00	0.03%	66,666.19	0.04%
Grand Total	2253	100%	257,570,269.84	100%	179,017,079.65	100%

Break-down by proprietary region

Property Region	Mortgage Loans (no.)	%	Original Amount	%	Outstanding Amount	%
EMILIA ROMAGNA	234	10.39%	32,069,462.63	12.45%	23,210,857.74	12.97%
FRIULI VENEZIA GIULIA	2	0.09%	210,000.00	0.08%	161,045.46	0.09%
LAZIO	3	0.13%	417,000.00	0.16%	259,506.63	0.14%
LIGURIA	3	0.13%	475,000.00	0.18%	354,539.28	0.20%
LOMBARDIA	1474	65.42%	160,568,651.19	62.34%	103,994,225.56	58.09%
PIEMONTE	2	0.09%	360,000.00	0.14%	301,011.74	0.17%
PUGLIA	2	0.09%	195,000.00	0.08%	168,262.12	0.09%
SARDEGNA	4	0.18%	476,554.25	0.19%	354,173.89	0.20%
TOSCANA	3	0.13%	350,000.00	0.14%	243,704.27	0.14%
TRENTINO ALTO ADIGE	1	0.04%	70,000.00	0.03%	65,097.85	0.04%
UMBRIA	1	0.04%	70,000.00	0.03%	55,914.03	0.03%
VENETO	522	23.17%	62,218,601.77	24.16%	49,775,066.99	27.80%
SICILIA	1	0.04%	64,000.00	0.02%	53,193.94	0.03%
BASILICATA	1	0.04%	26,000.00	0.01%	20,480.15	0.01%
Grand Total	2253	100%	257.570.269,84	100%	179.017.079,65	100%

THE ISSUER

1. INTRODUCTION

The Issuer was incorporated in the Republic of Italy as a special purpose vehicle pursuant to article 3 of Law 130, as a *società a responsabilità limitata* (limited liability company) on February 28, 2014 under the name of SPV Project 146 s.r.l. On March 20, 2014 the denomination of the Issuer was changed into Dominato Leonense S.r.l.. The Issuer is enrolled in the register of the special purpose vehicles held by Bank of Italy pursuant to the Bank of Italy's regulation dated 29 April 2011 with No. 35128.8 and is registered with the Companies' Register of Milan under REA number MI - 2034066 and with VAT number 08566700962 and has its registered office at Via della Moscova n. 3 -20121 Milan, (telephone number: +39 06 7207 3840, fax number:+39 06 7207 5355). Since the date of its incorporation, the Issuer has not engaged in any business not related with the purchase of the Portfolio, no dividends have been declared or paid.

Since the date of its incorporation, the Issuer has not engaged in any activities related with the purchase of the Portfolio and no dividends have been declared or paid, other than: (i) the authorisation and the execution of the Transaction Documents to which it is a party; (ii) the activities incidental to any registration under the laws of the Republic of Italy; (iii) the activities referred to or contemplated in this Prospectus and in the other Transaction Documents; and (iv) the authorisation by it of the Notes.

The Issuer has no employees. The authorised and issued capital of the Issuer is Euro 10,000 fully paid up as of the date of this Prospectus.

The quotaholder of the Issuer Stichting SFM Italy No. 1 which holds a quota equal to Euro 10,000 (the "**Quotaholder**"). The duration of the Issuer is until 31 December 2100. The Quotaholder has limited liability in case the requirements indicated by Italian law are met. To the best of its knowledge, the Issuer is not aware of directly or indirectly ownership or control apart from its Quotaholder.

2. PRINCIPAL ACTIVITIES

The scope of the Issuer, as set out in article 2 of its by-laws (*Statuto*), is exclusively to purchase monetary claims in the context of securitisation transactions and to fund such purchase by issuing asset backed securities or by other forms of limited recourse financing, all pursuant to article 3 of Law 130. The issuance of the Notes was approved by means of a Quotaholder's meeting on 31 March 2014. So long as any of the Notes remains outstanding, the Issuer shall not, without the consent of the Representative of the Noteholders and as provided for in the relevant Conditions, incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the Portfolio, issuing the Notes and entering into the Transaction Documents to which it is a party), pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions) or increase its capital. The Issuer will covenant to observe, *inter alia*, those restrictions which are detailed in the Conditions.

3. DIRECTORS AND AUDITORS

The sole director of the Issuer is Antonio Bertani. Such sole director was appointed on March 19, 2014.

The domicile of Mr. Antonio Bertani, in his capacity as sole director of the Issuer, is at Salita San Nicola Tolentino 1/B - 00187 Roma (Italy) telephone No. +39 06 4740400.

No statutory auditors (*sindaci*) have been appointed. In addition at the date of this Prospectus, no external auditors have been appointed by the Issuer. However, independent auditors will be appointed by the Issuer upon the issuance of the Notes in accordance with applicable law and regulation. Notice of such appointment will be given to the Noteholders in accordance with Condition 12 (Notices).

4. Curriculum Vitae ANTONIO BERTANI

Born in L'Aquila on 19/09/1944 - Degree in Economic and Commercial Science at the "L. Bocconi" University of Milan with marks of 110 cum laude;

Certified Public Accountant (Register of Rome, n. AA_000481 since 1973); Auditor (prog. number 5262 by Legislative Decree 12/04/1995);

Visitor Professor of M&A operations at the University of Rome "Roma Tre";

Previous position:

Extraordinary Commissioner of "Cassa di Risparmio di Livorno"(1975); "Banca C. Steinhauslin e C. S.p.A."(1981); "Banca Popolare Cooperativa fra i Commercianti di Aversa S.r.l."(1987); "Banca Popolare di Napoli"(1995); "Giacomelli Sport S.p.A."; "S.p.A. Centrale compagnia di assicurazioni"; "S.p.A. Columbia Compagnia di assicurazioni e riassicurazioni"; "Consorzio Agrario di Roma e Frosinone"; "Previdenza S.p.A." Società fiduciaria e di revisione; "Sesamo S.p.A." Società fiduciaria di Milano.

Chairman of "Italinvest S.p.A."; "Azimut S.p.A."; "Galileo Industrie Ottiche S.p.A."; "Industrie Ottiche Europee S.p.A."; "Ice Informazioni Telematiche S.p.A."; "Transcoop S.p.A.".

Member of the Board of Director of "Mediocredito Regionale della Toscana"; "CIRA - Centro Italiano Ricerche Aerospaziali S.p.A."; "Montefibre S.p.A."; "S.I.M. Finnat Euramerica.S.p.A."; "Ecoest S.r.l."; "Cassa di Risparmio di Volterra S.p.A."; "Opere Pubbliche S.p.A."; "Opere Idriche S.p.A.".

Chairman of the Auditors Committee of "Istituto Marangoni S.r.l."; "Banco di Sicilia S.p.A."; "ICCREA, Istituto di Credito delle Casse Rurali e Artigiane"; "Banco di Tricesimo"; "Banca di Credito Cooperativo degli Ulivi- Terra di Bari S.C.R.L."; "Masan S.r.l."; Galea S.r.l.; "Tradital S.p.A."; "Acciai Speciali Terni S.p.A."; "Transcoop S.p.A."; "Banca di Credito Cooperativo San Francesco (AG)"; "Immobiliare Roma Laurentino S.r.l."; "Italia Turismo S.p.A."; "Farst S.p.A."; "Innovazione e Progetti S.C.p.A."; "Privilege Yard S.p.A.". Member of Auditor Committee: "Almare di Navigazione S.p.A." di Genova; "S.I.M. Banconapoli e Fumagalli Soldan S.p.A."; "AGIP S.p.A." di Milano; "Enifin S.p.A." di Milano; "Sofid S.p.A."; "Fidimpresa S.p.A. in l.c.a."; "Fidterziario S.p.A."; "Inso S.p.A."; "Tredil S.p.A."; "Gladiator S.r.l."; "UniCredit Banca di Roma S.p.A.".

Liquidator of "Edisi S.p.A.".

Independent Director of "BCC Private Equity S.G.R. p.a."

Offices held:

Chairman of "A.B. Advisory S.r.l."; "La Capita – Società Agricola Maremmana a r.l.".

Chairman of the Auditors Committee of “Visconti S.r.l.”, “Officina Grandi Revisioni Roma S.r.l.”, “Palomar S.p.A.”; “Associazione Roma Europea”, “UCID (Christian Union of Entrepreneur and Manager)”.

Member of Auditor Committee of “Ifitalia Gruppo BNP Paribas”; “Centrale del Latte di Roma S.p.A.”; “Banca Impresa Lazio SpA” and of the Board of Auditors “Accademia Italiana della Cucina”.

Sole Director of “Credico Finance 4 S.r.l.”, “Credico Finance 5 S.r.l.”, “Credico Finance 6 S.r.l.”, “Credico Finance 7 S.r.l.”, “Credico Finance 8 S.r.l.”, “Credico Finance 9 S.r.l.”, “Credico Finance 10 S.r.l.”, “Credico Finance 11 S.r.l.”, “Credico Finance 12 S.r.l.” and “Credico Finance 14 S.r.l.”.

President of Supervisory Board - Law 231/2001 of “Officina Grandi Revisioni Roma S.r.l.”.

Liquidator of “Credico Funding 3 Srl in liquidazione”, “Bcc Securis S.r.l. in liquidazione”.

President Emeritus of the Section of Rome and of the Gruppo Regionale del Lazio of the “UCID - Christian Union of Entrepreneur and Manager”.

Member of “Banca di Credito Cooperativo di Roma”; “Nuovo Circolo degli Scacchi”, Rome; “Associazione Roma Europea”;

President’s Advisory Council of the “American University of Rome”; “Accademia Italiana della Cucina”; “Società Toscana di Caccia alla Volpe”; “Ordine Internazionale di Sant Hubertus”.

5. CAPITALISATION AND INDEBTEDNESS STATEMENT

The capitalisation of the Issuer as at the date of this Prospectus, adjusted for the issue of the Notes now being issued on the Issue Date, is as follows:

Capital

Issued and fully paid up Euro 10,000.00

In connection with the issue by the Issuer of the Notes referred to in this Prospectus, the transaction would be reported as an off-balance sheet transaction in the Explanatory Notes to the financial statements of the Issuer at the date the transaction is completed, as follows:

6. OFF-BALANCE SHEET ASSETS AND LIABILITIES

Class A Asset Backed Floating Rate Notes due December 2054, Euro 137,800,000.

Class B Asset Backed Floating Rate Notes due December 2054, Euro 41,218,000.

TOTAL OFF-BALANCE SHEET INDEBTEDNESS Euro 179,018,000

Following the issue of the Notes and save for the foregoing, the Issuer shall have no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

7. FINANCIAL STATEMENTS

Since the date of incorporation, the Issuer has not commenced operations and no financial

statements have been made up as at the date of this Prospectus.

The next statutory financial statements will be prepared as at December 31, 2014.

The Issuer will produce, and will make available at its registered office, proper accounts (*ordinata contabilità interna*) and audited (to the extent required by applicable law or regulation) financial statements in respect of each financial year (commencing on 1 January and ending on 31 December, the next such accounts to be prepared being those in respect of each financial year (commencing on 1 January and ending on 31 December, the next such accounts to be prepared being those in respect of the financial year ending on December 31, 2014) but will not produce interim financial statements.

THE ORIGINATOR

1. CO-OPERATIVE CREDIT SYSTEM

1.1 The origins of the Italian credit co-operative banking system

Credit co-operative banks (*banche di credito co-operativo*) were first established at the end of the 19th century following the path of the rural credit co-operatives set up in Germany towards the second half of the same century. One of their aims was to fight usury, common in those times in the countryside, and to facilitate the access of local farmers, shopkeepers and craftsmen to credit facilities. According to their articles of association they were incorporated also to improve shareholders' financial, professional, moral and intellectual conditions. By the end of the 19th century, about 1,000 rural banks for co-operative credit (*casse rurali*) had been established throughout the country and in 1905 they were pooled together into the Italian Federation of Rural Banks for Co-operative Credit (*Federazione Italiana delle Casse Rurali*). Subsequently, Local Federations (*Federazioni Locali*) were also established following the steady increase in number that the rural banks for co-operative credit enjoyed until the 1929 economic crisis, which caused a reduction in the overall number of banks.

Since World War II there has been an increase in the number of rural banks for co-operative credit and only during the last decade has there been a decrease, as the consequence of mergers among themselves.

Nature of the co-operative banks

The mutual and co-operative nature of the BCCs is evidenced by the pieces of legislation currently regulating the including the Banking Act, the Bank of Italy's guidelines (the *Istruzioni di Vigilanza*), Law No. 59 of 31 January, 1992 (Nuove norme in materia di società cooperative) and the articles of association of the various BCCs. For historical reasons, BCCs are mutual and co-operative in nature. Originally, their shareholders had to belong to a specific trade or profession (i.e. farmers, small entrepreneurs and craftsmen). Pursuant to the Banking Act, BCCs are to a certain extent restricted in their activities and, in principle, generally provide financial assistance to their shareholders. In fact, the BCCs are subject to a specific requirement that a large proportion of their lending must be conducted with their shareholders. This requirement restricts the activities of BCCs as only persons residing in or having their principal place of business in the area where the bank operates may acquire shares in it. The mutual character of BCCs is further evidenced by the fact that the BCCs must have no fewer than 200 members, with one vote per member regardless of the number of shares held. In any event, the stake of each shareholder may not exceed a face value higher than € 50,000. Credit co-operative banks are incorporated as co-operative companies with limited liability (*società cooperativa a responsabilità limitata*). Unlike ordinary banks, the main goal of the BCCs is not profit maximisation. Instead, they provide financial assistance to their customers and support to the local economy ensuring, at the same time, the long term economic viability of the BCC.

Credit co-operative system structure

The credit co-operative system consists of:

- the BCCs;
- the Local Federations (*Federazioni*);
- the National Federation (*Federcasse - Federazione nazionale delle Banche di Credito Cooperativo (Federcasse)*);
- the ICCREA Group (as defined below);

- the Co-operative Credit Deposits Insurance Fund (Fondo di Garanzia dei Depositanti del Credito Cooperativo) ("FGD"); and
- the co-operative Bond-holders Insurance Fund (Fondo di Garanzia degli Obbligazionisti del Credito Cooperativo) ("FGO").
- the Co-operative Institutional Guarantee Fund (Fondo di Garanzia Istituzionale) (FGI) (in progress)

BCCs remain independent within the Local Federations and the National Federation, while benefiting from being part of a wider co-ordinated network.

The Local Federations are divided into fifteen regional federations Federazione BCC Piemonte Valle d'Aosta Liguria, Federazione Lombarda delle BCC, Federazione Cooperative Raiffeisen, Federazione Trentina della Cooperazione, Federazione Veneta delle BCC, Federazione delle BCC del Friuli Venezia Giulia, Federazione delle BCC dell'Emilia Romagna, Federazione Toscana BCC, Federazione Marchigiana delle BCC, Federazione delle BCC del Lazio Umbria Sardegna, Federazione delle BCC dell'Abruzzo e del Molise, Federazione Campania delle BCC, Federazione delle BCC di Puglia e Basilicata, Federazione Calabrese delle BCC, Federazione Siciliana delle BCC.

The Local Federations have the following functions: representation, promotion, coordination, technical assistance and monitoring of members. They also manage joint services for the members and provide local coordination for the FDG. The Local Federations are joined at the national level in the Federcasse, constituted in 1950. The Federcasse provides strategic planning of this network, communication services, legal advice, research and statistics, industrial relations, training guidelines. At the international level, Federcasse is an active member of various international organisations in the sector of co-operative banks. Federcasse is a member of the Association of European Co-operative Banks (Abce - Gebc - Groupement) whose seat is in Brussels and which represents the co-operative banking system before the European Union and the various national institutions. Federcasse is also a member of the Unione Internazionale Raiffeisen (Iru), whose seat is in Bonn. This is an organisation for the worldwide promotion of the co-operative banking system, with a particular focus on depressed areas. The Italian co-operative system, via ICCREA, is a member of the Unico Banking Group, an organisation established in 1977 by the largest European co-operative banks' organisations (the Belgian Kbc Bank, the French Credit Agricole, the German Dg Bank, the Finnish Okobank, the Dutch Rabobank Group, the Austrian Rzb, the Spanish Banco Cooperativo, and the Swiss Banks' Union Raiffeisen). This organisation aims at integrating the participants' know-how and services in order to increase the importance of the co-operative banking system within the general, international banking system.

The ICCREA banking group (the "**ICCREA Group**") is registered in the roll of banking groups kept by the Bank of Italy under No. 20016 and has operated since 1995, when a significant reorganization took place which separated the credit activities (attributed to ICCREA Banca S.p.A.) and the activities of management and control of the entire ICCREA Group (which have been retained by Iccrea Holding S.p.A. in its capacity as parent company, of the ICCREA Group pursuant to article 60 of the Banking Act). The shareholders of Iccrea Holding S.p.A. are the BCCs, Federcasse, the Local Federations and the two Casse Centrali di Trento e Bolzano which operate as central cooperative banks within their respective territories.

The main activities of Iccrea Holding S.p.A. include the supervision and co-ordination of all the entrepreneurial activities carried out within the ICCREA Group and in particular the activities of:

ICCREA Banca S.p.A., Iccrea BancaImpresa S.p.A. (which operates in the leasing sector), Bcc risparmio&previdenza. (an asset management company), BCC Gestione Crediti, BCC Solutions, BCC Multimedia, BCC Assicurazioni (merchant bank), BCC Vita Spa (life insurance company), BCC Credito Consumo, BCC Private Equity.

The Italian co-operative banking system includes a deposits protection scheme established as early as 1978 exclusively for the BCCs: the "Fondo Centrale di Garanzia delle C.R.A." then replaced in 1997 by the "Fondo di Garanzia dei Depositanti del Credito Cooperativo" which was established as a result of the implementation of the European directive of bank depositors protection. The financial contribution is not paid into the fund; it is available on request when a depositors' reimbursement is needed, and it is accounted into the BCCs' books.

The Italian co-operative banking system includes also a bond-holders' protection scheme which was established in 2004 as a voluntary consortium among banks which are members of the Local Federations of Cooperative Banks. As of today 296 banks are members of the FGO which guarantees 3.803 bond issued for a total amount of about € 25.6 billions.

In 2008 the Co-operative Credit system launched the project for a new Institutional Protection Scheme (FGI), designed according to the article 80 (8) of the Basel II Directive. In December 2011 its statute obtained the authorization by the Bank of Italy. Full authorization is expected by end 2014. By adhering to the FGI, BCCs agree – to the greater benefit of their customers – to stricter rules on controls and monitoring and receive in return a series of benefits, amongst which the 0 risk weight for operations with other members of the scheme (once specific authorization has been granted by the Supervisory body), the optimization of the system of controls and of liquidity management. The FGI, moreover, represent a multiplier for a greater development of the system: it accelerates its processes of integration of the associative and productive components, it favors the strengthening of the operational processes – including risk management – and the harmonization of methods and standards.

The following are compulsorily members of the FGD: the BCCs, the Casse Rurali of Trentino, the Casse Raiffeisen in Alto Adige and the Italian branches of non-Italian co-operative banks. In addition also ICCREA Banca S.p.A., the Casse Centrali of Trento and Bolzano and Banca Sviluppo S.p.A. are members of the FGD.

The FGD is distinct from the Fondo Interbancario per la Tutela dei Depositi which has the same role as far as non co-operative banks are concerned.

Once a distressed situation is detected, a range of solutions may be implemented by Federcasse, Local Federations and the FGD, together with Bank of Italy. The range of joint interventions within the system includes:

- moral suasion for the implementation of a recovery plan;
- change in management;
- tutorship between sound BCCs and distressed BCCs;
- mergers between nearby BCCs;
- zero-interest credit lines provided by the FGD for the implementation of a recovery plan;
- coverage transaction provided by the FGD and aimed at balancing assets and liabilities of a distressed BCC in favour of any acquiring bank;
- depositors' refund via the FGD up to a maximum amount of € 100,000 per depositor and
- provided that the overall amount of depositors' refunds does not exceed 0.80 per cent of the
- BCCs' bank Covered deposits which, as at 30th June, 2013, were equal to € 68,7 billion.

- Banca Sviluppo S.p.A., owned by Iccrea Holding S.p.A.; it has, among other objectives, the task of acquiring distressed BCCs and can intervene as a very last resort.

Since 1997 and until 31st December 2013, the FGD decided 70 interventions towards Member Banks, through:

- the issue of guarantees for a total amount of € 552,942,697 (data as at the 31st December 2013);
- cash contributions and financing from Member banks for a total amount of € 281,363,192 (data as at the 31st December 2013).

1.2 The shareholders

The special characteristic of the BCC juridical form is the importance of its shareholders. In the beginning a BCC shareholder had to be a member of a defined profession (i.e. farmer, small entrepreneur or craftsman). Nowadays the main prerequisite to become a BCC shareholder is to live or to do business within the BCC's geographical operating region, thus expanding and facilitating access to BCC membership. In fact the Consolidated Banking Act provides that shareholders cannot number less than 200 and must represent at least 50% of the BCC's customers. Two other provisions establish that each shareholder shall have one vote, whatever the number of shares owned and that the nominal value of the shares held by each shareholder shall not exceed Euro 50,000.

1.3 The BCCs

The main features of a BCC are as follows:

- they are local banks supporting families and businesses inside a defined area;
- they are mutual-purpose, non profit-oriented banks which are supposed to use part of their net income for charitable purposes;
- they are part of the "Co-operative Credit System" and can offer their customers a wide range of financial products and services as economics of scale.

As at 31st December 2013, the Co-operative Credit System included 385 banks and 4,454

branches, involves a high number of human resources as shown by the following data:

- 1,173,668 shareholders;
- 3,786 Presidents, Vice Presidents and Members of the Board;
- 385 BCCs' General Managers;
- 1,155 BCCs' Auditors;
- 6,000,000 BCCs' customers;
- 31,565 BCC employees; 37.000 Cooperative Credit System employees.

The BCCs' network covers 2,710 towns. As of 31st December 2013, the BCCs recorded the following:

- total retail funding of EURO 159,5 billion

- (ii) total lending of EURO 136 billion;
- (iii) shareholders' equity of EURO 20 billion.

1.4 The Federations

The Co-operative Credit System includes BCCs, Local Federations, the National Federation (Federcasse), Casse Centrali di Trento e Bolzano, ICCREA Holding and involves other "product companies" such as ICCREA Banca, Iccrea Banca Impresa, Bcc Risparmio&Previdenza, etc.

The BCCs remain independent within the Federations, while benefiting from the co-ordination and co-operation of the Co-operative Credit System.

The Local Federations are divided into fifteen regional federations Federazione BCC Piemonte Valle d'Aosta Liguria, Federazione Lombarda delle BCC, Federazione Cooperative Raiffeisen, Federazione Trentina della Cooperazione, Federazione Veneta delle BCC, Federazione delle BCC del Friuli Venezia Giulia, Federazione delle BCC dell'Emilia Romagna, Federazione Toscana BCC, Federazione Marchigiana delle BCC, Federazione delle BCC del Lazio Umbria Sardegna, Federazione delle BCC dell'Abruzzo e del Molise, Federazione Campana delle BCC, Federazione delle BCC di Puglia e Basilicata, Federazione Calabrese delle BCC, Federazione Siciliana delle BCC.

The two main roles of the Federations are to co-ordinate and to promote BCC products as well as to provide technical assistance and advice. The Local Federations have instituted external IT Centres whose network covers all the Italian geographical regions.

1.5. ICCREA Holding

Iccrea Holding monitors, guides and coordinates Iccrea Banking Group Companies to achieve tailored quality products and services, defining business strategies, planning and result monitoring. Iccrea Holding shareholders include Credito Cooperativo and Casse Rurali (BCC-CR), the Italian Federation of BCC-CR (Federcasse), local Federations and other territorial bodies.

Iccrea Banking Group is organized into three business areas that represent the Companies activity sectors of its Companies:

- a. Institutional that gathers all Companies that provide products and services exclusively dedicated to Cooperative Credit Banks and Rural Banks. The broad range of solutions include securitization, institutional insurance products, loans to BCC payment systems, equity management, credit recovery service, Web and call center services.
- b. corporate that it offers focused solutions to meet an always more exacting and sophisticated corporate demand: ordinary and extraordinary finance, long and medium term loans and foreign services, leasing and factoring, rental and other sophisticated corporate consultation activities.
- c. Retail segment, made up by Companies that supply products and services to private customers of Cooperative Credit Banks and Rural Banks. The broad range of offers includes asset management, personal loans, mortgages, electronic money and damage claim insurance.

The ICCREA Group includes:

- a. Iccrea Banca Spa (banking);
- b. BCC Gestione Crediti (Supports BCC-CR in problem loans)
- c. BCC Solutions (offers specific services for the Group Companies effectiveness);

- d. Iccrea BancaImpresa (Monitors all business areas of Credito Cooperativo Banks corporate customers);
- e. BCC Risparmio & previdenza SgrpA (Provides professional and regulated investment management);
- f. BCC Credito Consumo (Supporting family consumption)
- g. Banca Sviluppo
- h. BCC Retail
- i. BCC Beni Immobili

1.6 Operational performance of the ICCREA Group

The consolidated financial statements summarize the operating results of the Iccrea Banking Group during the 2013 accounting period.

The structure of the Group as of 31 March 2014 was as follows:

Parent Company

- Iccrea Holding S.p.A.

Subsidiary

- Iccrea Banca S.p.A.
- Iccrea Banca Impresa S.p.A.
- Bcc Risparmio e Previdenza S.G.R.p.A
- BCC Beni Immoili
- BCC Gestione Crediti S.p.A.
- BCC Solutions S.p.A.
- BCC Credito consumo S.p.A.
- Banca Sviluppo S.p.A.
- Bcc Retail S.c.a.r.l.
- Intermonte BCC Private Equity SGRpA
- Bcc Accademia S.c.a.r.l.
- BCC Vita S.p.A.
- BCC Assicurazioni S.p.A.
- Agricart 4 Finance S.r.l.
- Agrisecurities S.r.l.

- Iccrea Sme cart S.r.l.
- Fondo Securis Real Estate
- Securfondo

Partneship:

- Assimoco S.p.A.
- Assimoco Vita S.p.A.
- Finassimoco S.p.A.
- Nomisma S.p.A.
- Ciscra S.p.A.
- DZ Bank AG
- Sviluppo Como
- Beni Stabili Gestioni S.G.R.p.A.
- BCC svil terr FVG
- BIT Finanz.Invest terr.s.p.a.
- Società Editoriale Vita
- ICBPI Istituto Centrale Banche Popolari
- Bcc Energia
- Intermonte Sim s.p.A.
- Cattolica Assicurazioni
- BCC Securis S.r.l.
- BCC Beni Immoili
- Bcc Gestione Crediti S.p.A.
- Hi MTF Sim S.p.A.
- M - Facility S.r.l.
- E-Mid Sim S.p.A.
- Simest (società italiana imprese all'estero)
- Visa Europe Limited (GB)
- Visa Inc Class (USA)

- Swift (Belgio)
- Fondo Garanzia Depositanti BCC
- Bcc di Roma
- London Stock Exchange (GB)
- Sia-SSB
- Consorzio Bancomat
- Consorzio Customer Business Interaction
- Mastercard Class M (USA)
- Sinergia Scarl
- P.b. Srl in liquidazione
- Bcc Factoring
- Bcc Lease SpA
- Centergross
- Car Server spa
- Essedi srl
- EX.T.R.E.ME. S.c.a.r.l. in liquidazione
- Centro siciliano d'informatica s.r.l. in liquidazione
- Centro servizi cooperativi S.c.a.r.l.
- Sinergia Scarl
- In.Cra. S.c.a.r.l.
- Federazione Calabrese

CASSA PADANA

1. HISTORY – ORIGINS – OWNERS

Cassa Padana was established in Leno, in 1893, in the form of a rural credit union managed based on the principles developed by Friedrich Wilhelm Raiffeisen, Mayor of a town in the Rhineland, Germany who, in 1852, had set up Germany's first rural credit union to provide credit to the poorer people in society. The roots of this initiative lay in the social teachings of the church.

Cassa Padana is now 119 years old. However, the historical path that brought the Bank to its current size and awareness of its role in the local community is more recent and may be placed, roughly, around the mid-1970s following the combination of Leno, Seniga and Pescarolo, Gambara.

Indeed, the structure of today's Cassa Padana is the result of two mergers – one between three banks (Leno, Seniga e Pescarolo and Gambara) in 1975 which gave rise to the Cassa Rurale e Artigiana della Bassa Bresciana; and one between Cassa Rurale di Gussola and Bassa Bresciana in 1993, leading to the creation of Cassa Padana. This second merger was the fundamental catalyst for the start of an important period of expansion in terms of volume of business, number of branches and presence in new geographical area (Parma surrounding area in 1995, city of Cremona in 1996, city of Brescia in 1998, city of Parma in 2001, province of Reggio Emilia in 2002, province of Mantua in 2003 and province of Verona in 2007).

The acquisitions of B.C.C. Camuna in 2010, Banca Veneta 1896 in 2012 and B.C.C. Valtrompia also in 2012 led to the further expansion of the territorial area covered by the Bank. The Bank's territorial area now includes 300 municipalities and it has a direct presence in 57 municipalities with a total of 65 branches distributed as follows: in Lombardy, there are 26 branches in the province of Brescia, 8 branches in the province of Cremona, 5 branches in the province of Mantua and a branch in Rogno, province of Bergamo. Outside Lombardy region, the retail network includes 12 branches in the province of Verona, 5 branches in the province of Parma, 4 branches in the province of Reggio Emilia, 3 branches in the province of Rovigo and one branch in the province of Ferrara.

Alongside the expansion of the territorial area, extension of the membership base is another of the Bank's strategic objectives which it intends to pursue by planning uniform growth in the various territorial areas while concentrating on achieving a change of generation in its client base. This involves encouraging younger business people and professionals to become members, also in order to guarantee the Bank's ability to continue, while also concentrating on key individuals in the local economy.

In 2012, the membership base increased by 4,499 (+61.85%) to reach 11,773 members at 31/12 of that year. This increase was largely due to the mergers with the former Banca Veneta 1896 (from 1 January 2012, 2,547 new members) and with BCC Valtrompia (from 1 July 2012, 2,228 members).

On a geographical level, the greatest concentration of members is found in the Bank's historical heartlands – to the south of Brescia (26.5%) and Cremona (8%) or in area where the cooperative banks that have merged with the Bank in recent years have a strong presence (Camuna 17%, Banca Veneta 20.5% and Valtrompia 18.5%). However, the Bank's membership base also has a significant presence in those areas it has entered more recently (9.5% between Mantua-Verona and Parma-Reggio Emilia). At 31 December 2012, the Bank had 184 employees, all of whom were also members. Cassa Padana is a member of the Co-Operative Banking System.

2. FINANCIAL HIGHLIGHTS

The Bank's income statement and balance sheet results for the financial years 2010, 2011 and 2012 are set out below.

In order to provide an overview of changes in balance sheet and income statement items, comparative figures for 2011 are shown but it should be noted that the following are considered for that year: - in the balance sheet, the sum of the reported amounts for Cassa Padana, the former Bcc Veneta and the former Bcc Valtrompia; - in the income statement, figures for Cassa Padana and the former Banca Veneta at 31/12/2011 and for the former Bcc Valtrompia, the income statement for the second half of 2011 only, as the acquisition took place during the second half of 2012.

Income Statement (in thousands of Euro)	31 Dec 2010	31 Dec 2011	31 Dec 2012
Interest Margin (30)	28,418	40,170	52,078
Brokerage margin (120)	46,942	55,646	90,701
Operating expenses (200)	- 38,441	- 42,300	- 57,878
Net income from financing activities (140)	42,473	47,222	69,822
Income (Loss) for the year (290)	1,900	1,682	8,362

Balance Sheet

Assets (in thousands of Euro)	31 Dec 2010	31 Dec 2011	31 Dec 2012
Cash and cash equivalents (10)	7,083	6,984	9,882
Loans to banks (60)	51,399	59,196	111,891
Loans to customers (70)	1,286,186	1,276,081	1,606,607
Securities and other assets (20+30+40)	249,360	278,047	487,333
Total assets	1,669,096	1,716,107	2,341,301

Liabilities and Equity (in thousands of Euro)	31 Dec 2010	31 Dec 2011	31 Dec 2012
Loans from banks (10)	20,590	195,508	310,030
Securities issued (30+40+50)	800,451	689,043	893,410
Equity (130+140+150+160+170+180)	195,502	200,406	231,640
Total liabilities and equity	1,669,096	1,716,107	2,341,301

Key Financial Ratios

Ratios (%)	31 Dec 2010	31 Dec 2011	31 Dec 2012
Equity/Gross Loans	15.08	15.53	14.55
Equity/ Direct deposits by customers	13.87	15.70	13.89
Equity/Net loans to customers	15.35	15.83	14.94
Loans/Deposits	91.99	101.12	95.51
Interest margin / Brokerage margin	60.43	72.19	57.42
Services margin/Brokerage margin	18.89	18.47	12.08
Operating expenses/Brokerage margin	81.89	75.94	63.81

At 31 December 2013, Cassa Padana had 468 employees. The following table contains a breakdown of employees by role fulfilled within the Bank.

Role	Number of Bank employees
Senior managers	6
Managers	140
White collar workers	322
Auxiliary personnel	
Total employees	468
Employees with powers of approval	Head Office/Senior Mgmt: 2 Area Managers: 8 Asst Area Managers: 8 Branch Managers: 65

3. BANK'S OVERALL RISK MANAGEMENT REGIME

The strategy and objectives of the Bank's lending activities give priority to the specific rules on "mutuality and localism" which banking legislation imposes on Cooperative Banks. They focus on: - efficient selection of clients in order to limit the credit risk, based on a detailed and thorough review of the ability of potential clients to fulfill their contractual commitments; - diversification of the credit risk, giving priority to smaller loans in the household sector and in the small private business sector, the natural area of operations of the Bank; also limiting the concentration of exposure to groups of connected clients and large risks; - diversification of lending across business sectors while taking account of plan for expansion and resulting territorial diversification; - control performance of each individual loan by improving IT procedures available to the various departments involved in the credit/lending process and by performing constant, effective monitoring of loans with a low rating or which show anomalies.

The commercial policy which underlies the Bank's lending activity is geared towards providing financial support to the local economy, through a policy of integration with the characteristics of the local area. The Bank is extremely willing to enter into relationships of trust and personal relations with all of the components (families, small and medium sized enterprises, craftsmen/women) of its local territory and reserves special treatment for client-members. The significant portion of total loans represented by residential property loans, offered based on several types of product, reflects the Bank's particular attention to the family/household sector. The small/medium sized enterprise and craftsmen/women sector is another area of particular importance for the Bank.

COMPLIANCE WITH ARTICLE 405 OF THE CRR AND WITH ARTICLE 51 OF THE AIFMD 2 REGULATION AND ARTICLE

The Originator has undertaken in the Intercreditor Agreement to the Issuer, the Noteholders (and to the Representative of the Noteholders on behalf of the Noteholders) that it will (i) retain at the origination and maintain, on an ongoing basis, a material net economic interest in the Transaction of not less than 5% in accordance with option (1) (d) of Article 405 of the CRR and article 51(d) of the AIFMD Level 2 Regulation or any permitted alternative method thereafter, and (ii)(a) comply with the requirements from time to time applicable to originator set forth in articles 405, 406, 408 or 409 of the CRR and (b) provide adequate disclosure to the Noteholders in accordance with the relevant provisions of the CRR.

In particular, the Originator has undertaken that any of such information:

- (a) on the Issue Date, will be included in the following sections of the Prospectus “*The Portfolio*”, “*Risk Factors*”, “*Overview of the Transaction*”, “*Collection Policy and Recovery Procedures*”, “*Description of the Servicing and the Back-up Servicing Agreement*”; and
- (b) following the Issue Date, on a quarterly basis, will:
 - (i) on each Investors' Report Date, be included in the Investor's Report issued by the Computation Agent, which will (a) contain, *inter alia*, (i) statistics on prepayments, Delinquent Claims, Defaulted Claims, Late Payments 30 Claims, Late Payments 60 Claims and Late Payments 90 Claims; (ii) details relating to repurchases of Claims by the Servicer pursuant to the terms of the Servicing Agreement, (iii) details (provided, where relevant by the Computation Agent) with respect to the Interest Rate, Interest Amount, Principal Amount Outstanding of the Notes, principal payments on the Notes and other payments made by the Issuer, and (iv) information on the material net economic interest in the Transaction maintained by the Originator in accordance with option (1) (d) of Article 405 of the CRR and article 51(d) of the AIFMD Level 2 Regulation or any permitted alternative method thereafter; (b) be generally available to the Noteholders and prospective investors at the offices of the Principal Paying Agent and on the Computation Agent's web site currently located on www.accountingpartners.it (for the avoidance of doubt, such website does not constitute part of this Prospectus).
 - (ii) with reference to loan by loan information regarding each Mortgage Loan included in the Portfolio, be made available by the Originator, upon request;
 - (iii) with reference to the further information which from time to time may be deemed necessary under articles 405 to 409 of the CRR in accordance with the market practice and not covered under points (i) and (ii) above, will be each of provided, upon request, by the Originator.

Finally, under the Intercreditor Agreement the Originator has undertaken that the retention requirement is not to be subject to any credit risk mitigation, any short position or any other hedge, within the limits of articles 405 to 409 of the CRR and article 51(d) of the AIFMD Level 2 Regulation.

THE CASH MANAGER, THE ENGLISH TRANSACTION BANK, THE AGENT BANK, THE TRANSACTION BANK, THE BACK-UP COMPUTATION AGENT, THE PRINCIPAL PAYING AGENT

BNP Paribas Securities Services, a wholly-owned subsidiary of the BNP Paribas Group, is a leading global custodian and securities services provider backed by a strong universal bank. It provides integrated solutions to all participants in the investment cycle including the buy-side, sell-side, corporates and issuers.

BNP Paribas Securities Services has a local presence in 34 countries across five continents, effecting global coverage of more than 100 markets.

At 31 December 2013 BNP Paribas Securities Services has USD 8,055 billion of assets under custody, USD 1,442 billion assets under administration, 7,067 administered funds and 8,225 employees.

BNP Paribas Securities Services currently has long-term senior debt ratings of “A+” (negative) from S&P’s, “A1” (negative) from Moody’s and “A+” (stable) from Fitch Ratings.

Fitch	Moody's	Standard & Poor's
Short term F1	Short term Prime-1	Short-term A-1
Long term senior debt A+	Long term senior debt A1	Long term senior debt A+
Outlook Stable	Outlook Negative	Outlook Negative

Bnp Paribas Securities Services, Milan Branch shall act as Agent Bank, Transaction Bank, Principal Paying Agent, Back-Up Computation Agent and Cash Manager pursuant to the Cash Administration and Agency Agreement.

Bnp Paribas Securities Services, London Branch shall act as English Transaction Bank pursuant to the Cash Administration and Agency Agreement.

The information contained herein relates to and has been obtained from BNP Paribas Securities Services. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of BNP Paribas Securities Services since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.

Pursuant to clause 13 of the Cash Administration and Agency Agreement, on the one hand, each of the Agents may resign its appointment upon not less than 90 (ninety) days' notice to the Issuer (with a copy, in the case of an Agent other than the Principal Paying Agent, to the Principal Paying Agent and the Representative of the Noteholders) provided certain conditions are met; on the other hand, the Issuer may revoke the appointment of each of the Agents, subject to the prior written approval of the Representative of the Noteholders, by giving not less than 60 (sixty) days' notice to it (with a copy to the Representative of the Noteholders and, in the case of an Agent other than the Principal Paying Agent, to the Principal Paying Agent); *provided however that*, in any case, the revocation or the

resignation shall not take effect until a successor has been duly appointed in accordance with clause 13.4 and clause 13.5 of the Cash Administration and Agency Agreement and notice of such appointment has been given in writing to *Monte Titoli*.

The appointment of each of the Agents shall terminate (in accordance with article 1456 of the Italian civil code) or be revoked (as applicable under Italian law), if **(a)** with regard to each of the Transaction Bank, the English Transaction Bank, the Cash Manager and the Principal Paying Agent, it becomes incapable of acting also in light of the provision of article 2, paragraph 6, of the Securitisation Law or in relation to the Operating Bank, the Transaction Bank and the Principal Paying Agent, the banking licence granted to it pursuant to article 14 of the Consolidated Banking Act has been withdrawn or suspended or in case of the English Transaction Bank the relevant banking license granted to them has been withdrawn or suspended; or **(b)** such Agent becomes unable to pay its debts as they fall due; or **(c)** such Agent takes any action for a readjustment or deferment of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors; or **(d)** an order is made or an effective resolution is passed for the winding-up of such Agent; or **(e)** any event occurs which has an analogous effect to any of the foregoing; or **(f)** with regard to the Principal Paying Agent, the Transaction Bank, the English Transaction Bank, it ceases to be an Eligible Institution; or **(g)** a just cause (*giusta causa*) occurs (including, among others, the circumstances that any withholding, or deduction for or on account of tax from any payments to be made by the Agent to the Issuer under the Transaction Documents is imposed, only to the extent that both the following conditions are met: (i) such deduction or withholding becomes applicable because of the relevant Agent (including, without limitation, in the event that this is the consequence of the Issuer not being in the position to provide the information required by the relevant competent authority for the purpose of the FATCA Withholding Tax); and (ii) a replacement of the relevant Agent would avoid such application, and it has a substantial economic adverse effect for the Notes and/or the Securitisation)).

In the event that **(i)** each of Agents gives notice of its resignation in accordance with clause 13.1 of the Cash Administration and Agency Agreement, **(ii)** the Issuer revokes the appointment of each of the Agents in accordance with clauses 13.2 and 13.3 of the Cash Administration and Agency Agreement and **(iii)** by the tenth day before the expiry of such notice, a successor Agent has not been duly appointed in accordance with clause 13.4 of the Cash Administration and Agency Agreement, the resigning Agent may itself, following such consultation with the Issuer and the Representative of the Noteholders as is practicable in the circumstances, appoint as its Successor any reputable and experienced financial institution, which, in the case of the Principal Paying Agent, the English Transaction Bank, the Operating Bank and the Transaction Bank shall qualify as an Eligible Institution, and shall give notice of such appointment to the Issuer, the Representative of the Noteholders, the remaining Agents and the Rating Agencies, whereupon the Issuer, the remaining Agents and such Successor shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form *mutatis mutandis* of this Agreement

Upon any resignation or revocation or any termination taking effect under the Cash Administration and Agency Agreement, the relevant agent shall be released and discharged from its obligations under the Cash Administration and Agency Agreement.

THE REPRESENTATIVE OF THE NOTEHOLDERS AND THE COMPUTATION AGENT

Accounting Partners S.r.l. (“**Accounting Partners**”) is a company incorporated in Italy specialized in providing services in the securitisation sector, particularly in the accounting management of SPVs (Corporate Administrator) and various agency roles within securitisation transactions (Calculation Agent, Representative of Noteholders). Accounting Partners manages today more than 30 securitisation SPVs with portfolio across a wide range of asset classes (mortgage loans, consumer loans, leasing and trade receivables).

The firm registered offices are located in Corso Re Umberto, 8 and also operate through the office located at Via Statuto, 10 in Milan.

The information contained herein relates to and has been obtained from Accounting Partners. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by Accounting Partners, no facts have been omitted which would render the reproduced information inaccurate or misleading. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Accounting Partners since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.

As Computation Agent, Accounting Partners agrees to perform the obligations required to be performed by itself or the Issuer under Condition 5.1 (*Payment Dates and Interest Periods*), Condition 5.3 (*Determination of the Interest Rate, Calculation of the Interest Amount and Single Series Class B Notes Interest Payment Amount*) and Condition 6.7 (*Principal Payments and Principal Amount Outstanding*) and under the Cash Administration and Agency Agreement.

Pursuant to clause 13 of the Cash Administration and Agency Agreement, on the one hand, the Computation Agent may resign its appointment upon not less than 90 (ninety) days' notice to the Issuer (with a copy to the Principal Paying Agent and the Representative of the Noteholders) provided certain conditions are met; on the other hand, the Issuer may revoke the appointment of each of the Computation Agent subject to the prior written approval of the Representative of the Noteholders, by giving not less than 60 (sixty) days' notice to it (with a copy to the Representative of the Noteholders and to the Principal Paying Agent); *provided however that*, in any case, the revocation or the resignation shall not take effect until a successor has been duly appointed in accordance with clause 13.4 and clause 13.5 of the Cash Administration and Agency Agreement and notice of such appointment has been given in writing to *Monte Titoli*.

The appointment of the Computation Agent shall terminate forthwith if **(a)** it becomes unable to pay its debts as they fall due; or **(b)** it takes any action for a readjustment or deferment of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors; or **(c)** an order is made or an effective resolution is passed for its winding-up; or **(d)** any event occurs which has an analogous effect to any of the foregoing; or **(e)** or in any case of just cause (*giusta causa*).

In the event that (i) the Computation Agent gives notice of its resignation in accordance with clause 13.1 of the Cash Administration and Agency Agreement and (ii) the Issuer revokes its appointment in accordance with clause 13.2 of the Cash Administration and Agency Agreement, by the tenth day before the expiry of such notice a successor has not been duly appointed in accordance with clause 13.4 of the Cash Administration and Agency Agreement, the resigning agent may itself, following consultation with the Issuer and the Representative of the Noteholders as is practicable in the circumstances, appoint as its successor any reputable and experienced financial institution, and shall give notice of such appointment to the Issuer, the Representative of the Noteholders and the remaining agents, whereupon the Issuer, the remaining agents and such successor shall acquire and

become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form *mutatis mutandis* of this Agreement.

Upon any resignation or revocation or any termination taking effect under the Cash Administration and Agency Agreement, the relevant agent shall be released and discharged from its obligations under the Cash Administration and Agency Agreement.

THE OPERATING BANK

ICCREA BANCA S.P.A.

ICCREA Banca S.p.A. - Istituto Centrale del Credito Cooperativo (Credit Co-operative Central Bank), a company directed and co-ordinated (*soggetta all'attività di direzione e coordinamento*) by Iccrea Holding S.p.A., is a bank operating in the form of a joint stock company (*società per azioni*) with registered office at Via Lucrezia Romana 41-47, 00178, Rome, Italy, registered at No. 5251 in the register of banks held by the Bank of Italy pursuant to article 13 of the Banking Act.

Its share capital is € 216,913,200 fully paid in, as of December 31st 2013.

Iccrea Banca supports and boosts the overall activities of its BCC-CR clients by supporting them in payment services: it regulates domestic and international flows as Bank of Intermediation for its clients, it is direct acquirer and issuer for the "Ottomila" circuit, identifying the full line of domestic and international debt and credit cards. Iccrea Banca also backs the Banks in their External trade activities.

As "Central Financial Institute" of the Group, it works for the benefit of its client Banks and implements state-of-the-art negotiation and funding techniques, also taking care of regulating and administrating securities and acting as Banca Depositaria e Banca Corrispondente (Custodian and Correspondent Bank).

It supports BCC-CRs in the self-evaluation of their assets and in the optimization of their risk/return through advanced ALM (Application Lifecycle Management) services.

ICCREA Banca S.p.A. was incorporated on 30 November, 1963, as Istituto di Credito delle Casse Rurali ed Artigiane S.p.A., by the representatives of around 190 banche di credito cooperativo (the banche di credito cooperativo or co-operative banks are hereinafter referred to as the "BCCs" and each a "BCC"). Its share capital was held by Iccrea Holding S.p.A. (99.998%), and by the Federazione Lombarda (0.002%). According to its current corporate purpose (*oggetto sociale*), ICCREA Banca S.p.A. "renders the activities of the credit co-operative banks more complete, intense and effective, supporting and helping them to expand their operations through the supply of credit, banking services and financial aid in all its forms". Therefore, it performs a range of activities on behalf of the BCCs.

It trades directly in all financial instruments (equities, bonds and derivatives) on the Milan Stock Exchange and OTC. It is a primary dealer in the wholesale market for government bonds and has sole responsibility for market trading within the ICCREA Group (as defined below). ICCREA Banca S.p.A. has several branches throughout the country (Milano, Padova, Bologna, Firenze, Salerno and Palermo), the role of which is to provide assistance to, and promote its products and services among, the BCCs that operate in those areas.

INTERNAL STRUCTURE

ICCREA Banca S.p.A. had 737 employees as of December 31st, 2013.

Currently, the Board of Directors consists of 11 members as indicated in the table below

Board of Directors

Francesco CARRI	Chairman
Annibale COLOMBO	Vice Chairman Vicarius
Bruno FIORELLI	Vice Chairman

Gianfranco BONACINA	Director
Pierino BUDA	Director
Maurizio CAPOGROSSI	Director
Roberto MAZZOTTI	Director
Gianpiero MICHIELIN	Director
Nicola PALDINO	Director
Domenico RAVAGLIOLI	Director
Salvatore SAPORITO	Director

The Executive Committee is composed as indicated in the table below:

Executive Committee

Francesco CARRI	Chairman
Annibale COLOMBO	Vice Chairman Vicarius Board of Directors
Bruno Fiorelli	Vice Chairman
Pierino BUDA	Vice Chairman of Board of Directors
Roberto MAZZOTTI	Director

The Board of Statutory Auditors is composed of the following:

Board of Statutory Auditors

Luigi GASPARI	Chairman
Camillo CATAROZZO	Auditor
Eros NAPPINI	Auditor
Antonio DE ROSI	Substitute Auditor
Santiago MASCARELLO	Substitute Auditor

The General Director is Dott. Leonardo Rubattu.

Financial Highlights

The tables below set out the profits and losses and the assets of Iccrea Banca S.p.A. over the past 4 years:

Profit and Loss (in thousand euro)	31 Dec 2010	31 Dec 2011	31 Dec 2012	31 Dec 2013
Net Interest Income (30)	45,107	64,256	83,772	71,045
Gross Income (120)	175,704	224,169	219,765	217,829
Operating Expenses (200)	(136,141)	(147,494)	(138,014)	(153,565)
Net income (loss) from financial operations (140)	167,418	220,556	215,656	230,758
Net profit (loss) for the period (290)	20,256	43,889	48,376	40,028

Balance sheet

Assets (in thousand euro)	31 Dec 2010	31 Dec 2011	31 Dec 2012	31 Dec 2013
Cash and cash equivalent (10)	79,509	79,360	110,654	82,637
Due from Banks (60)	7,873,929	15,946,240	27,022,845	32,827,713
Loans (70)	833,742	1,129,365	1,664,961	1,768,381
Bond and other securities (20+30+40)	1,209,876	3,083,455	4,064,157	4,210,958
Total Assets	10,654,611	20,809,815	36,122,179	42,994,317

Liabilities (in thousand euro)	31 Dec 2010	31 Dec 2011	31 Dec 2012	31 Dec 2013
Due to Banks (10)	5,559,083	15,451,959	21,196,601	21,391,952
Securities issued (30+40+50)	1,500,023	2,951,175	4,772,575	5,442,052
Shareholders funds (130+140+150+160+170+180)	318,341	361,339	453,512	490,646
Total Liabilities	10,654,611	20,809,815	36,122,179	42,994,317

Balance Sheet's Ratios

Ratios (%)	31 Dec 2010	31 Dec 2011	31 Dec 2012	31 Dec 2013
R.O.E.	6.40%	15.60%	10.70%	8.20%
Net profit (loss) for the period/Gross Income (290/120)	11.53%	19.58%	22.01%	18.38%
Net Interest Income/Gross Income (30/120)	25.67%	28.66%	38.12%	32.62%
Share Capital/Loans (180/70)	26.02%	19.21%	13.03%	12.27%
NPLs/Loans	4.77%	3.22%	1.85%	1.69%
Crediti in sofferenza/impieghi verso clientela	2.24%	2.68%	1.46%	1.38%

The information contained herein relates to and has been obtained from ICCREA Banca S.p.A. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by ICCREA Banca S.p.A, no facts have been omitted which would render the reproduced information inaccurate or misleading. The delivery of this

Prospectus shall not create any implication that there has been no change in the affairs of ICCREA Banca S.p.A. since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.

THE BACK-UP SERVICER FACILITATOR

Zenith Service S.p.A. (“**Zenith**”) a joint stock company (*società per azioni*), incorporated and organised under the laws of the Republic of Italy, with registered office at Via Guidubaldo Del Monte 61, 00197 Rome, and administrative office at Via Gustavo Fara n. 26, 20124 Milan, Italy, enrolled with the Companies Registrar of Rome under No. 02200990980, in the register of financial intermediaries held by the Bank of Italy pursuant to Article 106 of the Banking Act under number 32819, in the special register of financial intermediaries held by the Bank of Italy pursuant to Article 107 of the Banking Act and with a share capital of Euro 2,000,000.

Under the Intercreditor Agreement, Zenith has undertaken in any case it is necessary, pursuant to the Servicing Agreement and/or the Back-up Servicing Agreement, (i) to appoint a new Back-up Servicer or a *Sostituto del Servicer* (as defined in the Back-up Servicer Agreement): (ii) to use its best efforts to select an entity to be appointed as Back-up Servicer or *Sostituto del Servicer*, as the case may be; and (iii) to cooperate with the Servicer, the Issuer, as the case may be, for the appointment of such Back-up Servicer or *Sostituto del Servicer*.

The information contained herein relates to Zenith has been obtained from it. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Zenith since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.

COLLECTION POLICY AND RECOVERY PROCEDURES

1. THE CREDIT RISK MANAGEMENT PROCESS

In light of the provisions of Part IV, Section 11 of the Bank of Italy Supervisory Guidelines on internal control and the importance given to an effective, efficient credit process and accompanying control system, the Bank has adopted an organizational structure geared towards achieving the credit risk management and control objectives indicated by the Bank of Italy.

The credit risk management organizational process is based on the principle of segregation between the activities of the credit investigation/approval process and those of the subsequent credit management process. This principle has been implemented by establishing separate organizational structures.

In addition to line controls i.e. level one activities, the level two control functions deal with monitoring the performance of loans and the appropriate/adequacy of the administrative processes carried out by credit management structures.

The entire credit management and control process is regulated by the “Credit Process Rules” which describe the four phases of the process, indicating which departments are to carry out which phase, the specific tasks they are to perform and the procedures and information to be used by them:

- credit policy defined with regard to the strategy approved by the Board of Directors and intended to achieve credit risk management in line with the Bank’s situation in terms of income statement and balance sheet position;
- the creditworthiness of loan applicants is assessed with reference to the standards set by the relevant bodies with regard to the economic, financial and asset situations of the applicants. Methods for application upon renewal of credit facilities are also defined at this stage;
- credit approval. In order to be reviewed by the Bank body or department with power to approve or reject it, the loan application must be accompanied by a sufficiently detailed report on the credit investigation performed and the reasons forming the basis for the resulting proposal;
- control and measurement of the credit risk in order to check that the economic, financial and asset conditions of the applicant and their guarantors at the time the loan was approved, continue to apply. Overall credit risk assessment is intended to determine expected losses with reference to the estimated realizable amount of the loans and unexpected losses regarding the possibility that unforeseen events might occur and could be reflected in the recovery rate of the total loans considered. This phase determines the credit performance control and measurement methods as well as the type of action to be taken if any anomalies are identified.

The Rules also include:

- delegated powers regarding the granting of credit;
- the process for the acquisition and supervision of guarantees in compliance with the Supervisory Guidelines on security/guarantees in the wider context of “Credit Risk Mitigation techniques”, or “CRM”. In this area, the rules indicate the types of guarantee/security recognized as CRM and introduce the concept of “admissibility” i.e. establishing the requirements that guarantees/security must have when they are acquired and which must be maintained throughout their life cycle if they are to be used to mitigate the relevant credit risk: capital requirements are calculated based on “mitigated” credit risk.

2. THE LOAN GENERATION AND LOAN APPLICATION MANAGEMENT PROCESS

The lending process involves several operational phases; some of them are common to all types of loan while others vary depending on the type of loan granted.

The phases common to all loans are as follows:

- Loan application by client
- Preliminary investigation
- decision/approval

The first two phases take place entirely at branch level. The initial application commences with a client interview and an assessment of admissibility and is completed when the client fills in and signs the loan application form.

The preliminary investigation phase commences with the gathering of documentation and information and is completed with an assessment of the guarantees/security offered by the client.

This phase also involves accounting and statistical interrogations, supported by PWS2 (a dedicated software program), which are used to prepare all the documentation for the Credit/Loans Service. All of the analysis produced and documentation gathered is attached to the electronic loan files.

The final decision on approval may be taken by the branch – up to its autonomous approval limit – or by another competent approvals body. In the latter case, the Branch should assess the creditworthiness of the loan application, express its opinion and forward the request to the relevant decision making body.

Meanwhile, the loan activation phase is carried out by the Loans Department which, in the Cassa Padana organizational structure, reports to the Finance and Administration Division.

Secured loans	Entity involved
Outcome communicated to client	Branch
Notary provided with details for signature of loan agreement (draft contract, attachments to contract, economic terms and conditions applied, etc.)	Loans Dept
Participation at loan signature as representative of Bank	Branch
Loan disbursed and any expenses charged	Loans Dept
Check on accurate accounting of data re procedure (category, sub-category, expenses charged, etc..).	Loans Dept
Check insurance cover on mortgaged properties and check for presence of insurance clause in favor of the Bank	Loans Dept
Receipt of contracts with any attachments from notaries; check contracts/attachments	Loans Dept
Creation and updating of dossier and archiving in central	Loans Dept

archive	
Archiving of executive copy of loan contract	Loans Dept
Creation/updating of collateral procedure for risk mitigation (Lower absorption of capital)	Loans Dept

Unsecured loans	Entity involved
Outcome communicated to client	Branch
Preparation of standard loan contract, repayment plan, authorization for direct debit of repayments to current account and obtain signatures of applicant and any guarantors	Branch
Disbursement of loan and charge of any expenses up to amount of Euro 25,000	Branch
Review contracts prepared by branch and disbursement of all loans for more than Euro 25,000	Loans Dept
Obtain certain date of guarantee from postal stamp (where required)	Branches/Loans Dept
Creation and updating of dossier and archiving in central archive	Loans Dept

Mortgage loans are normally subject to monthly repayment with direct debits to current accounts. A small number of loans is repaid in cash or by direct debit to accounts with other banks.

Loans with most problems are handled with support from Area Managers, the Loans Performance Control Department, the Non-Performing Loans Department. Finally, the Legal Disputes Department becomes involved.

Repayments are automatically debited in batches by an automated system. If a repayment is missed, the procedure provides for the direct debit of the missed repayment together with the next repayment on the due date for the latter. If several repayments have been missed, the loan is monitored using weekly printouts. In this case, the overdue repayments are debited manually by the branch.

No procedures by product type. The branch makes a telephone inquiry to follow up all overdue repayments. Reminder letters are then issued by the branch.

3. CREDIT RECOVERY POLICY

The credit recovery activities of the Originator are assigned to an external legal counsel which remains in constant contact with the bank's legal department or the relevant department. Both the external counsel and the legal department are directly involved in any legal action. The departments involved submit periodic reports to the general management and/or the board of directors on the status of credit recovery activities.

The close working relationship between the branches and the external advisors results in promptness and persistence in following up on this activity.

USE OF PROCEEDS

The net proceeds from the issue of the Notes, being Euro179,018,000 of which Euro 137,800,000 of the Class A Notes, and Euro 41,218,000 of the Class B Notes will be applied by the Issuer on the Issue Date to finance the Purchase Price of the Portfolio and the Cash Reserve in accordance with the Notes Subscription Agreement and the Cash Administration and Agency Agreement.

DESCRIPTION OF THE TRANSFER AGREEMENT

The description of the Transfer Agreement set out below is a summary of certain features of the Transfer Agreement and is qualified in its entirety by reference to the detailed provisions of the Transfer Agreement. Prospective Noteholders may inspect a copy of the Transfer Agreement upon request at the registered offices of the Representative of the Noteholders or at the Specified Office of the Principal Paying Agent. Capitalised terms used in the description below, to the extent not defined in this Prospectus, shall have the meanings ascribed to them in the Transfer Agreement.

Pursuant to the transfer agreement, signed on 15 May 2014 between the Issuer and the Originator (the “**Transfer Agreement**”), the Originator sold for consideration to the Issuer without recourse (*pro soluto*) and as a pool (*in blocco*) a portfolio of monetary claims (the “**Portfolio**”) and connected rights arising out of the relevant mortgage loans (the “**Claims**” and “**Mortgage Loans**” respectively) granted by the Originator to their customers (the “**Borrowers**”) with economic effect as of the Effective Date.

Under clause 7.2 of the Transfer Agreement, the Originator has undertaken to deliver on the date of the entering into of such agreements: (a) a certificate issued by the competent Register of Enterprises stating that no insolvency proceedings are pending against the Originator dated not earlier than 10 Business Days before the date of the entering into of the Transfer Agreement; (b) a solvency certificate signed by the legal representative or a director of the Originator dated not earlier than 5 Business Days before the date of the entering into of the Transfer Agreement; and, (c) except where the issuance of the certificate is not permitted by the internal rules applied by the relevant court, also a solvency certificate issued by the bankruptcy court (*tribunale fallimentare*) stating that no insolvency proceedings (also in the last five years in case of such information is given by the competent Court) are pending against the Originator, dated not earlier than 10 Business Days before the date of the entering into of the Transfer Agreement.

1. THE PURCHASE PRICE

As consideration for the acquisition of the Claims pursuant to the Transfer Agreement, the Issuer has undertaken to pay to the Originator a price equal to Euro 179,017,079.65 (the “**Purchase Price**”). The Purchase Price is calculated as the aggregate of the Outstanding Principal of all the Claims at the Effective Date.

2. THE CLAIMS

Pursuant to the Transfer Agreement the Originator has represented and warranted that the Claims have been selected on the basis of the objective criteria (the “**Criteria**”) in order to ensure that the Claims have the same legal and financial characteristics. See the section headed “*The Portfolio*”.

3. PRICE ADJUSTMENT

The Transfer Agreement provides that if, after the Transfer Date, it transpires that (i) any Claims do not meet the Criteria, then such Claims will be deemed not to have been assigned and transferred to the Issuer pursuant to the Transfer Agreement and (ii) any Claim which meets the Criteria has not been included in the list of Claims, then such Claim shall be deemed to have been assigned and transferred to the Issuer by the Originator pursuant to the Transfer Agreement. The Purchase Price shall be adjusted to take into account the additional payment or the reimbursement to be made for any such Claim, as the case may be.

In the case of a Claim which does not meet the Criteria, the Purchase Price shall be decreased by an amount equal to (i) the part of the Purchase Price which has been paid for such Claim; plus (ii) any accrued interest on such amount as at the Payment Date immediately following the date such amount is credited as referred to in point (i) above, calculated at an annual rate equal to the average weighted interest rate applied to the Notes at the Issue Date (inclusive) until the Payment Date following the date on which the Issuer shall be paid the part of the Purchase Price which has been paid for such Claim; plus (iii) any documented cost and expense (including without limitation, legal costs plus VAT on the same) which have been borne by the Issuer in relation to such claims after the Transfer Date; less (iv) the aggregate of all sums recovered and collected by the Issuer in respect of such Claim after the Transfer Date.

In the case of a Claim which meets the Criteria but was not included in the Transfer Agreement, the Purchase Price shall be increased by an amount equal to (i) the purchase price which would have been payable for such Claim pursuant to the Transfer Agreement; less (ii) the aggregate of all sums recovered and collected by the Originator in respect of such Claim after the Transfer Date.

4. APPLICABLE LAW AND JURISDICTION

The Transfer Agreement and all non contractual obligations arising out or in connection with the Transfer Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Transfer Agreement and all non contractual obligations arising out or in connection with the Transfer Agreement, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Rome, Italy.

DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT

The description of the Warranty and Indemnity Agreement set out below is a summary of certain features of the Warranty and Indemnity Agreement and is qualified in its entirety by reference to the detailed provisions of the Warranty and Indemnity Agreement. Prospective Noteholders may inspect a copy of the Warranty and Indemnity Agreement upon request at the registered offices of the Representative of the Noteholders or at the Specified Office of the Principal Paying Agent. Capitalised terms used in the description below, to the extent not defined in this Prospectus, shall have the meanings ascribed to them in the Warranty and Indemnity Agreement.

Under a warranty and indemnity agreement entered into on 15 May 2014 between the Issuer and the Originator (the “**Warranty and Indemnity Agreement**”), the Originator gave certain representations and warranties as to, *inter alia*, the Claims it transferred pursuant to the Transfer Agreement and the respective Mortgage Loans, their full title over such Claims, their corporate existence and operations and their collection and recovery policy. Moreover the Originator has agreed to indemnify and hold harmless the Issuer from and against all damages, losses, claims, liabilities and costs awarded against or suffered or incurred by it or otherwise arising to it by reason of any misrepresentation of the Originator in the Warranty and Indemnity Agreement or any default of the Originator under the Warranty and Indemnity Agreement and/or the Transfer Agreement and/or the Servicing Agreement.

1. REPRESENTATIONS AND WARRANTIES OF THE ORIGINATOR

Under the Warranty and Indemnity Agreement, the Originator represented and warranted with respect to itself and the Claims it sold to the Issuer under the Transfer Agreement and the relevant Mortgage Loans and the Mortgages securing them, as to, *inter alia*, the following matters:

1.1 General

- (a) it is a co-operative credit bank (*banca di credito cooperativo*) duly incorporated as a *società cooperativa per azioni* and validly existing under the laws of the Republic of Italy;
- (b) it has full corporate power and authority to enter into and perform the obligations undertaken by it under the Warranty and Indemnity Agreement, the Transfer Agreement, the Servicing Agreement and the other Transaction Documents to which it is a party and it has taken all necessary actions whatsoever required to authorise its entry into, delivery and performance of the Warranty and Indemnity Agreement, the Transfer Agreement, the Servicing Agreement and the other Transaction Documents and the terms thereof, including, without limitation, the sale and assignment of the Claims;
- (c) the execution, delivery and performance by it of the Warranty and Indemnity Agreement, the Transfer Agreement, the Servicing Agreement and the other Transaction Documents to which it is a party and all other instruments and documents to be delivered pursuant thereto and all transactions contemplated thereby do not contravene or result in a default under, (i) its corporate constitutional documents, (ii) any law, rule or regulation applicable to it, (iii) any contractual restriction contained in any agreement or other instrument binding on it or affecting it or its property or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not and will not result in the creation of any adverse claim;
- (d) provisions of the Warranty and Indemnity Agreement are legal, valid and binding and are enforceable against it in accordance with its terms; and its payment obligations

under the Warranty and Indemnity Agreement constitute claims against it which rank at least *pari passu* with the claims of all other unsecured creditors under the laws of the Republic of Italy apart from any preferential creditors under any applicable insolvency laws or similar legislation;

- (e) there is no litigation, current, pending or threatened against it, nor has any action or administrative proceeding of or before any court or agency been started or threatened against it, which might or could materially affect its ability to observe and perform its obligations under the Warranty and Indemnity Agreement and the other Transaction Documents to which it is a party;
- (f) it is solvent and there is no fact or matter which might render it insolvent or subject to any insolvency proceedings, nor will it be rendered insolvent as a consequence of entering into the Warranty and Indemnity Agreement or the other Transaction Documents to which it is a party or of performing any of the obligations herein or therein contained;
- (g) since the 31 December 2012 there has been no material adverse change in its financial or operative condition which would adversely affect its ability to observe and perform its obligations under the Warranty and Indemnity Agreement and the other Transaction Documents to which it is a party;
- (h) the information relating to itself (including, without limitation, information with respect to its mortgage loan business), the Claims and the Mortgage Loans supplied to the Issuer is true and correct in all material respects.

1.2 The Claims, the Real Estate Assets, the Mortgages and the Mortgage Loans.

- (a) it holds sole and unencumbered legal title to the Claims, the Mortgage Loans and the Mortgages; it has not assigned (whether absolutely or by way of security), mortgaged, charged, transferred, disposed or dealt with or otherwise created or allowed to arise or subsist an adverse claim in respect of their title and interest in and to and the benefit of the Claims, the Mortgage Loans and the Mortgages;
- (b) the Claims, the Mortgage Loans and the Mortgages are governed by Italian law and are legal, valid, binding and enforceable under the same and in particular the Mortgage Loans comply with all rules and regulations on (i) compounding of interests, (ii) consumer protection, (iii) the prevention of usury, and (iv) data protection and privacy protection; the Mortgage Loans have been executed as a public deed (*atto pubblico*) or private deed (*scrittura privata autenticata*) before a notary public (*notaio*);
- (c) each Mortgage Loan has been fully disbursed to or to the account of the relevant Borrower and there is no obligation on its part to advance or disburse further amounts in connection therewith;
- (d) the sale of the Claims to the Issuer pursuant to the Transfer Agreement will not affect the obligation of the related Borrower under the relevant Mortgage Loans;
- (e) the Claims have been selected by it on the basis of the Criteria so as to constitute a portfolio of homogeneous rights within the meaning and for the purposes of Law 130;
- (f) all consents, licenses, approvals or authorisations of or registrations or declarations with any governmental or other public authority required to be obtained, effected or

provided for the validity and enforceability of the Claims, the Mortgage Loans and/or the Mortgages have been duly obtained, effected or provided and are in full force and effect; and all costs, expenses and taxes required to be paid in connection with the execution of the Mortgage Loans or for the validity and enforceability of the Claims, the Mortgage Loans and/or the Mortgages have been duly paid;

- (g) the insurance policies in relation to the Claims are valid and effective and are held for the benefit of the Originator;
- (h) Real Estate Assets are located in Italy and have been entirely built;
- (i) each of the Real Estate Assets complies with applicable laws, rules and regulations concerning health and safety and environmental protection;
- (j) each of the Real Estate Assets is free from damage and waste, in good condition and there are no proceedings, actual or threatened, in relation thereto;
- (k) each of the Real Estate Assets is duly registered with the competent land registry; meets the legal requirements for *agibilità*; and complies with all applicable laws and regulations;
- (l) no Mortgage Loan could be classified as structured loan, syndicated loan or leveraged loan pursuant to the Guidelines of the European Central Bank issued on 20 March 2013, on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral;
- (m) the Mortgage Loans do not include at the signing date of the Warranty and Indemnity Agreement and will not include at the Issue Date, non performing loans pursuant to the Guidelines of the European Central Bank issued on 20 March 2013, on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral;
- (n) no Mortgage Loan Agreement could be classified as leasing agreement;
- (o) all the Borrowers are (a) individuals resident in Italy or (b) entities (*persone giuridiche*) incorporated in Italy and having their registered office in Italy;
- (p) all the guarantors of the Borrowers are (a) individuals resident in or domiciled in Italy and in any case resident in a country being a member of the European Economic Area or (b) entities (*persone giuridiche*) incorporated in and have their registered office in a country being a member of the European Economic Area;
- (q) all the Mortgages, the Mortgage Loans, the Mortgage Loan Agreements and the Claims are existing and regulated by the Italian law;
- (r) the Mortgages, the Mortgage Loans, the Mortgage Loan Agreements, the Real Estate Assets and the Claims have the characteristics required in order for the Class A Notes to be used as eligible collateral for ECB liquidity transaction;
- (s) none of the Borrower and/or mortgagor is a public administration (*pubblica amministrazione*), a public entity (*ente pubblico*) or an ecclesiastical entity (*ente ecclesiastico*);
- (t) at least the 63% of the Mortgage Loans were originated by Cassa Padana, and for the best of its knowledge not more than the 37% of the Mortgage Loans were purchased by Cassa Padana following the acquisition of other banks;

- (u) for the best of its knowledge, the Borrowers are not involved in any insolvency or similar proceeding and there is no ground to believe that they might become insolvent in the future.

2. UNDERTAKINGS OF THE ORIGINATOR

Under the Warranty and Indemnity Agreement, the Originator has undertaken, with respect to itself, the Claims and the Mortgage Loans and the Mortgages securing them, *inter alia*, as follows:

- (a) without prejudice to the non-recourse nature (*natura pro soluto*) of the assignment effected pursuant to the Transfer Agreement, to refrain from carrying out or purporting to carry out any activity with respect to the Claims which may adversely affect them, and in particular: before the date of publication of the applicable notice of assignment of the Claims in the Official Gazette and registration of the assignment of the Claims in Companies' Register; (i) not to assign and/or transfer, the whole or any part of, any of the Claims to any third party; and (ii) not to create or allow to be created or to arise or to allow to exist any security interest, lien, pledge, privilege or encumbrance or other right in favour of third parties in respect of the Claims, or any part thereof;
- (b) not to execute any agreement, deed or document or enter into any arrangement purporting to assign, or otherwise dispose of, any of the Mortgage Loans or to create or allow to be created or allow to arise or exist any security interest, lien, pledge, privilege or encumbrance or other right in favour of third parties in respect of the Mortgage Loans;
- (c) not to instruct any Borrower or guarantor to make any payment with respect to any of the Claims otherwise than as provided for in the Mortgage Loans or as instructed in writing by itself as Servicer of such Claims;
- (d) otherwise than in its capacity as Servicer in accordance with the relevant provisions of the Servicing Agreement, not to take any action likely to cause or permit any of the Claims to become invalid or diminish their respective rights;
- (e) to co-operate with the Issuer to perform any and all acts, carry out any and all actions, and execute any and all documents as the Issuer may reasonably deem necessary in connection with the Warranty and Indemnity Agreement, the Transfer Agreement, the Servicing Agreement and the other Transaction Documents;
- (f) to comply fully and in a timely manner with and observe any and all provisions, covenants and other terms to be complied with, insofar as necessary in order to preserve the rights, claims, powers and benefits of the Issuer as purchaser of the Claims;
- (g) to assist and fully co-operate with the Issuer in any due diligence relating to the Claims which the Issuer may wish to carry out after the date of the Warranty and Indemnity Agreement;
- (h) to maintain in good status and order, accurate, complete and up-to-date accounts, books, records and documents relating to the Claims, the Mortgage Loans and the Mortgages;
- (i) to comply with all applicable laws and regulations (including all rules, orders and instruments) with respect to the Claims, the Mortgage Loans, the Mortgages and

their administration and management;

- (j) to grant access to the Issuer, its agents and nominees to its premises for purposes of examining records, documents and data in relation to the Claims, to copy them and to discuss any issues concerning the Claims with its accountants and other appointed personnel;
- (k) to pay all costs, fees and taxes due promptly in relation to the execution, filing, registration, etc., of the Warranty and Indemnity Agreement, the Transfer Agreement, the Servicing Agreement and the other Transaction Documents;
- (l) save as provided for in the Servicing Agreement, not to agree to any amendment of or waiver to any terms and conditions of the Mortgage Loans and/or the Mortgages which might adversely affect the timely recovery of the Claims, the ability of the Issuer to enforce its rights, claims, powers and benefits against the Borrowers and/or the guarantors or the validity of the Warranty and Indemnity Agreement and not to commence any action for the recovery of the Claims;
- (m) to assist and support the Issuer or its nominee in the development of adequate data reporting systems concerning the Claims by transferring to the Issuer books, records and documents which may be useful or relevant for implementing a data reporting system which would allow the Issuer to achieve full compliance with all applicable laws and regulatory reporting regulations and requirements.

3. INDEMNITY

Under the Warranty and Indemnity Agreement, the Originator agreed to indemnify the Issuer, its representatives and agents from and against any and all damages, losses, claims, liabilities and related costs and expenses, including legal fees and disbursements awarded against or suffered or incurred by it as a consequence of or in relation to, *inter alia*:

- (a) the reliance on any representation or warranty made by it to the Issuer under or in connection with the Warranty and Indemnity Agreement, the Transfer Agreement, the Servicing Agreement or any other Transaction Document to which it shall be a party which shall have been false, incorrect or misleading when made or delivered;
- (b) its failure to comply with any term, provision or covenant contained in the Warranty and Indemnity Agreement, the Transfer Agreement, the Servicing Agreement or any other Transaction Document to which it shall be a party and its failure to comply with any applicable law, rule or regulation with respect to the Claims, the Mortgage Loans, the Mortgages, the Real Estate Assets and the relevant insurance policies;
- (c) the failure to vest in the Issuer all rights, title and interest in and the benefit of each Claim pursuant to the terms of the Transfer Agreement, free and clear of any adverse claim;
- (d) any dispute, claim or defence (other than discharge in bankruptcy or winding up by reason of insolvency or similar event) of the Borrowers or the guarantors to the payment of any Claim;
- (e) any judicial or out of court set-off of the assigned Borrower in relation to the payment of any Claim arising before or after the execution date of the Warranty and Indemnity Agreement under the Mortgage Loans or under or pursuant to any contract, deed, document, action, event or circumstance.

4. USURY

Under the Warranty and Indemnity Agreement, the Originator represented to the Issuer that the interest rates of the Mortgage Loans comply with the Usury Law and they agreed to indemnify the Issuer against any damages, losses, claims, liabilities and costs awarded against or suffered or incurred by it or otherwise arising as a consequence or in relation to any claims being brought by the Borrowers or other third parties on the grounds of the Usury Law.

5. APPLICABLE LAW AND JURISDICTION

The Warranty and Indemnity Agreement and all non contractual obligations arising out or in connection with the Warranty and Indemnity Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Warranty and Indemnity Agreement and all non contractual obligations arising out or in connection with the Warranty and Indemnity Agreement, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Rome, Italy.

DESCRIPTION OF THE SERVICING AGREEMENT AND THE BACK-UP SERVICING AGREEMENT

The description of the Servicing Agreement and the Back-Up Servicing Agreement set out below is a summary of certain features of the Servicing Agreement and the Back-Up Servicing Agreement and is qualified in its entirety by reference to the detailed provisions of the Servicing Agreement and the Back-Up Servicing Agreement, as the case may be. Prospective Noteholders may inspect a copy of the Servicing Agreement and the Back-Up Servicing Agreement upon request at the registered offices of the Representative of the Noteholders or at the Specified Office of the Principal Paying Agent. Capitalised terms used in the description below, to the extent not defined in this Prospectus, shall have the meanings ascribed to them in the Servicing Agreement and the Back-Up Servicing Agreement, as the case may be.

Under a servicing agreement entered into on 15 May 2014 between, *inter alios*, the Issuer and the Originator (the “**Servicing Agreement**”), the Originator (in such capacity, the “**Servicer**”) agreed to administer and service the Portfolio on behalf of the Issuer and in particular to collect amounts due in respect thereof (the “**Administration of the Portfolio**”) and to commence and pursue enforcement proceedings and to negotiate and settle the Claims in default (the “**Management of the Claims in Default**”).

The receipt of cash collections in respect of the Portfolio is the responsibility of the Servicer who will be the *soggetto incaricato della riscossione dei crediti ceduti e responsabile della verifica della conformità delle operazioni alla legge e al prospetto informativo* pursuant to article 2(3)(c) and (6)-*bis* of the Securitisation Law and accordingly is responsible for ensuring that such operations comply with the provisions of the law and of this Offering Circular.

Pursuant to the Servicing Agreement, the Servicer shall comply with certain collection policies specified in the Servicing Agreement (the “**Collection Policies**”) in relation to the collection and recovery activities carried out on behalf of the Issuer and shall provide, *inter alia*, the Issuer with monthly and quarterly reports (the “**Monthly Servicing Report**” and the “**Quarterly Servicing Report**”). The Servicer shall also ensure that the Collections do not include usurious interest in accordance with the anti-usury laws and regulations applicable from time to time. The Servicer shall be entitled to settle and renegotiate the Claims only in accordance with the Servicing Agreement.

In addition, in order to consent the Originator to keep good relationships with the Borrowers, as an alternative to the power to renegotiate the Mortgage Loans, the Servicer has been given the power to make offers to repurchase Claims whose outstanding amount as of the Effective Date plus the outstanding amount of the Claims object of other preceding offers already accepted by the Issuer is not higher than the 8% of the outstanding principal amount of the Claims of the Portfolio as of the Effective Date, *provided however that*, with respect to Claims in relation to which (A) a Borrower has submitted a request to suspend the payment of the principal quota of the instalments and (B) the Servicer is not able to meet such request due to the limits regarding the renegotiation activities set out under article 7.4 of the Servicing Agreement, the Servicer shall be entitled to make, in relation to such Claims, offers that exceed the abovementioned limit for an additional 5% of the outstanding principal amount of the Claims as of the Effective Date.

The Servicer shall give order to pay all collections received by it in respect of the Portfolio (the “**Collections**”) into the Transitory Collections and Recoveries Account on the Business Day immediately following the date of receipt. The Servicer will convert any non-cash Collections received by it (the “**Recoveries**”) into equivalent amounts of cash and will credit such cash to the Transitory Collections and Recoveries Account.

The Servicer will carry out its obligations under the Servicing Agreement in accordance with the Collection Policy. This policy may be amended from time to time in accordance with the terms set out

in the Servicing Agreement.

1. INFORMATION TECHNOLOGY

The Servicer is authorised to delegate to its Information Technology Services Provider all data processing, information storage and retrieval, back-up and archive services for the Administration of the Portfolio and the Management of the Claims in Default. The Servicer will remain directly liable for the performance of all duties and obligations delegated to the Information Technology Services Provider and will be liable for the conduct of the Information Technology Services Provider. All fees, costs and expenses to be paid or reimbursed to the Information Technology Services Provider shall be borne by the Servicer and the Issuer shall not be liable for any payment of whatever nature to the Information Technology Services Provider. The Servicer may terminate the appointment of the Information Technology Services Provider and appoint a suitable replacement information technology services provider which is an Authorised Company, provided that such replacement will not adversely affect the ratings of the Notes and the service will be granted without interruption because of such replacement.

2. FEES AND EXPENSES

As consideration for the services provided by the Servicer, the Issuer will pay to the Servicer on each Payment Date:

- (a) as compensation for the Administration of the Portfolio for the Collection Period immediately preceding such Payment Date (with the exclusion of the activities to be performed by the Servicer for the Management of the Claims in Default), a fee equal to 0.3% on an annual basis of the Outstanding Principal of the Claims as at the Collection Date immediately preceding such Collection Period; and
- (b) as compensation for the Management of the Claims in Default, a fee equal to 6% of the aggregate of the Collections and Recoveries in respect of the Defaulted Claims in the Collection Period immediately preceding such Payment Date,

(the fees listed under letter (a) and (b) above are, collectively, the “**Servicing Fee**”).

The Servicer has expressly waived its rights to compensation that may be provided for by law other than the Servicing Fees. It has also expressly waived its right to exercise any right to off-set the amounts due to it from the Issuer against the Collections and Recoveries or any other amount owed by the Servicer to the Issuer, *provided that* the repayment by the Issuer to the Servicer of any amount due and payable to the Servicer, as restitution of any sum unduly paid by the Servicer to the Issuer in respect of the Portfolio, may be made by way of set-off with the amount due by the Servicer, *provided further that* such set-off shall be made in the same Collection Period in which the relevant overpayment has been made.

3. UNDERTAKINGS OF THE SERVICER

The Servicer has undertaken, with respect to the Claims of the Portfolio which it has been appointed to service, *inter alia*:

- (a) to carry out the Administration of the Portfolio and the Management of the Claims in Default with due skill and care in accordance with the Collection Policy and with all applicable laws and regulations;
- (b) to maintain an effective system of general and accounting controls so as to ensure the performance of its obligations under the Servicing Agreement;

- (c) save as otherwise provided in the Collection Policy and in the Servicing Agreement, not to release or consent to the cancellation of all or part of the Claims unless ordered to do so by a competent judicial or other authority or by the Issuer;
- (d) to ensure adequate identification and segregation of the collections and recoveries and other amounts related to the Claims from all other funds of the Servicer;
- (e) to ensure that the Transaction is consistent with the law and this Prospectus;
- (f) to comply with all authorisations, approvals, licenses and consents required for the fulfilment of its obligations under the Servicing Agreement.

The Servicer undertakes to cooperate, for a reasonable period of time, with the Back-up Servicer and to make available to it any resource belonging to, or service carried out, in its internal departments in order to allow the Back-up Servicer to have a knowledge of (i) the Originator's devices which are used with respect to the Issuer and (ii) the report procedures which are used in the context of the Securitisation, in order for the Back-up Servicer to be able to use such devices and report procedures in case of replacement of the Servicer.

In case of a material breach by the Servicer of its obligations under the Servicing Agreement with respect to the Administration of the Portfolio and/or the Management of the Claims in Default, the Issuer and/or the Representative of the Noteholders shall be entitled, jointly or severally to perform the relevant obligations in the name and on behalf of the Servicer or to cause it to be performed by third parties in the name and on behalf of the Servicer.

4. TERMINATION OF APPOINTMENT

The Issuer may revoke the appointment the Servicer in certain circumstances including, *inter alia*, (i) the insolvency of the Servicer, (ii) a breach of the Servicing Agreement which remains unremedied for a period of longer than 10 (ten) days after a written demand of compliance sent by the Issuer and/or the Representative of the Noteholders, and (iii) a failure by the Servicer to pay or transfer to the Issuer any amount due which remains unremedied for more than 10 (ten) days after the relevant statutory request of payment (except in case such failure is due to technical reason). In addition, the Servicer may resign at any time after 24 months from the Transfer Date upon giving 12 months prior written notice, provided that either the Back-up Servicer is ready for operating or the Servicer has found a suitable replacement servicer acceptable to the Issuer and the Representative of the Noteholders on substantially the same terms as those contained in the Servicing Agreement.

5. APPLICABLE LAW AND JURISDICTION

The Servicing Agreement and all non contractual obligations arising out or in connection with the Servicing Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Servicing Agreement and all non contractual obligations arising out or in connection with the Servicing Agreement, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Rome, Italy.

6. BACK-UP SERVICING AGREEMENT

Under a back-up servicing agreement among the Issuer, the Servicer and the Back-up Servicer (the "**Back-up Servicing Agreement**") entered into on or prior to the Issue Date, the Back-up Servicer has agreed, should the Servicer cease to act as servicer of the Portfolio, to service the Portfolio on the same terms as are provided for in the Servicing Agreement.

In addition, under the Back Up Servicing Agreement, the Back-up Servicer has undertaken to prepare a simplified servicing report in case the Servicer fails to deliver their Quarterly Servicing Report.

The Back-up Servicing Agreement and all non contractual obligations arising out or in connection with the Back-up Servicing Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Back-up Servicing Agreement and all non contractual obligations arising out or in connection with the Back-up Servicing Agreement, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Rome, Italy.

DESCRIPTION OF THE OTHER TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of such Transaction Documents at the registered offices of the Representative of the Noteholders or at the Specified Office of the Principal Paying Agent. Capitalised terms used in the description below, to the extent not defined in this Prospectus, shall have the meanings ascribed to them in the Transaction Documents.

1. THE CORPORATE SERVICES AGREEMENT

Under a corporate services agreement entered into on or prior to the Issue Date between the Issuer and the Corporate Services Provider (the “**Corporate Services Agreement**”), the Corporate Services Provider will provide the Issuer with certain corporate administration and management services. These services will include, among others, (i) the book-keeping of the documentation in relation to the meetings of the Issuer's quotaholders, directors and auditors (if any) and the meetings of the Noteholders; (ii) maintaining the quotaholders' register; (iii) preparing tax and accounting records, and (iv) preparing documents necessary for the Issuer's annual financial statements and liaising with the Representative of the Noteholders. The parties to the Corporate Services Agreement have also agreed to share certain costs and expenses of the Issuer arising in the context of the Transaction.

The Corporate Services Agreement and all non contractual obligations arising out or in connection with the Corporate Services Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Corporate Services Agreement and all non contractual obligations arising out or in connection with the Corporate Services Agreement, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Rome, Italy.

2. THE INTERCREDITOR AGREEMENT

On or about the Issue Date, the Issuer, the Representative of the Noteholders (on behalf of the Noteholders and for itself) and the Other Issuer Creditors will enter into the Intercreditor Agreement.

The Intercreditor Agreement provides for, *inter alia*, the order of priority of payments to be made from the Issuer Available Funds, as the case may be, as set forth in Condition 4 (*Orders of Priority*).

The obligations owed by the Issuer to each Noteholder and to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. The Noteholders and the Other Issuer Creditors will have a claim against the Issuer only to the extent of the Issuer Available Funds in each case subject to and as provided in the Conditions, the Intercreditor Agreement and the other Transaction Documents

Under the terms of the Intercreditor Agreement, the Noteholders and each of the Other Issuer Creditors irrevocably consented and agreed that, upon the delivery of a Trigger Notice following the occurrence of a Trigger Event, the Representative of the Noteholders will be authorised to exercise, in the name and on behalf of the Issuer, as representative of the Noteholders and also in the interest and for the benefit of the Noteholders and the Other Issuer Creditors, all and any of the Issuer's Rights, including the right to give directions and instructions to each of the Other Issuer Creditors. The Other Issuer Creditors irrevocably jointly

give, pursuant to Article 1726 of the Italian civil code, the Representative of the Noteholders full power and authority to negotiate, amend, sign and execute, in their names and on their behalf, the Deed of Charge and the Deed of Pledge and provide the relevant acceptances of the pledges granted therein also in accordance with article 1395 of the Italian Civil Code and pursuant to article 2800 of the Italian Civil Code and the provisions of letter b), paragraph 1 of article 2 of the Italian legislative decree of 21 May 2004 N° 170, as applicable. The Notes Subscription Agreement and the Rules of the Organisation of the Noteholders include similar provisions providing for the appointment of, and the granting of relevant rights to, the Representative of the Noteholders by the Noteholders.

Clean Up Option

The Issuer has granted the Originator an option right, subject to certain conditions, to purchase in each period starting from 60 (sixty) days prior the Clean Up Option Date and ending on such Clean Up Option Date the Claims outstanding at such date for a purchase price equal to the outstanding principal amount of each Claim, subject to the following provisions:

- (i) if on the Clean Up Option Date the Portfolio does not comprise any Defaulted Claims, the purchase price shall be equal to the fair market value as determined (subject to subparagraph (ii) below) by an independent third party; and
- (ii) provided that, in any case, the purchase price shall be equal to, or higher than, the amount (as determined in the relevant Payments Report) necessary for the Issuer to discharge all its outstanding liabilities in respect of the Class A Notes and any amounts required under the Intercreditor Agreement and the Conditions to be paid in priority to or *pari passu* with the Class A Notes.

The Intercreditor Agreement and all non contractual obligations arising out or in connection with the Intercreditor Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Intercreditor Agreement and all non contractual obligations arising out or in connection with the Intercreditor Agreement, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Rome, Italy.

3. THE DEED OF PLEDGE

Pursuant to a deed of pledge entered into on or prior to the Issue Date (the “**Deed of Pledge**”) between the Issuer and the Representative of the Noteholders acting for itself and on behalf of the Noteholders and the Other Issuer Creditors (the “**Pledges**”), the Issuer will grant to the Pledges as security for its obligations under the Transaction Documents (i) a pledge over all the monetary contractual claims arising from certain Transaction Documents; and (ii) a pledge over the positive balance of the Accounts held in Italy by the Issuer (other than the Expenses Account and the Quota Capital Account).

The Deed of Pledge and all non contractual obligations arising out or in connection with the Deed of Pledge are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Deed of Pledge and all non contractual obligations arising out or in connection with the Deed of Pledge, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Rome, Italy.

4. THE CASH ADMINISTRATION AND AGENCY AGREEMENT

Under an agreement to be entered into on or prior to the Issue Date among, *inter alios*, the

Issuer, the Servicer, the Transaction Bank, the Operating Bank, the English Transaction Bank, the Cash Manager, the Computation Agent, the Principal Paying Agent, the Back-Up Computation Agent, the Representative of the Noteholders and the Agent Bank (the “**Cash Administration and Agency Agreement**”):

- (a) the Principal Paying Agent will perform certain services in relation to the Notes, including arranging for the payment of principal and interest to the Monte Titoli Account Holders;
- (b) the Agent Bank will calculate the amount of interest payable on the Class A Notes on each Interest Determination Date; the Computation Agent will perform certain other calculations in respect of the Notes and set out, in a payment report, the payments due to be made by the Issuer on each Payment Date in accordance with the applicable Order of Priority and to prepare investors' reports providing information on the performance of the Portfolio;
- (c) the Operating Bank, the Transaction Bank, the English Transaction Bank and the Cash Manager will provide the Issuer with certain cash administration and investment services, in relation to the monies standing, from time to time, to the credit of the relevant Accounts; and
- (d) the Back-Up Computation Agent has agreed to act as back-up computation agent of the Transaction.

If the Computation Agent fails to deliver the Payments Report in accordance with Clause 6.3.1 of the Cash Administration and Agency Agreement, to the extent that the failure by the Computation Agent to deliver the Payments Report within the Payments Report Date is not due to the Servicer having not submitted the Quarterly Servicing Report or the Back-Up Servicer having not submitted the simplified Quarterly Servicing Report, as the case may be, the Back-Up Computation Agent has agreed to prepare, upon receipt of the Principal Paying Agent Notice, the Payments Report in accordance with the provisions of Clause 6.3.1 and Clause 6.5 of the Cash Administration and Agency Agreement and deliver it to the entities specified in Clause 6.3.1 thereto not later than the second Business Day preceding the immediately following Payment Date.

Pursuant to clause 13(*Change in Agents*) of the Cash Administration and Agency Agreement, any Agent may resign its appointment upon not less than 90 (ninety) days' notice to the Issuer (with a copy, in the case of an Agent other than the Principal Paying Agent, to the Principal Paying Agent) provided, however, that:

- (i) if such resignation would otherwise take effect less than 30 (thirty) days before or after any Payment Date or other date for redemption of the Notes, it shall not take effect until the thirtieth day following such Payment Date or redemption date; and
- (ii) in the case of the Principal Paying Agent, the Transaction Bank, the Operating Bank, the English Transaction Bank or the Agent Bank, such resignation shall not take effect until a Successor has been duly appointed in accordance with clause 13.4 or clause 13.5 of the Cash Administration and Agency Agreement and notice of such appointment has been given in writing to Monte Titoli and such successor has entered into the Intercreditor Agreement and the other relevant Transaction Documents, it being understood that the Issuer undertakes to appoint such Successor without prejudice to the provisions of clause 13.5 of the Cash Administration and Agency Agreement.

Moreover, the Issuer may revoke the appointment of any Agent by giving not less than 60 (sixty) days' notice to such Agent (with a copy to the Representative of the Noteholders and, in

the case of an Agent other than the Principal Paying Agent, to the Principal Paying Agent); provided however that, in the case of the Transaction Bank, the English Transaction Bank, the Operating Bank, the Principal Paying Agent or the Agent Bank, such revocation shall not take effect until a Successor has been duly appointed in accordance with clauses 13.4 and 13.5 of the Cash Administration and Agency Agreement, notice of such appointment has been given in writing to Monte Titoli and such Successor has entered into the Intercreditor Agreement and the other relevant Transaction Documents.

The appointment of any Agent shall terminate (in accordance with article 1456 of the Italian civil code) if **(a)** with regard to each of the Transaction Bank, the Operating Bank, the English Transaction Bank, the Cash Manager and the Principal Paying Agent, it becomes incapable of acting also in light of the provision of article 2, paragraph 6, of the Securitisation Law or in relation to the Operating Bank, the Transaction Bank and the Principal Paying Agent, the banking licence granted to it pursuant to article 14 of the Consolidated Banking Act has been withdrawn or suspended or in case of the English Transaction Bank the relevant banking license granted to them has been withdrawn or suspended; or **(b)** such Agent becomes unable to pay its debts as they fall due; or **(c)** such Agent takes any action for a readjustment or deferment of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors; or **(d)** an order is made or an effective resolution is passed for the winding-up of such Agent; or **(e)** any event occurs which has an analogous effect to any of the foregoing; or **(f)** with regard to the Principal Paying Agent, the Transaction Bank, the English Transaction Bank and the Operating Bank (only in the event of a Successor of ICCREA Banca) it ceases to be an Eligible Institution; or **(g)** a just cause (*giusta causa*) occurs (which includes (A) any change (i) to the Specified Office of the Principal Paying Agent or (ii) to the registered office of any other Agent, provided that, in both cases under (i) and (ii) above, the Issuer and the Representative of the Noteholders have grounds to believe that such change may prejudice the Noteholders' rights under the Transaction; (B) the default by any Agent in the performance or observance of any of its respective covenants and obligations under the Cash Administration and Agency Agreement, provided that the Representative of the Noteholders is of the opinion that such default is materially prejudicial to the interests of the Noteholders and such default (i) continues unremedied for a period of 10 (ten) Business Days after receipt by the relevant Agent of written notice from the Issuer or, in accordance with the Intercreditor Agreement, the Representative of the Noteholders, as applicable, requiring the same to be remedied or (ii) is, in the opinion of the Representative of the Noteholders, incapable of remedy; or (C) the circumstance that any of the warranties made by any Agent under this Agreement proves untrue, or (D) the circumstance that any withholding or deduction for or on account of tax from any payments to be made by the Agent to the Issuer under the Transaction Documents is imposed, only to the extent that both the following conditions are met: (i) such deduction or withholding becomes applicable because of the relevant Agent (including, without limitation, in the event that this is the consequence of the Issuer not being in the position to provide the information required by the relevant competent authority for the purpose of the FATCA withholding tax); and (ii) a replacement of the relevant Agent would avoid such application, and it has a substantial economic adverse effect for the Notes and/or the Transaction); *provided that* the Representative of the Noteholders is of the opinion that such warranty being untrue is materially prejudicial to the interests of the Noteholders and such default (i) continues unremedied for a period of 10 (ten) Business Days after receipt by the relevant Agent of written notice from the Issuer or, in accordance with the Intercreditor Agreement, the Representative of the Noteholders, as applicable, requiring the same to be remedied or (ii) is, in the opinion of the Representative of the Noteholders, incapable of remedy), or **(h)** with regard to the Operating Bank, it becomes subject to any of the measures under article 70 or 76 of the Consolidated Banking Act; provided however that, in the case of the Transaction Bank, the English Transaction Bank, the Operating Bank, the Principal Paying Agent or the Agent Bank, such termination or revocation shall not take effect until a Successor has been duly appointed in accordance with clause 13.3 or clause 13.4 of the Cash Administration and Agency Agreement, notice of such appointment has been given in writing to *Monte Titoli* and such Successor has

entered into the Intercreditor Agreement and the other relevant Transaction Documents.

The Cash Administration and Agency Agreement and all non contractual obligations arising out or in connection with the Cash Administration and Agency Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Cash Administration and Agency Agreement and all non contractual obligations arising out or in connection with the Cash Administration and Agency Agreement, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Rome, Italy.

5. THE NOTES SUBSCRIPTION AGREEMENT

Pursuant to a subscription agreement entered into on or prior the Issue Date among, *inter alios*, the Issuer, the Representative of the Noteholders, the Arranger, the Subscriber and the Originator (the “**Notes Subscription Agreement**”), the Subscriber shall subscribe for the Notes and pay to the Issuer the issue price for the Notes and shall appoint the Representative of the Noteholders to act as the representative of the Noteholders, subject to the conditions set out therein.

The Notes Subscription Agreement and all non contractual obligations arising out or in connection with the Notes Subscription Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Notes Subscription Agreement and all non contractual obligations arising out or in connection with the Notes Subscription Agreement, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Rome, Italy.

6. THE LIMITED RECOURSE LOAN AGREEMENT

The Originator is a subordinated loan provider (the “**Limited Recourse Loan Provider**”), pursuant to a limited recourse loan agreement to be entered into on or prior to the Issue Date between the Originator and the Issuer (the “**Limited Recourse Loan Agreement**”), pursuant to which Cassa Padana grants to the Issuer a subordinated loan in the amount of Euro 5,371,000 (the “**Limited Recourse Loan**”). The Limited Recourse Loan will be repaid in accordance with the applicable Order of Priority. The Limited Recourse Loan will be drawn down by the Issuer on the Issue Date in order to fund the Cash Reserve.

7. THE DEED OF CHARGE

Pursuant to the Deed of Charge entered into on or about the Issue Date, the Issuer will assign absolutely and to the effect not effectively assigned and charge by way of first fixed security in favour of the Representative of the Noteholders (acting as security trustee) on behalf of the Noteholders and the Other Issuer Creditors, all of the Issuer's rights, title, interest and benefit (present and future) in, to and under the Investment Account and any other English Accounts which the Issuer may open from time to time, and will charge by way of first floating security the whole of the Issuer's undertaking, property and assets, present and future, relating to the Transaction, which are located in England and Wales and which are not subject to effective security created pursuant to the other clauses of the Deed of Charge or otherwise.

The Deed of Charge will be governed by, and construed in accordance with, English law.

The Courts of England have exclusive jurisdiction to hear any disputes that arise in connection therewith.

8. THE QUOTAHOLDER'S AGREEMENT

Under the terms of a quotaholders' agreement entered into on or prior to the Issue Date among the Quotaholder, the Representative of the Noteholders and the Issuer (the "**Quotaholder's Agreement**") certain rules shall be set out in relation to the corporate governance of the Issuer.

The Quotaholder's Agreement and all non contractual obligations arising out or in connection with the Quotaholder's Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Quotaholder's Agreement and all non contractual obligations arising out or in connection with the Quotaholder's Agreement, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Rome, Italy.

WEIGHTED AVERAGE LIFE OF THE CLASS A NOTES

Under the Conditions, the Final Maturity Date of the Notes is the Payment Date falling in December 2054 and the Notes will be subject to mandatory redemption in full or in part on the First Payment Date and on each Payment Date falling thereafter to the extent that on such Payment Date the Issuer has sufficient available funds to be applied for this purpose in accordance with the applicable Order of Priority. The Notes may also be subject to optional redemption in full under certain circumstances.

The tables below show the expected average life of the Senior Notes on the basis of various assumptions regarding prepayment rates. The assumptions used to calculate the expected average life of the Notes hereunder are based on the historical performance of the loans originated by the Originator having the same characteristics as those of the Claims.

Moreover, the following assumptions have been made:

- (i) the Issuer will exercise its option to redeem the Notes under Condition 6.4 (*Optional Redemption*);
- (ii) there are no delinquencies or defaults in respect of the Portfolio;
- (iii) no Trigger Event has occurred in respect of the Notes; and
- (iv) no redemption for taxation under Condition 6.2 (*Redemption for Taxation*) has occurred in respect of the Notes.

Costant Prepayment Rate	Class A Note	
	Expected Average Life (Years)	Expected maturity
% per annum		
3%	4,07	15/03/2024
5%	3,58	15/03/2023
7%	3,19	15/03/2022

The base case assumptions above reflect the current expectations of the Issuer but no assurance can be given that the redemption of the Class A Notes will occur as described above. The prepayment rates are stated as an average annual prepayment rate but the prepayment rate for one Interest Period may substantially differ from one period to another. The constant prepayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant prepayment rates.

The average life of the Class A Notes is subject to factors that are largely out of the control of the Issuer. As a consequence no assurance can be given that the above estimates will prove in any way to be realistic and therefore they must be considered with caution.

TERMS AND CONDITIONS OF THE NOTES

The following is the entire text of the terms and conditions of the Class A Notes and the Class B Notes (as defined below) (the “Conditions”). In these Conditions, references to the “holder” or to the “Noteholder” of a Class A Note or a Class B Note or to a Class A Noteholder and a Class B Noteholder are to the ultimate owners of the Class A Notes and the Class B Notes, as the case may be, issued in dematerialised form and evidenced as book entries with Monte Titoli S.p.A. (“Monte Titoli”) in accordance with the provisions of (i) article 83-bis of the Legislative Decree No. 58 of 24 February 1998 and (ii) regulation of 22 February 2008 jointly issued by the Commissione Nazionale per le Società e la Borsa (“CONSOB”) and the Bank of Italy, as subsequently amended and supplemented. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of Noteholders (as defined below).

The Euro 137,800,000 Class A Asset Backed Floating Rate Notes due December 2054 (the “**Class A Notes**” or the “**Senior Notes**”), Euro 41,218,000 Class B Asset Backed Floating Rate Notes due December 2054 (the “**Class B Notes**” or the “**Junior Notes**”; the Class A Notes and the Class B Notes, together the “**Notes**”), are issued by Dominato Leonense S.r.l. (the “**Issuer**”) on 6 June 2014 (the “**Issue Date**”) in the context of a securitisation transaction (the “**Transaction**”) to finance the purchase of a portfolio of monetary claims and connected rights (the “**Portfolio**” and the “**Claims**”, respectively) arising under mortgage loan agreements originated by Cassa Padana Banca di Credito Cooperativo (the “**Originator**”), pursuant to article 1 of Italian Law No. 130 of 30 April 1999 (“*Disposizioni sulla cartolarizzazione dei crediti*”) (the “**Law 130**” or the “**Securitisation Law**”).

The Portfolio has been purchased by the Issuer pursuant to a transfer agreement signed on 15 May 2014, between the Issuer and the Originator (the “**Transfer Agreement**”). Representations and warranties in respect of the Portfolio have been made by the Originator in favour of the Issuer under a warranty and indemnity agreement entered into between the Issuer and the Originator on 15 May 2014 (the “**Warranty and Indemnity Agreement**”). In these Conditions, references to the “**Class A Noteholders**” are to the beneficial owners of the Class A Notes, references to the “**Class B Noteholders**” are to the beneficial owners of the Class B Notes and references to the “**Noteholders**” are to the beneficial owners of the Class A Notes and the Class B Notes.

The principal source of payment of amounts due under the Notes will be collections and recoveries made in respect of the Portfolio (the “**Collections**”). By operation of article 3 of Law 130, the Issuer’s title to the Portfolio and to all the amounts deriving therefrom will be segregated from all the other assets of the Issuer and amounts deriving therefrom (for so long as such amounts are credited to one of the Issuer’s accounts under this Transaction and not commingled with other sums) will be available, both before and after a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors (as defined below) in accordance with the applicable Order of Priority (as set out in Condition 4 (*Orders of Priority*)). The Issuer’s right, title and interest in and to the Portfolio and to all the amounts deriving therefrom may not be seized or attached in any form by the creditors of the Issuer other than the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the Transaction until full redemption or cancellation of the Notes and full discharge by the Issuer of its obligations *vis-à-vis* the Other Issuer Creditors.

Under a servicing agreement entered into on 15 May 2014 (the “**Servicing Agreement**”) among the Issuer, the Back-up Servicer (as defined below), the Operating Bank (as defined below) and the Originator as a servicer of the Portfolio (the “**Servicer**”), the Servicer agreed to provide the Issuer with administration, collection and recovery services in respect of such Portfolio and shall verify that the payment services to be provided in relation to the Transaction comply with Italian law.

Under a subscription agreement entered into on or prior to the Issue Date among the Issuer, the

Originator, the Subscriber, the Arranger and the Representative of the Noteholders (the “**Notes Subscription Agreement**”), the Subscriber shall subscribe and pay for the Notes upon the terms and subject to the conditions thereof and shall appoint Accounting Partners S.r.l. to act as the representative of the Noteholders (the “**Representative of the Noteholders**”).

Under a cash administration and agency agreement to be entered into on or prior to the Issue Date (the “**Cash Administration and Agency Agreement**”) among the Issuer, Accounting Partners S.r.l. as Representative of the Noteholders and computation agent (the “**Computation Agent**”), the Originator, the Servicer, BNP Paribas Securities Services, Milan Branch as principal paying agent (the “**Principal Paying Agent**”), agent bank (the “**Agent Bank**”), cash manager (the “**Cash Manager**”), transaction bank (the “**Transaction Bank**”) and back-up computation agent (the “**Back-Up Computation Agent**”), and ICCREA Banca S.p.A. as operating bank (the “**Operating Bank**”) and BNP Paribas Securities Services, London Branch as English transaction bank (the “**English Transaction Bank**”), (i) the Principal Paying Agent shall carry out certain services in relation to the Notes, including arranging for the payment of principal and interest to the Monte Titoli Account Holders; (ii) the Agent Bank shall calculate the amount of interest payable on the Notes; (iii) the Computation Agent shall provide the Issuer with other calculations in respect of the Notes and will set out, in a payment report, the payments due to be made under the Notes on each Payment Date; (iv) the Operating Bank, the Transaction Bank, the English Transaction Bank and the Cash Manager shall provide certain cash administration and investment services in respect of the amounts standing, from time to time, to the credit of the relevant Accounts; and (v) the Back-Up Computation agent shall act as back-up computation agent of the Transaction.

Under a corporate services agreement to be entered into on or prior to the Issue Date (the “**Corporate Services Agreement**”) between the Issuer and FIS Full Integrated Solutions S.p.A. as corporate services provider (the “**Corporate Services Provider**”) the Corporate Services Provider shall provide the Issuer with certain corporate administration services.

Under a back-up servicing agreement entered into on or prior to the Issue Date (the “**Back-up Servicing Agreement**”), among the Issuer, the Servicer and Iccrea Banca S.p.A. (the “**Back-up Servicer**”), the Back-up Servicer has agreed, should the Servicer cease to act as servicer of the Portfolio, to service such Portfolio on the same terms as are provided for in the Servicing Agreement.

Under the terms of a limited recourse loan agreement to be entered into on or prior to the Issue Date (the “**Limited Recourse Loan Agreement**”), between the Issuer and the Originator as limited recourse loan provider (the “**Limited Recourse Loan Provider**”), the Limited Recourse Loan Provider will advance to the Issuer a limited recourse loan in order to fund the Cash Reserve as at the Issue Date, for an amount equal to Euro 5,371,000 (the “**Limited Recourse Loan**”).

Under a deed of pledge entered into on or prior to the Issue Date among the Issuer and the Representative of the Noteholders (acting for itself and also on behalf of the Noteholders) and the Other Issuer Creditors (the “**Deed of Pledge**”), the Issuer has granted to the Noteholders and the Other Issuer Creditors: (i) a pledge over all the monetary contractual claims arising from certain Transaction Documents; and (ii) a pledge over the positive balance of the Accounts held by the Issuer in Italy (other than the Expenses Account and the Quota Capital Account).

Under a deed of charge entered into on or prior to the Issue Date among the Issuer, the Representative of the Noteholders (acting as security trustee) and the Other Issuer Creditors (the “**Deed of Charge**”), the Issuer assigned and charged in favour of the Representative of the Noteholders for itself, the Noteholders and the Other Issuer Creditors, all the Issuer's rights, title, interest and benefit (present and future) in all the amounts and securities from time to time standing to the credit of the Investment Account, together with any other future accounts which the Issuer may open in England and Wales pursuant to the Transaction Documents.

Under an intercreditor agreement to be entered into on or prior to the Issue Date (the “**Intercreditor**”

Agreement”) among the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders), the Corporate Services Provider, the Agent Bank, the Transaction Bank, the English Transaction Bank, the Operating Bank, the Computation Agent, the Back-Up Computation Agent, the Servicer, the Principal Paying Agent, the Back-up Servicer, the Cash Manager, the Limited Recourse Loan Provider, the Originator, the Subscriber and the Back-Up Servicer Facilitator, the application of the Issuer Available Funds (as defined below) has been set out. The Representative of the Noteholders has been appointed to exercise certain rights in relation to the Portfolio and in particular will be conferred the exclusive right (and the necessary powers) to make demands, give notices, exercise or refrain from exercising rights and take or refrain from taking actions (also through the Servicer) in relation to the recovery of the Claims in the name and on behalf of the Issuer.

Under a quotaholder’s agreement to be entered into on or prior to the Issue Date among Stichting SFM Italy No. 1 as quotaholder (the “**Quotaholder**”), the Issuer and the Representative of the Noteholders (the “**Quotaholder’s Agreement**”) certain rules has been set out in relation to the corporate management of the Issuer.

The Issuer has established with the Transaction Bank the following accounts:

- (i) an account (the “**Payments Account**”) into which, *inter alia*, all amounts received by the Issuer under the Transaction Documents (other than amounts paid in respect of the Claims) will be credited and out of which all payments shall be made according to the applicable Order of Priority and the relevant Payments Report;
- (ii) an account (the “**Collections and Recoveries Account**”) into which, *inter alia*, all amounts standing to the credit of each Transitory Collection and Recoveries Account will be credited; and
- (iii) a cash reserve account (the “**Cash Reserve Account**”) into which the Subordinated Loan shall be deposited pursuant to the Limited Recourse Loan Agreement.

The Issuer has established with the English Transaction Bank a cash and securities account (the “**Investment Account**”) into which, *inter alia*, all amounts and securities standing to the credit of the Accounts (other than the Transitory Collections and Recoveries Account, the Expenses Account and the Quota Capital Account) will be transferred for the purpose of investment in Eligible Investments.

The Issuer has established the following accounts with the Operating Bank:

- (i) an account (the “**Transitory Collections and Recoveries Account**”) into which, *inter alia*, all amounts received by the Issuer under the Portfolio from the Servicer shall be paid;
- (ii) an account (the “**Expenses Account**”) into which, *inter alia*, the Retention Amount shall be paid and out of which certain payments with respect to the Issuer’s corporate expenses shall be made; and
- (iii) an account (the “**Quota Capital Account**”) into which, *inter alia*, the sums contributed by the Quotaholder will be credited and held.

These Conditions include summaries of, and are subject to, the detailed provisions of the Transfer Agreement, the Warranty and Indemnity Agreement, the Servicing Agreement, the Back-up Servicing Agreement, the Intercreditor Agreement, the Corporate Services Agreement, the Notes Subscription Agreement, the Cash Administration and Agency Agreement, the Limited Recourse Loan Agreement, the Deed of Pledge, the Quotaholder’s Agreement and the Deed of Charge (and together with these Conditions, the “**Transaction Documents**”). Copies of the Transaction Documents are available for inspection during normal business hours at the registered office of the Representative of the Noteholders.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the

provisions of the Transaction Documents applicable to them. In particular, each Noteholder recognises that the Representative of the Noteholders is its representative and accepts to be bound by the terms of those Transaction Documents which have been signed by the Representative of the Noteholders as if it had signed such documents itself.

The rights and powers of the Noteholders may only be exercised in accordance with the rules of the organisation of the Noteholders (respectively, the “**Rules of the Organisation of the Noteholders**” and the “**Organisation of the Noteholders**”) attached hereto and which form an integral and substantive part of these Conditions.

The recitals (“**Recitals**”) and the exhibits (the “**Exhibits**”) hereto constitute an integral and essential part of these Conditions and shall have the force of and shall take effect as covenants by the Issuer.

In these Conditions:

“**2010 PD Amending Directive**” means Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010.

“**Acceleration Order of Priority**” means the order in which the Issuer Available Funds shall be applied on each Payment Date following the service of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

“**Accounts**” means collectively the Payments Account, the Collections and Recoveries Account, the Transitory Collections and Recoveries Account, the Investment Account, the Expenses Account, the Cash Reserve Account and the Quota Capital Account.

“**AIFMD**” means Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers, as the same may be amended from time to time.

“**AIFMD Level 2 Regulation**” means the Commission Delegated Regulation (EU) no. 231/2013, as the same may be amended from time to time.

“**Agents**” means the Principal Paying Agent, Back-up Computation Agent, the Agent Bank, the Computation Agent, the Cash Manager, the Transaction Bank, the English Transaction Bank and the Operating Bank, collectively; and “**Agent**” means any of them.

“**Agent Bank**” means BNP Paribas Securities Services, Milan Branch, whose registered office is at Via Ansperto, 5, 20123 Milan, Italy, or any other person from time to time acting as Agent Bank.

“**Amortised Principal**” means, with respect to each Payment Date, an amount equal to the aggregate of:

- (i) the aggregate amount of the Principal Instalments of the Claims collected during the immediately preceding Collection Period, excluding all Principal Instalments collected in such immediately preceding Collection Period in relation to the Claims that have become Defaulted Claims in any previous Collection Period (without prejudice to the provisions under items (iii) and (iv) below);
- (ii) the aggregate amount of the Principal Instalments of the Pre-paid Claims that have been prepaid during the immediately preceding Collection Period;
- (iii) the Outstanding Principal of the Claims that have become Defaulted Claims during the immediately preceding Collection Period, as of the date when such Claims became Defaulted Claims;

- (iv) any amount received by the Issuer during the immediately preceding Collection Period from the Originator pursuant to the Transfer Agreement and/or the Warranty and Indemnity Agreement and any amount received by the Issuer from the Originator as indemnities in respect of the renegotiations of the Mortgage Loan Agreements in accordance with the Servicing Agreement;
- (v) any repurchase price of the Claims received in the immediately preceding Collection Period (or at any time upon exercise of the Optional Redemption or the Redemption for Taxation);
- (vi) the Amortised Principal unpaid at the previous Payment Date; and
- (vii) only on the Payment Date on which the Class A Notes Principal Amount Outstanding may be redeemed in full by utilising the Cash Reserve (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority), an amount equal to the Class A Notes Principal Amount Outstanding (which would otherwise remain outstanding following payments under items from (i) to (vi) above).

“**Arranger**” means ICCREA Banca.

“**Article 405**” means the article 405 of the CRR.

“**Authorised Company**” means any company (i) whose management has at least 5 years prior experience in the activities which the Servicer intends to entrust to such company, (ii) employs a software which would empower it to fulfil the obligations deriving from its appointment without interruption (iii) has the ability to perform such activities with results equal to those required by the Servicer under the Servicing Agreement.

“**Available Class B Notes Redemption Funds**” means with respect to each Payment Date and to the Class B Notes, an amount, calculated as at the Collection Date immediately preceding such Payment Date, equal to the lower of:

- (i) the Issuer Available Funds available for redemption of the Principal Amount Outstanding of the Class B Notes according to the Pre-Acceleration Order of Priority or the Acceleration Order of Priority, as applicable; and
- (ii) the Principal Amount Outstanding of the Class B Notes.

“**Back-Up Computation Agent**” means BNP Paribas Securities Services, Milan Branch, whose registered office is at Via Ansperto, 5, 20123 Milan, Italy, or any other person from time to time acting as Back-up Computation Bank.

“**Back-Up Servicer**” means ICCREA Banca or any other person acting from time to time as back-up servicer.

“**Back-Up Servicer Facilitator**” means Zenith Service S.p.A. or any other person acting from time to time as back-up servicer facilitator.

“**Bankruptcy Law**” means the Italian Royal Decree No. 267 of 16 March 1942 (*Disciplina del fallimento, del concordato preventivo e della liquidazione coatta amministrativa*), as amended and supplemented from time to time.

“**Bankruptcy Proceedings**” means any bankruptcy or similar proceeding applicable to any company or other organisation or enterprises and in particular as for Italian law, the following procedures: *fallimento, concordato preventivo, liquidazione coatta amministrativa, amministrazione straordinaria*, and the proceedings as set forth by article 182 *bis* and article 67, paragraph 3, of the

Bankruptcy Law.

“**Borrower**” means the debtors under the Claims and their transferors, assignees and successors.

“**Business Day**” means any day (excluding Saturday and Sunday) on which banks are open for business in Dublin, London, Milan and Rome on which the Trans-European Automated Real Time Gross Transfer System (TARGET 2) (or any successor thereto) is open.

“**Calculation Date**” means the date falling 10 (ten) calendar days before each Payment Date.

“**Cancellation Date**” means the earlier date of (i) following the completion of any proceedings for the recovery of all Claims, the date on which such recoveries (if any) are paid in accordance with the applicable Order of Priority, (ii) following the sale of the Portfolio, the date on which the proceeds of such sale (if any) are paid in accordance with the applicable Order of Priority, and (iii) the Final Maturity Date (following application of the Issuer Available Funds on such date in accordance with the applicable Order of Priority).

“**Capital Requirements Regulation**” or “**CRR**” means the Regulation (EU) No. 575/2013, as the same may be amended from time to time.

“**Cash Manager**” means BNP Paribas Securities Services, Milan Branch or any other person acting from time to time as cash manager.

“**Cash Reserve**” means with reference to any given Payment Date and Calculation Date, the monies standing from time to time to the credit of the Cash Reserve Account (including amounts to be credited on the Cash Reserve Account on such Payment Date, on the immediately preceding Payment Date (after application of the Issuer Available Funds, in accordance with the applicable Order of Priority) except for the Issue Price Difference.

“**Cash Reserve Account**” means the account with IBAN No. IT 29 S 03479 01600 000800950702 opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Cash Reserve Excess**” has the meaning ascribed to it in Condition 4.5.

“**Cassa Padana**” means Cassa Padana Banca di Credito Cooperativo.

“**Central Bank**” means the Central Bank of Ireland.

“**Claims**” means the monetary claims arising now or at any time in the future under or in respect of the Portfolio.

“**Class A Notes Principal Payment Amount**” means (a) with respect to each Payment Date the lower of: (i) the Amortised Principal with respect to such Payment Date; and (ii) the Class A Notes Principal Amount Outstanding as at the immediately preceding Collection Date; plus (b) only on the Payment Date on which the Class A Notes Principal Amount Outstanding may be redeemed in full by utilising the Cash Reserve (available on such Payment Date following payment in full of all items ranking higher), an amount equal to the Class A Notes Principal Amount Outstanding (which would otherwise remain outstanding following payments under item (a) above); provided that on the Final Maturity Date the Class A Notes Principal Payment Amount will be equal to the Class A Notes Principal Amount Outstanding.

“**Class B Notes Interest Payment Amount**” Means with respect to each Payment Date an amount, calculated on the Calculation Date immediately preceding such Payment Date, equal to:

- (i) the aggregate of all Interest Instalments accrued on the Claims in the immediately preceding Collection Period (excluding Interest Accruals); *plus*
- (ii) the aggregate of all fees for prepayment paid on the Claims in the immediately preceding Collection Period; *plus*
- (iii) the aggregate of all interest for late payments (*interessi di mora*) paid on the Claims in the immediately preceding Collection Period; *plus*
- (iv) all amounts received or recovered by the Issuer in the immediately preceding Collection Period with respect to the Claims which are or have been Defaulted Claims; *plus*
- (v) all amounts of interest (if any) accrued and paid on the amounts standing from time to time to the credit of the Payments Account, the Expenses Account and the Collection and Recoveries Account, the Transitory Collections and Recoveries Account and the Cash Reserve Account and paid into the same during the immediately preceding Collection Period; *plus*
- (vi) all profit and accrued interest (if any) received under the Eligible Investments made in respect of the immediately preceding Collection Period; *minus*
- (vii) the difference between (i) the Amortised Principal due on the immediately previous Payment Date and (ii) the amount paid under item (*Eight*) of the Pre Acceleration Order of Priority at such Payment Date; *minus*
- (viii) (a) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date out of the Issuer Available Funds under items (*First*) to (*Seventh*) (included) of the Pre Acceleration Order of Priority, or
 (b) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date under item (*Fifth*) of the Acceleration Order of Priority to the Servicer (or the Back-up Servicer), plus all amounts due to be paid by the Issuer on the next following Payment Date under items (*First*), (*Second*), (*Third*), (*Fourth*) and (*Sixth*) of the Acceleration Order of Priority; *minus*
- (ix) the Outstanding Balance of all the Claims which have become Defaulted Claims during the immediately preceding Collection Period calculated as at the immediately preceding Collection Date.

“**Clean Up Option Date**” has the meaning ascribed to it in Condition 6.4.

“**Clearstream**” means Clearstream Banking, Société Anonyme.

“**Collection and Recoveries Account**” means the account with IBAN IT 52 R 03479 01600 000800950701 opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Collection Date**” means 31 January, 30 April, 31 July And 31 October in each year. The First Collection Date is 31 July 2014.

“**Collection Period**” means each period starting on a Collection Date (exclusive) and ending on the following Collection Date (inclusive), save for the First Collection Period.

“**Collection Policy**” means the collection policy applied by the Servicer in relation to the Portfolio.

“**Collections**” means all the amounts collected and/or recovered under the Claims on or after the Transfer Date and any amount received by the Issuer from the Servicer pursuant to the Servicing Agreement.

“**Computation Agent**” means Accounting Partners S.r.l. or any other person acting from time to time as computation agent.

“**CONSOB**” means *Commissione Nazionale per le Società e la Borsa*.

“**Consolidated Banking Act**” means Legislative Decree No. 385 of 1 September 1993 as subsequently amended.

“**Corporate Services Provider**” means FIS Full Integrated Solutions S.p.A. or any other person acting from time to time as corporate services provider

“**CRA Regulation**” means Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of 11 May 2011 .

“**Criteria**” means the criteria used for the selection of the Claims.

“**Capital Requirements Regulation**” or “**CRR**” means the Regulation (EU) No. 575/2013, as the same may be amended from time to time.

“**DBRS**” means DBRS Ratings Limited. DBRS Ratings Limited is established in the European Union and was registered on 31 October 2011 in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by CRA Regulation and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority.

“**DBRS Equivalent Rating**” means the DBRS rating equivalent of any of the below ratings by Fitch, Moody’s or S&P:

DBRS	Moody’s	S&P	Fitch
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-

B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	D

“**DBRS Minimum Rating**” means: (a) if a Fitch public rating, a Moody’s public rating and an S&P public rating (each, a “**Public Long Term Rating**”) are all available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below) (for this purpose, if more than one Public Long Term Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Long Term Ratings shall be so disregarded); and (b) if the DBRS Minimum Rating cannot be determined under (a) above, but Public Long Term Ratings by any two of Fitch, Moody’s and S&P are available at such date, the DBRS Equivalent Rating will be the lower of such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and (c) if the DBRS Minimum Rating cannot be determined under (a) and (b) above, but Public Long Term Ratings by any one of Fitch, Moody’s and S&P are available at such date, then the DBRS Equivalent Rating will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below). If at any time the DBRS Minimum Rating cannot be determined under subparagraphs (a) to (c) above, then a DBRS Minimum Rating of “C” shall apply at such time.

“**Defaulted Claim**” means a Claim which is classified as “*in sofferenza*” by the Servicer pursuant to its Collection Policy and in compliance with the applicable rules “*Istruzioni di Vigilanza*” of the Bank of Italy or a Claim which has at least, as the case may be: (i) 12 (twelve) Unpaid Instalments in relation to Claims with monthly instalments; (ii) 6 (six) Unpaid Instalments in relation to Claims with Instalments which are paid every two months; (iii) 5 (five) Unpaid Instalments in relation to Claims with quarterly Instalments; (iv) 4 (four) Unpaid Instalments in relation to Claims with Instalments which are paid every four months; (v) 3 (three) Unpaid Instalments in relation to Claims with semi-annual Instalments; and (vi) 1 (one) Unpaid Instalment in case of Claims with annual Instalment, remained unpaid for at least 6 (six) months following the due date of payment.

“**Default Ratio**” means, with respect to any Payment Date, the ratio calculated as at the immediately preceding Collection Date between (i) the cumulative Outstanding Balance of all Claims which have become Defaulted Claims since the Valuation Date, and (ii) the Outstanding Principal of the Claims as at the Valuation Date.

“**Delinquent Claims**” (*Crediti Incagliati*) means the Claims which are classified as “*partita incagliata*” by the Servicer pursuant to its Collection Policy and in compliance with the applicable rules “*Istruzioni di Vigilanza*” of the Bank of Italy.

“**ECB**” means the European Central Bank.

“**Effective Date**” means 23:59 of 4 May 2014.

“Eligible Institution” means any depository institution organised under the laws of any State which is a member of the European Union or of the United States have at least the following ratings:

- (i) with at least a "Baa2" long-term rating by Moody's or, in the event of a depository institution which does not have a long-term rating by Moody's, at least a "P-2" short-term rating by Moody's; and
- (ii) with respect to DBRS: (1) at least “BBB ” by DBRS in respect of long-term debt public rating; or (2) if there is no such public rating, a private rating supplied by DBRS of at least “BBB”. In the event of a depository institution which does not have a private rating nor a public rating from DBRS, then for DBRS the Eligible Institution will mean a depository institution which has the DBRS Minimum Rating of “BBB”;

or such other rating being compliant with the Moody's and DBRS published criteria applicable from time to time.

“Eligible Investments” means:

- (i) any Euro denominated senior (unsubordinated) dematerialised debt security, bank account deposit (including for the avoidance of doubt time deposit) or other debt instrument (but excluding for avoidance of any doubt, the money market funds) or repurchase transactions on such debt instruments with the followings characteristics:
 - (A) with respect to Moody's, the debt securities or other debt instruments shall be rated, or in the case of bank account deposits shall be held with an institution whose unsecured and unsubordinated debt obligations are rated, at least as follows: either (i) "Baa2" long-term rating by Moody's or, in the event of an investment which does not have a long-term rating by Moody's, "P-2" short-term rating by Moody's, with regard to investments having a maturity of less than or equal to one month; or (ii) "Baa1" by Moody's in respect of long term debt, with regard to investments having a maturity between one and three months, or (iii) such other lower rating being compliant with the criteria established by Moody's from time to time;
 - (B) with respect to DBRS, the debt securities or other debt instruments are issued by, or in the case of bank account deposits or time deposits are held with, or fully and unconditionally guaranteed on an unsubordinated basis by, an institution whose unsecured and unsubordinated debt obligations are rated at least as follows:
 - (1) with regard to investments having a maturity of less than, or equal to, 30 calendar days, (a) if the issuer or the guarantor (on the basis of an unconditional, irrevocable, independent first demand guarantee) of such investments are rated “BBB” by DBRS in respect of long-term debt or “R-2 (middle)” in respect of short-term debt, or (b) if the issuer or the guarantor (on the basis of an unconditional, irrevocable, independent first demand guarantee) of such investments are not rated by DBRS, the issuer or the guarantor of such investments has the DBRS Minimum Rating of “BBB” in respect of long term debt;
 - (2) with regard to investments having a maturity between 31 calendar days and 90 calendar days, (a) if the issuer or the guarantor (on the basis of an unconditional, irrevocable, independent first demand guarantee) of such investments are rated by DBRS “A (low)” in respect of long-term debt or “R-1 (low)” in respect of short-term debt, or (b) if the issuer or the guarantor (on the basis of an unconditional, irrevocable, independent first demand

guarantee) of such investments are not rated by DBRS, the issuer or the guarantor of such investments has the DBRS Minimum Rating of “BBB” in respect of long term debt;

- (3) which has such other lower rating being compliant with the DBRS’ published criteria applicable from time to time;

It remains understood that in the case of clauses (A) and (B) above, such Euro denominated senior (unsubordinated) debt security, bank account deposit (including for the avoidance of doubt time deposit) or other debt instrument or repurchase transactions on such debt instruments:

- (x) shall be immediately repayable on demand, disposable without penalty, cost or loss or have a maturity not later than the second Business Day preceding the Payment Date immediately succeeding the Collection Period in respect of which such Eligible Investments were made and have, in any case, prior to the redemption in full of the Notes, at any time a fixed principal amount at maturity at least equal to the principal amount invested;
 - (y) shall provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or in case of repayment or disposal, the principal amount upon repayment or disposal is at least equal to the principal amount invested; or
 - (z) in the case of bank account or deposit (including for the avoidance of doubt time deposit), such bank account or deposit are held in Italy, England or Wales with an Eligible Institution, provided that (i) a legal, valid and binding guarantee substantially in the form of the Deed of Charge or the Deed of Pledge (which shall be compliant with the Rating Agencies’ published criteria applicable from time to time) is created thereon and (ii) a legal opinion is provided to the Issuer (and disclosed to the Rating Agencies) confirming the validity and the enforceability of the security created thereon; or
- (ii) any other investment that, upon prior written notice to DBRS and Moody’s, does not adversely affect the current ratings of the Class A Notes;

provided that,

- (I) in no case such investment under (i) and (ii) above shall be made, in whole or in part, actually or potentially, in (A) tranches of other asset-backed securities; or (B) credit-linked notes, swaps or other derivatives instruments, or synthetic securities; or (C) any other instrument not allowed by the European Central Bank monetary policy regulations applicable from time to time for the purpose of qualifying the Class A Notes as eligible collateral;
- (II) in case of downgrade below the rating allowed with respect to DBRS or Moody’s, as the case may be, the Issuer shall:
 - (a) in case of Eligible Investments being securities or time deposits, sell the securities or terminate in advance the time deposit, if it could be achieved without a loss, otherwise the relevant security or time deposit shall be allowed to mature; or
 - (b) in case of Eligible Investments being bank deposits, transfer within 30 calendar days the deposits to another account opened in Italy, England or Wales with an institution (i) being and Eligible Institution, at no costs for the Issuer, provided that (1) a legal, valid and binding guarantee (which shall be compliant with the Rating Agencies’ published criteria applicable from time to time) substantially in the form of the Deed of Charge or the Deed of Pledge is created thereon and (2) a legal

opinion is provided to the Issuer (and disclosed to the Rating Agencies) confirming the validity and the enforceability of the security created thereon;

- (III) in any case, if such investments under (i) and (ii) above consisting of repurchase transactions, shall have a maturity not longer than 60 days and provided that in any case the maturity of such investment shall fall not later than the second Business Day preceding the Payment Date following the date on which such investment was made and shall be made with a repo counterparty being an Eligible Institution; and
- (IV) in any case, the Eligible Investments being securities shall be held directly with the English Account Bank (excluding, for avoidance of any doubt, sub-custodians) and through Euroclear or Clearstream or other clearing systems and registered in the name of the Issuer.

“English Transaction Bank” means BNP Paribas Securities Services, London Branch or any other person acting from time to time as English transaction bank.

“Expenses Account” means the account with IBAN IT 34 L 080 0003 2000 0080 0030 756 opened by the Issuer with the Operating Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“Euro” and **“€”** means the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957 as amended by, *inter alia*, the Single European Act 1986, the Treaty of European Union of 7 February 1992 establishing the European Union and the Treaty of Amsterdam of 2 October 1997.

“Euroclear” means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

“Euribor” means the Euro-Zone Inter-bank offered rate.

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

“Final Maturity Date” means the Payment Date falling on December 2054.

“First Collection Date” means 31 July 2014.

“First Collection Period” means the period starting on the Effective Date (inclusive) and ending on the First Collection Date (exclusive).

“First Payment Date” means the Payment Date falling on 15 September 2014.

“ICCREA Banca” means ICCREA Banca S.p.A.

“Information Technology Services Provider” means Cedacri S.P.A. and any other successor and assignee of the Information Technology Services Provider.

“Instalment” means, with respect to each Claim, each monetary amount due from time to time by the relevant Borrower under the Claims.

“Interest Accruals” means the interest accrued, not yet due and unpaid on the Claims as of the Effective Date, which shall be payable on the First Payment Date and in the case of insufficient available funds on such date, on each following Payment Date, by the Issuer to the Originator under the Transfer Agreement, equal to Euro 297,101.61.

“**Interest Amount**” has the meaning ascribed to it in Condition 5.3.1.

“**Interest Determination Date**” means, with respect to the Initial Interest Period, the date falling on the second Business Day immediately preceding the Issue Date and with respect to each subsequent Interest Period, the date falling on the second Business Day immediately preceding the Payment Date at the beginning of such Interest Period.

“**Interest Instalment**” means, in respect of each Claim, the interest component of each Instalment (excluding interests for late payments (*interessi di mora*)).

“**Interest Period**” means each period from (and including) a Payment Date to (but excluding) the following Payment Date, provided that the first Interest Period (the “**Initial Interest Period**”) shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

“**Interest Rate**” has the meaning ascribed to it in Condition 5 (*Interest*).

“**Investment Account**” means the cash account No. 070218381 and the securities account No. 1040702183E opened by the Issuer with the English Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Investors Report**” means the report to be prepared by the Computation Agent pursuant to clause 6.3.3 of the Cash Administration and Agency Agreement.

“**Investors’ Report Date**” means 15 (fifteen) Business Days after each Payment Date.

“**Issue Date**” means 6 June 2014.

“**Issue Price**” means the 100% of the principal amount of the Class A Notes and the Class B Notes at which the Class A Notes and the Class B Notes will be issued.

“**Issue Price Difference**” means the amount of Euro 920.35 equal to the difference between (i) the Issue Price and (ii) the purchase price to be paid by the Issuer to the Subscriber (in its quality of Originator) pursuant to the Transfer Agreement, as better specified under clause 10.2 (i) of Notes Subscription Agreement.

“**Issuer**” means Dominato Leonense S.r.l.

“**Issuer Available Funds**”

Means, in respect of each Payment Date, the aggregate (without duplication) of:

- (i) all Collections received by the Issuer through the Servicer, during the immediately preceding Collection Period;
- (ii) all other amounts transferred during the immediately preceding Collection Period from the Transitory Collections and Recoveries Account into the Collections and Recoveries Account;
- (iii) all interest accrued and paid on the amounts standing to the credit of each of the Accounts (except for the Expenses Account and the Quota Capital Account) during the immediately preceding Collection Period and any profit and accrued interest received under the Eligible Investments made in respect of the immediately preceding Collection Period;
- (iv) all interest accrued and paid on the amount from time to time standing to the credit of the Expenses Account during the immediately preceding Collection Period and paid into the

same;

- (v) all amounts received from the Originator, if any, pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreement, all amounts received by the Issuer as indemnities for the renegotiation of the Mortgage Loan Agreements and any payment made to the Issuer by any other party to the Transaction Documents, during the immediately preceding Collection Period;
- (vi) any other amounts paid into the Payments Account during the immediately preceding Collection Period other than the Issuer Available Funds utilised on the immediately preceding Payment Date;
- (vii) until full repayment of the Class A Notes:

(A) before the delivery of a Trigger Notice the amount of the Cash Reserve (for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement):

(a) *firstly* necessary exclusively to pay amount due under items from (*First*) to (*Sixth*) (included) of the Pre-Acceleration Order of Priority in the event of a shortfall of the Issuer Available Funds in respect of such amounts on such Payment Date; and

(b) *secondly*, for an amount equal to the difference (if positive) between:

- (i) the amount of the Cash Reserve (including any amount to be credited on the Cash Reserve Account on such Payment Date and each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement) available after making the payments under letter (a) above, and
- (ii) an amount equal to 1% of the Principal Amount Outstanding of the Class A Notes as at the day following the immediately preceding Payment Date, in respect of payments ranking as (*Eighth*) of the Pre-Acceleration Order of Priority, in the event of a shortfall of the Issuer Available Funds in respect of such amounts on such Payment Date; and

(c) only on the earlier of (i) the Final Maturity Date or (ii) the Payment Date on which the Class A Notes Principal Amount Outstanding may be redeemed in full by utilising the Cash Reserve (available on such Payment Date following payment in full of all items indicated under paragraph (a) above) a corresponding amount of the Cash Reserve; or

(B) on each Payment Date on which the Acceleration Order of Priority applies the amount of the Cash Reserve (for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement):

(a) *firstly* necessary exclusively to pay amount due under items from (*First*) to (*Sixth*)(included) of the Acceleration Order of Priority in the event of a shortfall of the Issuer Available Funds in respect of such amounts on such Payment Date; and

(b) the Cash Reserve (available on such Payment Date following payment in full of all items indicated under paragraph (a) above) will be utilised to redeem in full the Class A Notes.

- (viii) the Cash Reserve Excess

“Issuer's Rights” means the Issuer's right, title and interest in and to the Portfolio and to all the amounts deriving therefrom.

“**Late Payments 30 Claims**” means any Claim, other than a Defaulted Claim, in respect of which there are one or more Instalments due but unpaid for more than 30 (thirty) days.

“**Late Payments 60 Claims**” means any Claim, other than a Defaulted Claim, in respect of which there are one or more Instalments due but unpaid for more than 60 (sixty) days.

“**Late Payments 90 Claims**” means any Claim, other than a Defaulted Claim, in respect of which there are one or more Instalments due but unpaid for more than 90 (ninety) days.

“**Law 239 Deduction**” means any withholding or deduction for or on account of “*imposta sostitutiva*” under Legislative Decree No. 239 of 1 April 1996 as amended by Italian Law No. 409 and No. 410 of 23 November 2001 as subsequently amended and supplemented.

“**Monte Titoli**” means Monte Titoli S.p.A.

“**Monte Titoli Account Holder**” means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli.

“**Monthly Servicing Report**” means the monthly report, containing information as to the collections and recoveries to be made in respect of the Portfolio during the immediately preceding Collection Period, which the Servicer undertakes to prepare and submit within each Monthly Servicing Report Date.

“**Monthly Servicing Report Date**” means the 10th calendar day of each month, or, if such day is not a Business Day, the next following Business Day.

“**Moody’s**” means Moody’s Investors Service Inc. and/or Moody’s Investors Service Ltd and/or Moody’s Italia S.r.l., as the case may be. In particular:

(1) Moody’s Investors Service Inc. is not established in the European Union. The use in the European Union of credit ratings issued in the United States of America has been endorsed according to a decision by the European Securities and Markets Authority (“ESMA”) pursuant to article 4(3) of the CRA Regulation; and

(2) Moody’s Investors Service Ltd and Moody’s Italia S.r.l. are established in the European Union, have been registered in compliance with the requirements of the CRA Regulation, and are included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the ESMA.

“**Mortgage**” means the mortgage securities created on the Real Estate Assets pursuant to Italian law in order to secure the Mortgage Loans.

“**Mortgage Loan**” means each loan, secured by a Mortgage, granted to a Borrower and classified as performing and meeting the Criteria, the receivables in respect of which have been transferred by the Originator to the Issuer pursuant to the Transfer Agreement, and “**Mortgage Loans**” means all of them.

“**Mortgage Loan Agreement**” means each agreement by which a Mortgage Loan has been granted.

“**Most Senior Class of Notes**” means the Class A Notes and, upon their redemption in full, the Class B Notes.

“**Negative Balance**” means with respect to any Payment Date on which the Pre-Acceleration Order of Priority applies and until full repayment of the Class A Notes, the difference, if positive, between:

- (a) all amounts due to be paid by the Issuer on such Payment Date under items from (*First*) to (*Sixth*) (included) and (*Eighth*) of the Pre-Acceleration Order of Priority, and
- (b) the Issuer Available Funds with respect to such Payment Date but excluding the amounts under item (vii) of the Issuer Available Funds.

“**Official Gazette**” means the *Gazzetta Ufficiale della Repubblica Italiana*.

“**Operating Bank**” means ICCREA Banca S.p.A. or any other person acting from time to time as operating bank.

“**Order of Priority**” means the Pre-Acceleration Order of Priority or the Acceleration Order of Priority, as applicable, according to which the Issuer Available Funds shall be applied on each Payment Date in accordance with the Conditions and the Intercreditor Agreement.

“**Organisation of the Noteholders**” means the association of the Noteholders created on the Issue Date.

“**Other Issuer Creditors**” means the Originator, the Servicer, the Representative of the Noteholders, the Agent Bank, the Operating Bank, the English Transaction Bank, the Transaction Bank, the Principal Paying Agent the Back-up Servicer, the Corporate Services Provider, the Cash Manager, the Computation Agent, the Back-Up Computation Agent, the Limited Recourse Loan Provider, the Subscriber and the Back-Up Servicer Facilitator.

“**Outstanding Balance**” means with respect to a Claim the aggregate of the (i) Outstanding Principal and (ii) all due and unpaid Principal Instalments.

“**Outstanding Principal**” means, with respect to any Claim on any date, the aggregate of all Principal Instalments owing by the relevant Borrower and scheduled to be paid on and/or after such date.

“**Payment Date**” means the 15th day of March, June, September and December in each year or, if any of such a date does not fall on a Business Day, the following Business Day, until the Final Maturity Date.

“**Payments Account**” means the account with IBAN No. IT 75 Q 03479 01600 000800950700 opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Payments Report**” means the report to be prepared by the Computation Agent pursuant to clause 6.3.1 of the Cash Administration and Agency Agreement.

“**Payments Report Date**” means 5 (five) Business Days prior to each Payment Date

“**Portfolio**” means the portfolio of Claims which is sold to the Issuer by Cassa Padana pursuant to the Transfer Agreement.

“**Pre-Acceleration Order of Priority**” means the order in which the Issuer Available Funds shall be applied on each Payment Date (i) prior to the service of Trigger Notice, (ii) in case of Optional Redemption, or (iii) in case of Redemption for Taxation in accordance with the Conditions and the Intercreditor Agreement.

“**Pre-paid Claim**” means a Claim in respect of which the principal has been totally or partially paid before the applicable repayment date under the relevant mortgage loan agreement.

“**Prevailing Real Estate Assets**” means the real estate asset having the higher valuation as resulting

from a survey, in case of Mortgage Loans secured by one or more Mortgages on more than one Real Estate Asset.

“**Principal Amount Outstanding**” means, in respect of a Note, on any date, the principal amount of that Note upon issue less the aggregate amount of all principal payments in respect of that Note that have been paid to the Noteholders prior to such date.

“**Principal Instalment**” means, in respect of each Claim, the principal component of each Instalment.

“**Principal Paying Agent**” means BNP Paribas Securities Services, Milan Branch or any other person acting from time to time as principal paying agent.

“**Principal Payment**” means the principal amount in respect of each Note as determined in accordance with Condition 6.7 (*Principal Payments and Principal Amount Outstanding*).

“**Purchase Price**” means the price to be paid by the Issuer for the purchase of the Portfolio under the terms of the Transfer Agreement, calculated as the Outstanding Principal of the Claims as at the Effective Date, which is equal to Euro 179,017,079.65.

“**Quarterly Servicing Report**” means the quarterly report, containing information as to the collections and recoveries to be made in respect of the Portfolio during the immediately preceding Collection Period, which the Servicer undertakes to prepare and submit within each Quarterly Servicing Report Date.

“**Quarterly Servicing Report Date**” means the 10th calendar day following the end of each Collection Period or if such a day is not a Business Day, the next following Business Day.

“**Quota Capital Account**” means the account with IBAN IT 11 M 080 0003 2000 0080 0030 757 opened by the Issuer with the Operating Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Quotaholder**” means Stichting SFM Italy No. 1.

“**Quotaholder’s Agreement**” means the quotaholder’s agreement entered into among the Issuer, the Representative of the Noteholders and the Quotaholder.

“**Rating Agencies**” means Moody’s and/or DBRS and any successors thereof and any other rating agency which shall be appointed by the Issuer to give a rating to the Class A Notes, each a “**Rating Agency**”.

“**Real Estate Assets**” means any real estate property which has been mortgaged in favour of the Originator to secure the Claims.

“**Receiver**” means any receiver, manager or administrative receiver appointed in accordance with Clause 9 (*Appointment of Receiver*) of the Deed of Charge.

“**Reference Banks**” has the meaning ascribed to it in Condition 5.7 (*Reference Banks and Agent Bank*).

“**Relevant Date**” has the meaning ascribed to it pursuant to Condition 13 (*Prescription*).

“**Relevant Margin**” means 0.2% per annum.

“**Representative of the Noteholders**” means Accounting Partners S.r.l. or any other person acting from time to time as representative of the Noteholders.

“**Retention Amount**” means an amount equal to Euro 50,000.

“**Security Documents**” means the Deed of Pledge and the Deed of Charge.

“**Security Interest**” means any mortgage, charge, pledge, lien, right of set-off, special privilege (*privilegio speciale*), assignment by way of security, retention of title or any other security interest whatsoever or any other agreement or arrangement having the effect of conferring security.

“**Senior Noteholders**” means the Class A Noteholders.

“**Senior Notes**” means the Class A Notes.

“**Specified Office**” means the office of the Principal Paying Agent at Via Ansperto, 5, 20123, Milan Italy.

“**Successor**” means, in relation to any person, an assignee or successor in title of such person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of such person under this Agreement or to which under such laws the same have been transferred.

“**Target Cash Reserve Amount**” means an amount equal to 3% of the principal outstanding amount of the Portfolio as of the Effective Date; *provided that* the Target Cash Reserve Amount will be equal to 0 (zero) on the earlier of the Payment Date on which the Class A Notes are redeemed in full (and on each Payment Date thereafter) and the Final Maturity Date.

“**Three Month EURIBOR**” means Euribor for three months deposits calculated as provided for in Condition 5.2.1.

“**Transaction Bank**” means BNP Paribas Securities Services, Milan Branch or any other person acting from time to time as transaction bank.

“**Transaction Documents**” means collectively the Transfer Agreement, the Warranty and Indemnity Agreement, the Servicing Agreement, the Back-up Servicing Agreement, the Intercreditor Agreement, the Corporate Services Agreement, the Notes Subscription Agreement, the Cash Administration and Agency Agreement, the Limited Recourse Loan Agreement, the Deed of Pledge, the Quotaholder’s Agreement and the Deed of Charge and the Conditions.

“**Transfer Date**” means 15 May 2014.

“**Transitory Collections and Recoveries Account**” means the account with IBAN No. IT 52 R 03479 01600 000800950701 opened by the Issuer with the Operating Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Transparency Directive**” means Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004.

“**Trigger Event**” has the meaning ascribed to it in Condition 9 (*Trigger Events*).

“**Trigger Notice**” has the meaning ascribed to it in Condition 9 (*Trigger Events*).

“**Unpaid Instalment**” means any Instalment in relation to which the principal quota and interest quota have not been fully paid for a period longer than 5 (five) days from the relevant the scheduled date for payment, with respect to Loans with monthly, bi-monthly, quarterly, four-monthly, semi-annually and annually instalments.

“**Usury Law**” means Italian Law No. 108 of 7 March 1996 (*Disposizioni in materia di usura*), as

subsequently amended and supplemented.

“**Valuation Date**” means the 23:59 of 10 March 2014.

1. FORM, DENOMINATION, STATUS

- (1) The Notes will be held in dematerialised form on behalf of the beneficial owners as of the Issue Date, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream and Euroclear.
- (2) Title to the Notes will be evidenced by book entries in accordance with the provisions of article 83-*bis* of the Legislative Decree No. 58 of 24 February 1998 and regulation of 22 February 2008 jointly issued by the Bank of Italy and CONSOB, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.
- (3) The Class A Notes shall be issued in denominations of Euro 100,000. The Class B Notes will be issued in denominations of Euro 1,000.
- (4) The Issuer has elected Ireland as Home Member State for the purpose of the Transparency Directive.
- (5) Each Note is issued subject to and has the benefit of the Security Documents.

2. STATUS, PRIORITY AND SEGREGATION

- (1) The Notes constitute secured limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Notes is conditional upon the receipt and recovery by the Issuer of amounts due, and is limited to the extent of any amounts received or recovered by the Issuer, in each case, in respect of the Portfolio and the other Issuer's Rights. Notwithstanding any other provision of these Conditions, the obligation of the Issuer to make any payment under the Notes shall be equal to the lesser of (a) the nominal amount of such payment and (b) the Issuer Available Funds which may be applied for the relevant purpose, in accordance with the applicable Order of Priority and the terms of the Intercreditor Agreement and neither the Representative of the Noteholders nor any relevant Noteholder may take any further steps against the Issuer or any of its assets to recover any unpaid sum and the Issuer's liability for any unpaid sum will be extinguished. The Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a “*contratto aleatorio*” under Italian law and are deemed to accept the consequences thereof, including but not limited to the provisions under article 1469 of the Italian Civil Code. Without prejudice to the acknowledgement that the limited recourse nature of the Notes produces the effects of a “*contratto aleatorio*”, any payment obligations of the Issuer under the Notes as have remained unpaid to the extent referred to above upon the earlier of (i) following the completion of any proceedings for the recovery of all Claims, the date on which such recoveries (if any) are paid in accordance with the applicable Order of Priority, (ii) following the sale (if any) of the then outstanding Portfolio, the date on which the proceeds of such sale are paid in accordance with the applicable Order of Priority, and (iii) the Final Maturity Date (following application of the Issuer Available Funds on such date in accordance with the applicable Order of Priority), shall be deemed extinguished as if the Claims had hereby been irrevocably relinquished and surrendered by the Noteholders to the Issuer and the Noteholders will have no further recourse to the Issuer in respect of such obligations.
- (2) The rights arising from the Security Documents in favour of the Noteholders which are

incorporated in each of the Notes are transferred together with the transfer of any Note at the time of transfer of such Note. Each holder of any of the Notes from time to time will have the benefit of such rights. In addition, by operation of the Securitisation Law, the Issuer's right, title and interest in and to the Portfolio is segregated from all other assets of the Issuer. Amounts deriving from the Portfolio (for so long as such amounts are credited to one of the Issuer's accounts under the Transaction and not commingled with other sums) will only be available, both prior to and following the winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors in accordance with the applicable Order of Priority set forth in Condition 4 (*Orders of Priority*) and to any third party creditors in respect of costs, fees and expenses incurred by the Issuer to such third party creditors in relation to the Transaction.

- (3) The Notes of each Class will rank *pari passu* and without any preference or priority among themselves.
- (4) As long as the Notes of a Class ranking in priority to the other Classes of Notes are outstanding, unless notice has been given to the Issuer declaring the Notes of such Class due and payable, the Notes of the Class(es) ranking below may not be declared due and payable and the Noteholders of the outstanding Class of Notes ranking highest in priority shall be entitled to determine the remedies to be exercised.
- (5) The Intercreditor Agreement contains provisions regarding the protection of the respective interests of all Noteholders in connection with the exercise of the powers, authorities, rights, duties and discretion of the Representative of the Noteholders under or in connection with the Notes or any of the Transaction Documents. If, however, in the opinion of the Representative of the Noteholders, there is or may be a conflict between the interests of the Noteholders of any Class(es) of Notes, the Representative of the Noteholders is required to regard only the interests of the Class of Noteholders ranking highest in the applicable Order of Priority, until such Class of Notes has been redeemed in full.
- (6) Without prejudice to the right of the Representative of the Noteholders to enforce the Security Documents or to exercise any of its other rights, and subject as set out in the Rules of Organisation of the Noteholders, no Class A Noteholder and no Class B Noteholder shall be entitled to institute against the Issuer, or join any other person in instituting against the Issuer, any reorganisation, liquidation, bankruptcy, insolvency or similar proceedings until two years plus one day have elapsed since the day on which the Notes and any other notes issued by the Issuer under any further securitisations in accordance with Condition 3.10 (*Further Securitisations*) have been paid in full or cancelled.

3. COVENANTS

So long as any amount in respect of the Notes remains outstanding, the Issuer shall not, save (i) with the prior written consent of the Representative of the Noteholders (without prejudice to the provision of Condition 3.10 (*Further Securitisations*)) below or as provided for in or envisaged by any of the Transaction Documents and (ii) in respect to the sale in full of the Portfolio, subject to the Issuer having sufficient funds to redeem in full the Class A Notes in accordance with the applicable Order of Priority:

3.1 Negative pledge

create or permit to subsist any Security Interest whatsoever upon, or with respect to the Claims, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Transaction or undertakings (other than under the Security Documents) or sell,

lend, part with or otherwise dispose of all or any part of the Claims, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to the Transaction whether in one transaction or in a series of transactions save where provided in the Transaction Documents and in particular in Condition 6.2 (*Redemption for Taxation*), 6.4 (*Optional Redemption*) and 6.5 (*Sale of the Portfolio*); or

3.2 Restrictions on activities

- (a) save as provided in Condition 3.10 below (*Further Securitisations*), engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or
- (b) have any *società controllata* (subsidiary) or *società collegata* (affiliate company) (as defined in article 2359 of the Italian Civil Code) or any employees or premises; or
- (c) at any time approve or agree or consent to or do, or permit to be done, any act or thing whatsoever which may be materially prejudicial to the interests of the Class A Noteholders or, if no Class A Notes are outstanding, the Class B Noteholders under the Transaction Documents; or
- (d) become the owner of any real estate asset; or
- (e) become resident, including without limitation for tax purposes, in any country outside Italy or cease to be managed, administered in Italy or cease to have its centre of main interest in Italy.

3.3 Dividends, Distributions and Capital Increases

pay any dividend or make any other distribution or return or repay any equity capital to its Quotaholder (or successor quotaholder(s)), or issue any further quota or shares; or

3.4 De-registrations

ask for de-registration and/or suspension from the register of the special purpose vehicles held by Bank of Italy pursuant to the Bank of Italy's regulation dated 29 April 2011, for as long as the Securitisation Law, the Bank of Italy's regulations or any other applicable law or regulation requires the company incorporated pursuant to the Securitisation Law to be registered thereon; or

3.5 Borrowings

incur any indebtedness in respect of any borrowed money whatsoever or give any guarantee in respect of indebtedness or of any obligation of any person other than in circumstances expressly provided and/or permitted in the Transaction Documents for the purposes of the Transaction; or

3.6 Merger

consolidate or merge with any person or convey or transfer any of its properties or assets to any person; or

3.7 No variation or waiver

permit any of the Transaction Documents to which it is party to be amended, terminated or discharged, if such amendment, termination or discharge may negatively affect the interest of

the Class A Noteholders or, if no Class A Notes are outstanding, the Class B Noteholders; or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party, in a way which may negatively affect the interest of the Class A Noteholders or, if no Class A Notes are outstanding, the Class B Noteholders; or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations thereunder, if such release may negatively affect the interest of the Class A Noteholders or, if no Class A Notes are outstanding, the Class B Noteholders; or

3.8 Bank Accounts

without prejudice to Condition 3.10 (*Further Securitisations*), have an interest in any bank account other than the Accounts; or

3.9 Statutory Documents

amend, supplement or otherwise modify its by-laws (*statuto*) or deed of incorporation (*atto costitutivo*), except where such amendment, supplement or modification is required by compulsory provisions of Italian law or by the competent regulatory authorities. In addition, in relation to corporate records, financial statements and books of account, the Issuer shall not permit or consent to any of the following occurring:

- (a) its books and records being maintained with or co-mingled with those of any other person or entity;
- (b) its bank accounts and the debts represented thereby being co-mingled with those of any other person or entity; or
- (c) its assets or revenues being co-mingled with those of any other person or entity;

and, in addition and without limitation to the above, the Issuer shall or shall procure that, with respect to itself:

- (a) separate financial statements in relation to its financial affairs are maintained;
- (b) all corporate formalities with respect to its affairs are observed;
- (c) separate stationery, invoices and cheques are used;
- (d) it always holds itself out as a separate entity; and
- (e) any known misunderstandings regarding its separate identity are corrected as soon as possible; or

3.10 Further securitisations

None of the covenants in Condition 3 (*Covenants*) above shall prohibit the Issuer from:

- (i) acquiring, or financing pursuant to article 7 of the Securitisation Law, by way of separate transactions unrelated to this Transaction, further portfolios of monetary claims in addition to the Claims either from the Originator or from any other entity (the “**Further Portfolios**”);
- (ii) securitising such Further Portfolios (each, a “**Further Securitisation**”) through the issue of further debt securities additional to the Notes (the “**Further Notes**”);
- (iii) entering into agreements and transactions, with the Originator or any other entity, that are

incidental to or necessary in connection with such Further Securitisation including, *inter alia*, the ring-fencing or the granting of security over such Further Portfolios and any right, benefit, agreement, instrument, document or other asset of the Issuer relating thereto to secure such Further Notes (the “**Further Security**”), provided that:

- (A) the Issuer confirms in writing to the Representative of the Noteholders that such Further Security does not comprise or extend over any of the Claims or any of the other Issuer's Rights;
- (B) the Issuer confirms in writing to the Representative of the Noteholders that the terms and conditions of the Further Notes contain provisions to the effect that the obligations of the Issuer whether in respect of interest, principal, premium or other amounts in respect of such Further Notes, are limited recourse obligations of the Issuer, limited to some or all of the assets comprised in such Further Security;
- (C) the Issuer confirms in writing to the Representative of the Noteholders that each party to such Further Securitisation agrees and acknowledges that the obligations of the Issuer to such party in connection with such Further Securitisation are limited recourse obligations of the Issuer, limited to some or all of the assets comprised in such Further Security and that each creditor in respect of such Further Securitisation or the representative of the holders of such Further Notes has agreed to limitations on its ability to take action against the Issuer, including in respect of insolvency proceedings relating to the Issuer, on terms in all significant respects equivalent to those contained in the Intercreditor Agreement;
- (D) the Issuer has notified in advance DBRS and Moody's of the implementation of each such Further Securitisation and provided that such implementation does not adversely affect the current ratings of the Class A Notes;
- (E) the Issuer confirms in writing to the Representative of the Noteholders that the terms and conditions of such Further Notes will include: (I) covenants by the Issuer in all significant respects equivalent to those covenants provided in paragraphs (A) to (D) above; and (II) provisions which are the same as or, in the sole discretion of the Representative of the Noteholders, equivalent to this provision;
- (F) such further securitisation shall not affect the qualification of the Class A Notes as eligible collateral (if applicable), within the meaning of the guidelines issued by the European Central Bank in September 2011 (*The implementation of monetary policy in the Euro area*) and on March 2013 (*Additional temporary measures relating to Eurosystem refinancing operation and eligibility of collateral and amending Guideline ECB/2007/9*), as subsequently amended and supplemented, for liquidity and/or open market transactions carried out with a central bank in the Eurozone; and
- (G) the Representative of the Noteholders is satisfied that conditions (A) to (F) of this provision have been satisfied.

In giving any consent to the foregoing, the Representative of the Noteholders may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents (as may itself consent thereto on behalf of the Noteholders) or may impose such other conditions or requirements as the Representative of the Noteholders may deem expedient (in its absolute discretion) in the interests of the Noteholders and may rely on any written confirmation from the Issuer as to the matters contained therein.

None of the covenants in Condition 3 (*Covenants*) above shall prohibit the Issuer from carrying out any activity which is incidental to maintaining its corporate existence and complying with laws and regulations applicable to it.

4. ORDERS OF PRIORITY

4.1 Pre-Acceleration Order Of Priority

In each of the following cases: (i) prior to the delivery of a Trigger Notice, (ii) in case of Optional Redemption, or (iii) in case of Redemption for Taxation, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

First, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with the applicable legislation and regulations or to fulfill payment obligations of the Issuer to third parties (not being Other Issuer Creditors) incurred in relation to this Transaction to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account (ii) all costs and taxes required to be paid to maintain the rating of the Class A Notes and in connection with the registration and deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents;

Second, to pay the fees, expenses and all other amounts due to the Representative of Noteholders;

Third, to pay into the Expenses Account the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;

Fourth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Cash Manager, the Computation Agent, the Agent Bank, the Operating Bank, the Back-Up Computation Agent, the Transaction Bank, the English Transaction Bank, the Principal Paying Agent, the Corporate Services Provider and the Back-Up Servicer Facilitator;

Fifth, to pay the fees and expenses of the Servicer pursuant to the Servicing Agreement and/or to the Back-up Servicer pursuant to the Back-up Servicing Agreement, as the case may be (to the extent not expressly included in any following item);

Sixth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) all amounts of interest due and payable on the Class A Notes Principal Amount Outstanding on such Payment Date;

Seventh, to credit the Cash Reserve Account with the amount required, if any, such that the amount standing to the credit of the Cash Reserve Account (calculated on the day following the immediately preceding Payment Date) equals the Target Cash Reserve Amount;

Eighth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the Class A Notes Principal Payment Amount;

Ninth, to pay to the Originator any amount due by the Issuer as a restitution of the indemnities paid by it to the Issuer under the terms of the Warranty and Indemnity Agreement;

Tenth, to pay to the Originator the Interest Accruals;

Eleventh, to pay to (a) the Originator any amount due and payable in respect of purchase price adjustments due in relation to the Claims, not listed under the Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as a restitution of indemnities paid by the Originator, referred to under item (*Ninth*) above) and pursuant to the Notes Subscription Agreement, (b) the Servicer any amount due by the Issuer pursuant to the Servicing Agreement, to the extent not already paid under other items of the Order of Priority and (c) the Subscriber or the Originator any amount due by the Issuer pursuant to the Notes Subscription Agreement;

Twelfth, to pay to the Originator, any amount due and payable as restitution of the insurance *premia* and relevant expenses advanced by it under the Transfer Agreement

Thirteenth, from (and including) the Payment Date on which the Class A Notes are repaid in full, to repay any amounts of principal due and payable to the Limited Recourse Loan Provider under the Limited Recourse Loan Agreement;

Fourteenth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the Class B Notes Interest Payment Amount, in each case to the extent such interest is due and payable on such Payment Date;

Fifteenth, following full redemption of the Class A Notes, to redeem the Principal Amount Outstanding of the Class B Notes in the maximum amount of the Available Class B Notes Redemption Funds (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

Sixteenth, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the Transitory Collections and Recoveries Account, the Payments Account, the Collections and Recoveries Account and the Expenses Account to the Originator.

4.2 Acceleration Order of Priority

Following the delivery of a Trigger Notice the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

Following the delivery of a Trigger Notice, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

First, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with the applicable legislation and regulations or to fulfill payment obligations of the Issuer to third parties (not being Other Issuer Creditors) incurred in relation to this Transaction to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account, (ii) all costs and taxes required to be paid to maintain the rating of the Class A Notes and in connection with the registration and deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents;

Second, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Representative of Noteholders and the Receiver;

Third, to pay into the Expenses Account the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;

Fourth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Cash Manager, the Computation Agent, the Agent Bank, the Operating Bank, the Transaction Bank, the English Transaction Bank, the Principal Paying Agent, the Corporate Services Provider, the Back-up Computation Agent and the Back-Up Servicer Facilitator;

Fifth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to the Servicer all the fees and expenses pursuant to the Servicing Agreement and/or to the Back-up Servicer pursuant to the Back-up Servicing Agreement, as the case may be, to the extent not expressly included in any following item;

Sixth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) all amounts of interest due and payable on the Class A Notes on such Payment Date;

Seventh, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the Principal Amount Outstanding on the Class A Notes on such Payment Date;

Eighth, to pay to the Originator any amount due by the Issuer as a restitution of the indemnities paid by it to the Issuer under the terms of the Warranty and Indemnity Agreement;

Ninth, to pay to the Originator the Interest Accruals;

Tenth, to pay to (a) the Originator any amount due and payable in respect of purchase price adjustments due in relation to the Claims not listed under the Transfer Agreement but matching the criteria listed in the Transfer Agreement and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as restitution of indemnities paid by the Originator under the Warranty and Indemnity Agreement referred under item (*Eighth*) above) and pursuant to the Notes Subscription Agreement and (b) the Servicer any amount due by the Issuer pursuant to the Servicing Agreement, to the extent not already paid under other items of the Order of Priority;

Eleventh, to pay to the Originator any amount due and payable as restitution of the insurance *premia* and relevant expenses advanced by it under the Transfer Agreement;

Twelfth, from (and including) the Payment Date on which the Class A Notes are repaid in full, to repay any amounts of principal due and payable to the Limited Recourse Loan Provider under the Limited Recourse Loan Agreement;

Thirteenth, to pay the Class B Notes Interest Payment Amount due and payable on the Class B Notes (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

Fourteenth, following full redemption of the Class A Notes, to redeem the Principal Amount Outstanding of the Class B Notes in the maximum amount of the Available Class B Notes Redemption Funds (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

Fifteenth, to pay any surplus standing to the credit of any of the Accounts to the Originator.

4.3 Before the delivery of a Trigger Notice and until full repayment of the Class A Notes, the Cash Reserve, in the event of a Negative Balance:

- a. firstly, shall provide support (being included in the Issuer Available Funds) in

respect of payments under items (*First*) to (*Sixth*) of the Pre-Acceleration Order of Priority;

- b. secondly, shall provide support (being included in the Issuer Available Funds) in respect of payments under item (*Eighth*) of the Pre-Acceleration Order of Priority for an amount not higher than the difference (if positive) between the amount of the Cash Reserve available after making the payments under letter (a) above, and an amount equal to 1% of the Principal Amount Outstanding of the Class A Notes as at the day following the immediately preceding Payment Date.

4.4 In addition (i) on the Payment Date on which the Class A Notes Principal Amount Outstanding may be redeemed in full by utilising the Cash Reserve (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority), the Cash Reserve will be utilised to such purpose, and (ii) on the earlier of the Final Maturity Date and the first Payment Date on which the Acceleration Order of Priority applies, the Cash Reserve (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority) will be utilised to redeem in full the Class A Notes.

4.5 If, on any Calculation Date it is verified that the Target Cash Reserve Amount is to be reduced to zero due to the Class A Notes being redeemed in full on the immediately following Payment Date, the amount standing to the credit of the Cash Reserve Account on the Business Day following the immediately preceding Payment Date (less any amount which shall be used on the Payment Date on which the Class A Notes are redeemed in full to make such redemption) (the “**Cash Reserve Excess**”) (if any) shall, on the Payment Date on which the Class A Notes are redeemed in full, form part of the Issuer Available Funds.

5. INTEREST

5.1 Payment Dates and Interest Periods

Each of the Class A Notes bears interest on its Principal Amount Outstanding from (and including) the Issue Date at an annual rate equal to the lower of (i) Three Month EURIBOR (as defined below), (or in the case of the Initial Interest Period, the linear interpolation between the Euribor for three month and six month deposits in Euro) plus a margin of 0.2% per annum in respect of the Class A Notes and (ii) 7% per annum.

Save as provided for in Condition 5.8 (*Unpaid Interest*), interest in respect of the Class A Notes is payable quarterly in arrears on each Payment Date in Euro.

Interest in respect of the Class B Notes is payable quarterly in arrears on each Payment Date in Euro in an amount equal to the Class B Notes Interest Payment Amount as determined by the Computation Agent on the relevant Calculation Date.

Interest in respect of any Interest Period or any other period will be calculated on the basis of the actual number of days elapsed and a 360 day year.

Interest shall cease to accrue on any part of the Principal Amount Outstanding of the Notes as from (and including) the due date for redemption of such part unless payment of principal due but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (after as well as before judgment) at the rate from time to time applicable to the Notes until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note up to that date are received by or on behalf of the relevant Noteholder; and

- (ii) the date on which the relevant Notes are cancelled in accordance with the Conditions.

5.2 Interest Rate

The rate of interest applicable from time to time in respect of the Class A Notes (“**Interest Rate**”) will be determined by the Agent Bank on the relevant Interest Determination Date.

The Interest Rate applicable to the Class A Notes for each Interest Period shall be the lower of :

5.2.1 the aggregate of the Relevant Margin; and (A) EURIBOR for three month deposits in Euro calculated as the arithmetic mean of the offered quotations to leading banks (rounded to three decimal places with the mid-point rounded up) for three month Euro deposits in the Euro-zone inter-bank market which appear on Bloomberg page “EUR003M” index (or, in the case of the first Interest Determination Date only, the linear interpolation between the Screen Rate for Euribor for 3 month and 6 month Euro deposits (the “**Additional Screen Rate**”)) or (i) such other page as may replace page “EUR003M” on that service for the purpose of displaying such information or, (ii) if that service ceases to display such information, such page displaying such information on such equivalent service (or, if more than one, that one which is approved in writing by the Representative of the Noteholders to replace the Bloomberg Page) (the “**Screen Rate**”), at or about 11:00 a.m. (Milan time) on the relevant Interest Determination Date; or

(B) if the Screen Rate (or, in the case of the first Interest Determination Date only, the Additional Screen Rate) is unavailable at such time for three month Euro deposits, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded to three decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks (as defined in Condition 5.7 hereof) as the rate at which three month Euro deposits (or, in the case of the first Interest Determination Date only, the linear interpolation between the Screen Rate for 3 month and 6 month Euro deposits) in a representative amount are offered by that Reference Bank to leading banks in the Euro-zone inter-bank market at or about 11.00 a.m. (Milan time) on the relevant Interest Determination Date. If, on any such Interest Determination Date, only two of the Reference Banks provide such quotations to the Agent Bank, the rate for the relevant Interest Period shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provides the Agent Bank with such quotation, the Agent Bank shall forthwith consult with the Representative of the Noteholders and the Issuer for the purpose of agreeing one additional bank (or, where none of the Reference Banks provides such a quotation, two additional banks) to provide such a quotation or quotations to the Agent Bank (which bank or banks is or are in the opinion of the Representative of the Noteholders suitable for such purpose) and the rate for the relevant Interest Period shall be determined, as aforesaid, on the basis of the offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank (or banks) is (or are) so agreed or such bank (or banks) as agreed does not (or do not) provide such a quotation (or quotations), then the rate for the relevant Interest Period shall be the rate in effect for the last preceding Interest Period to which sub-paragraph (A) of this Condition 5.2.1 shall have applied (the “**Three Month EURIBOR**”); and

5.2.2 7% per annum.

5.3 Determination of the Interest Rate, calculation of the Interest Amount and Class B Notes Interest Payment Amount

- 5.3.1 The Agent Bank shall, on each Interest Determination Date:
- (i) determine the Interest Rate applicable to the Class A Notes for the Interest Period beginning after such Interest Determination Date (or in the case of the Initial Interest Period, beginning on and including the Issue Date); and
 - (ii) calculate the Euro amount (the “**Interest Amount**”) accrued on the Class A Notes in respect of each Interest Period. The Interest Amount in respect of any Interest Period shall be calculated by applying the relevant Interest Rate to the Principal Amount Outstanding of the Class A Notes on the Payment Date at the commencement of such Interest Period (after deducting therefrom any payment of principal due on that Payment Date) or, in the case of the Initial Interest Period, on the Issue Date, and by multiplying the product of such calculation by the actual number of days to elapse in the relevant Interest Period divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).
- 5.3.2 The Computation Agent shall on each Calculation Date determine the Class B Notes Interest Payment Amount (if any) applicable on the Payment Date following such Calculation Date.

5.4 Publication of the Interest Rate and the Interest Amount

The Agent Bank will cause the Interest Rate and the Interest Amount applicable to each Interest Period and the Payment Date in respect of such Interest Amount, to be notified promptly after their determination to the Issuer, the Representative of the Noteholders, the Computation Agent, the Back-Up Computation Agent, the Servicer, the Transaction Bank, the English Transaction Bank, Monte Titoli, Euroclear, Clearstream, the Principal Paying Agent and the Irish Stock Exchange and will cause the same to be published in accordance with Condition 12 (*Notices*) hereof as soon as possible after the relevant Interest Determination Date, but in no event later than the first Business Day of the next following Interest Period in respect of such relevant Interest Determination Date.

5.5 Determination and Calculation by the Representative of the Noteholders

If the Agent Bank does not at any time for any reason determine the Interest Rate and/or does not calculate the Interest Amount, or the Computation Agent does not determine the Class B Notes Interest Payment Amount, in accordance with Condition 5.3 (*Determination of the Interest Rate, calculation of the Interest Amount and Class B Notes Interest Payment Amount*) shall:

- 5.5.1 determine the Interest Rate at such rate as (having regard to the procedure described in Condition 5.2 (*Interest Rate*) above) it shall consider fair and reasonable in all circumstances; and/or (as the case may be),
- (1) calculate the Interest Amount in the manner specified in Condition 5.3 (*Determination of the Interest Rate, calculation of the Interest Amount and Class B Notes Interest Payment Amount*) above;
 - (2) calculate the Class B Notes Interest Payment Amount;

and any such determination and/or calculation shall be deemed to have been made by the Agent Bank and/or the Computation Agent as applicable and published in accordance with Condition 5.4 (*Publication of the Interest Rate and the Interest Amount*).

5.6 Notification to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Interest*), whether by the Reference Banks (or any of them), the Agent Bank, the Computation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default (*dolo*) or gross negligence (*colpa grave*) be binding on the Reference Banks, the Agent Bank, the Computation Agent, the Issuer, the Representative of the Noteholders and all the Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Reference Banks, the Agent Bank, the Computation Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

5.7 Reference Banks and Agent Bank

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be three reference banks (the “**Reference Banks**”) and the Agent Bank. The initial Reference Banks shall be Société Générale, Banca Imi S.p.A. and RBS – The Royal Bank of Scotland. In the event of any such bank is unable or unwilling to continue to act as a Reference Bank or that any of the merge with another Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Representative of the Noteholders to act as such. The Issuer shall insure that at all times an Agent Bank is appointed. If a new Agent Bank is appointed, a notice will be published in accordance with Condition 13 (*Notices*).

5.8 Unpaid Interest

Without prejudice to Condition 2(1) (*Status, Priority and Segregation*) and to the right of the Representative of the Noteholder to serve to the Issuer a Trigger Notice pursuant to Condition 9.1(a) (*Non Payment*), in the event that the Issuer Available Funds available to the Issuer on any Payment Date (in accordance with the Pre-Acceleration Order of Priority or the Acceleration Order of Priority, as applicable) for the payment of interest on the Class A Notes on such Payment Date are not sufficient to pay in full the relevant Interest Amount, the amount by which the aggregate amount of interest paid on such Payment Date falls short of the Interest Amount which would otherwise be due, shall be aggregated with the amount of, and treated for the purposes of these Conditions as if it were, Interest Amount accrued on the Class A Notes on the immediately following Payment Date. Any such unpaid amount shall not accrue additional interest.

The Issuer shall arrange for notice to be given forthwith by the Agent Bank to Monte Titoli, the Irish Stock Exchange (and to any other stock exchange on which the Class A Notes are listed), the Representative of the Noteholders, the Principal Paying Agent and the Computation Agent and will cause notice to that effect to be given to the Noteholders in accordance with Condition 12 (*Notices*), no later than three Business Days prior to any Payment Date, of any Payment Date on which, pursuant to this Condition 5.8 (*Unpaid Interest*), interest on the Notes will not be paid in full.

6. REDEMPTION, PURCHASE AND CANCELLATION

6.1 Final Redemption

Unless previously redeemed in full as provided for in this Condition 6 (*Redemption, Purchase and Cancellation*), the Issuer shall redeem in full the Notes at their Principal Amount Outstanding, plus an accrued but unpaid interest, on the Final Maturity Date.

The Issuer may not redeem the Class A Notes in whole or in part prior to the Final Maturity Date except as provided for in this Conditions 6.2 (*Redemption for Taxation*), 6.3 (*Mandatory Redemption*), 6.4 (*Optional Redemption*) or 6.5 (*Sale of the Portfolio*) below, but without prejudice to Condition 9 (*Trigger Events*).

6.2 Redemption for Taxation

If the Issuer has provided the Representative of the Noteholders with: (i) a legal opinion in form and substance satisfactory to the Representative of the Noteholders from a firm of lawyers (approved in writing by the Representative of the Noteholders); and (ii) a certificate from the legal representative of the Issuer, to the effect that the Issuer:

- (A) (also through the Issuer's Agent) would be required on the next Payment Date to deduct or withhold (other than in respect of a Law 239 Deduction) from any payment of principal or interest on the Class A Notes, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any applicable authority having jurisdiction (or that amounts payable to the Issuer in respect of the Portfolio would be subject to withholding or deduction); or
- (B) would incur increased costs or charges of a fiscal nature (including taxes, duties, assessment or withholdings or deductions) in respect of the Noteholders or the Issuer's assets in respect of the Transaction;

and in each case will have the necessary funds (not subject to the interests of any other person) to discharge all of its outstanding liabilities with respect to the Notes (or with the consent of the Class B Noteholders the Class A Notes only) and any amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with, each Notes (together with any additional taxes payable by the Issuer by reason of such early redemption of the Notes),

the Issuer may, on the first Payment Date on which such necessary funds become available to it, redeem the Notes in whole but not in part (or only the Class A Notes in whole, if all the Class B Noteholders consent) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date and together with all payments ranking in priority or *pari passu* with the relevant Notes to be redeemed, in accordance with the Pre-Acceleration Order of Priority, provided that the Issuer shall have given not more than forty-five (45) nor less than fifteen (15) days' prior written notice to the Representative of the Noteholders, to the Servicer, to the Rating Agencies and to the Noteholders in accordance with Condition 12 (*Notices*).

Upon redemption of the Class A Notes the Issuer shall apply any Issuer Available Funds which may be applied for this purpose in accordance with the Acceleration Order of Priority to the redemption of the Class B Notes.

6.3 Mandatory Redemption

The Class A Notes will be subject to mandatory redemption in full or in part:

- (A) on each Payment Date (other than the Payment Dates under item (B) below), in a maximum amount equal to their Class A Notes Principal Payment Amount with respect to such Payment Date;
- (B) on any Payment Date: (i) following the delivery of a Trigger Notice pursuant to Condition 9.1 (*Trigger Event*); (ii) in case of Redemption for Taxation pursuant to

Condition 6.2 (*Redemption for Taxation*); or (iii) in the case of the Issuer exercising the Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*), at their Principal Amount Outstanding,

if, on each Calculation Date preceding such Payment Date, it is determined that there will be sufficient Issuer Available Funds which may be applied for this purpose in accordance with the Pre-Acceleration Order of Priority or the Acceleration Order of Priority as applicable.

6.4 Optional Redemption

The Issuer may redeem the Notes in whole but not in part (or only the Class A Notes in whole, if all the Class B Noteholders consent) at their Principal Amount Outstanding, together with interest accrued and unpaid up to the date fixed for redemption, if at the preceding Collection Date the aggregate principal outstanding amount of the Portfolio is equal to or less than 30% of the lesser of (i) the principal outstanding amount of the Portfolio as of the Effective Date; and (ii) the Purchase Price (such relevant Payment Date the “**Clean Up Option Date**”).

Such optional redemption shall be effected by the Issuer giving not more than forty-five (45) nor less than fifteen (15) days' prior written notice to the Representative of the Noteholders and the Class A Noteholders in accordance with Condition 12 (*Notices*) and the Rating Agencies and provided that the Issuer, prior to giving such notice to the Representative of the Noteholders, has produced evidence reasonably acceptable to the Representative of the Noteholders that it will have the necessary funds, not subject to interests of any other Person, to discharge all its outstanding liabilities in respect of the Notes (or the Class A Notes only, if all the Class B Noteholders consent) and any amounts required under the Intercreditor Agreement and the Conditions to be paid in priority to or *pari passu* with the relevant Notes to be redeemed.

6.5 Sale of the Portfolio

In the following circumstances:

- (i) in case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*),
- (ii) in case of Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*),
- (iii) after a Trigger Notice has been served on the Issuer (with a copy to the Servicer) pursuant to Condition 9 (*Trigger Events*) if an Extraordinary Resolution of the holders of the Class A Notes resolve to request the Issuer to sell all (or part only) the Portfolio to one or more third parties,

the Issuer will be authorised to search for potential purchasers of all (or part only) of the Portfolio. Such potential purchaser shall in any case deliver to the Issuer and the Representative of the Noteholders on the relevant purchase date of the Portfolio (the “**Purchase Date**”) (I) a certificate of good standing issued by the competent Chamber of Commerce (*certificato di vigenza della Camera di Commercio*) dated not later than 10 (ten) days before the relevant Purchase Date; (II) a solvency certificates signed by a duly authorised representative of such potential purchaser dated the relevant Purchase Date; and (III), except where the issuance of the certificate is not permitted by the internal rules applied by the relevant court, also a certificate from the appropriate bankruptcy court confirming that no insolvency petitions have been filed against such potential purchaser dated not later than 10 (ten) days before the relevant Purchase Date.

The transfer of the Portfolio pursuant to this Condition 6.5 (*Sale of the Portfolio*) shall be construed as a “*vendita a rischio e pericolo del compratore*” pursuant to article 1488, second

paragraph, of the Italian civil code with express derogation by the relevant parties of article 1266 of the Italian civil code with reference to the guarantee, granted by the transferor, of the existence of the claims and article 1448 of the Italian civil code shall not apply. The transfer of the Portfolio shall be subject to payments to the Issuer of the relevant purchase price, provided that all the documentation listed in this Condition 6.5 (*Sale of the Portfolio*) has been timely delivered to the Issuer.

In addition, following the delivery of a Trigger Notice, the Representative of the Noteholders shall be entitled to sell the Portfolio acting in accordance with the provisions of the Intercreditor Agreement.

In any case neither the Issuer nor the Representative of the Noteholders will be allowed to sell the Portfolio in case a bankruptcy or similar proceeding has been commenced against the Issuer or in any other case such a sale would be prohibited under Italian law.

Should such a sale of the Portfolio take place, the proceeds of such sale shall be treated by the Issuer as Issuer Available Funds and as from the immediately subsequent Payment Date shall be applied to payments due to be made by the Issuer according to the Pre-Acceleration Order of Priority. Prior written notice of the sale of the Portfolio shall be given to the Rating Agencies.

No authorisation to the sale of the Portfolio shall be necessary in case of exercise of the option by the Originator pursuant to clause 11 (*Limited Recourse*) of the Intercreditor Agreement.

6.6 Notice of Redemption

Any such notice as is referred to in Condition 6.2 (*Redemption for Taxation*) and 6.4 (*Optional Redemption*) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be obliged to redeem the Notes in accordance with this Condition 6 (*Redemption, Purchase and Cancellation*). The Issuer or the Representative of the Noteholder, as the case may be, will give a prior notice to the Rating Agencies of the redemption of the Class A Notes pursuant to Conditions 6.2 (*Redemption for Taxation*), 6.3 (*Mandatory Redemption*) or 6.4 (*Optional Redemption*).

6.7 Principal Payments and Principal Amount Outstanding

On each Calculation Date, the Issuer shall determine or procure that the Computation Agent determines, *inter alia*, (on the Issuer's behalf):

- (a) the amount of any principal payment payable on the Class A Notes and the Class B Notes on the following Payment Date;
- (b) the Principal Amount Outstanding of each Class of Notes on the following Payment Date (after deducting any principal payment due to be made on the Notes on that Payment Date);
- (c) the amount of the Class B Notes Interest Payment Amount;
- (d) the amount of the Amortised Principal, the Issuer Available Funds (if any), the Class A Notes Principal Payment Amount;
- (e) the amount of the Target Cash Reserve Amount, the Cash Reserve Excess and the amount of the Cash Reserve that shall be utilized to augment the Issuer Available Funds; any calculation in respect to the Cash Reserve shall be made by the Computation Agent in accordance with the Cash Administration and Agency Agreement;

- (f) all payments due to be done by the Issuer on the immediately following Payment Date.

The Computation Agent, at least 5 (five) Business Days prior to each Payment Date, shall deliver to the Representative of the Noteholders, the Servicer, the Operating Bank, the Transaction Bank, the English Transaction Bank, the Principal Paying Agent, the Back Up Computation Agent and the Rating Agencies a payments report setting out all such payments in the form which shall be agreed by the Parties (the “**Payments Report**”); *provided that* in case the Payments Report is not received by the Principal Paying Agent, the Principal Paying Agent shall promptly notify the Representative of the Noteholders and the Back-Up Computation Agent of the occurrence of such event within one Business Day following the Payments Report Date. Upon receiving such notice the Representative of the Noteholders shall promptly inform the Rating Agencies.

If the Computation Agent fails to deliver the Payments Report in accordance with Clause 6.3.1 of the Cash Administration and Agency Agreement, to the extent that the failure by the Computation Agent to deliver the Payments Report within the Payments Report Date is not due to the Servicer having not submitted the Quarterly Servicing Report or the Back-Up Servicer having not submitted the simplified Quarterly Servicing Report, as the case may be, the Back-Up Computation Agent, upon receipt of the Principal Paying Agent Notice, shall prepare the Payments Report in accordance with the provisions of Clause 6.3.1 and Clause 6.5 of the Cash Administration and Agency Agreement, and shall deliver it to the entities specified in Clause 6.3.1 thereto not later than the second Business Day preceding the immediately following Payment Date.

Each determination by or on behalf of the Issuer of the Principal Payment on each Note, the Principal Amount Outstanding of each Note and on each Class of Notes shall in each case (in the absence of wilful default or gross negligence) be final and binding on all persons.

The Issuer shall, no later than three Business Days prior to each Payment Date, cause each determination of a principal payment (if any) and Principal Amount Outstanding of the Notes to be notified forthwith (i) by the Computation Agent to the Representative of the Noteholders, the Servicer, the Transaction Bank, the English Transaction Bank and the Principal Paying Agent and (ii) by the Agent Bank to Euroclear, Clearstream, the Irish Stock Exchange and Monte Titoli, and shall cause notice of each determination of a principal payment and Principal Amount Outstanding of each Class of Notes to be given to the Noteholders in accordance with Condition 12 (*Notices*). As long as the Notes are not redeemed in full, if no principal payment is due to be made on the Notes on a Payment Date, notice to this effect shall also be given by the Issuer to the Noteholders in accordance with Condition 12 (*Notices*).

If no principal payment or Principal Amount Outstanding of the Notes is determined by or on behalf of the Issuer in accordance with the provisions of this Condition 6.7 (*Principal Payments and Principal Amount Outstanding*), such principal payment or Principal Amount Outstanding of the Notes shall be determined by the Computation Agent in accordance with this Condition 6.7 (*Principal Payments and Principal Amount Outstanding*) and each such determination shall be deemed to have been made by the Issuer.

6.8 No purchase by Issuer

The Issuer shall not purchase any of the Notes.

6.9 Cancellation

All Notes redeemed in full will be cancelled upon redemption and may not be re-sold or re-issued.

All Notes shall be in any case cancelled upon the earlier of (i) following the completion of any proceedings for the recovery of all Claims, the date on which such recoveries (if any) are paid in accordance with the applicable Order of Priority, (ii) following the sale of the Portfolio, the date on which the proceeds of such sale (if any) are paid in accordance with the applicable Order of Priority, and (iii) the Final Maturity Date (following application of the Issuer Available Funds on such date in accordance with the applicable Order of Priority).

7. PAYMENTS

- 7.1 The Principal Paying Agent shall arrange for payment of principal and interest in respect of the Notes to be made through the relevant operators of Monte Titoli, Clearstream and Euroclear to the accounts of the beneficial owners of the Notes with such operators in accordance with the rules and procedures of Monte Titoli, Clearstream and Euroclear, as the case may be.
- 7.2 Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.
- 7.3 If the due date for any payment of principal and/or interest (or any later date on which any Note could otherwise be presented for payment) is not a Business Day, the Noteholders will not be entitled to payment of the relevant amount until the immediately following Business Day. The Noteholders will not be entitled to any interest or other payment in consequence of any delay in receiving the amount due as a result of the due date not being a Business Day.
- 7.4 The Issuer reserves the right, according to the provisions of the Cash Administration and Agency Agreement, at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other paying agents including the Principal Paying Agent provided that (as long as the Class A Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require) the Issuer will at all times maintain a paying agent having a registered office in Ireland.

The Issuer will cause at least 30 days prior notice to be given of any change in or addition to the Principal Paying Agent or their registered offices in accordance with Condition 12 (*Notices*).

8. TAXATION

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Law 239 Deduction or any other withholding or deduction required to be made by applicable law (including, for the avoidance of doubt, any withholding or deduction required pursuant to U.S. Foreign Account Tax Compliance Act, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto). Neither the Issuer nor any other Person shall be obliged to pay any additional amount to any Noteholder as a consequence of any such withholding or deduction.

9. TRIGGER EVENTS

- 9.1 If any of the following events (each a “**Trigger Event**”) occurs:

(a) *Non-payment:*

- (i) the Issuer defaults in the payment of the amount of principal then due and payable on the Most Senior Class of Notes on the Final Maturity Date;
- (ii) on any Payment Date (provided that a 3 (three) Business Days' grace period shall apply) the amount paid by the Issuer as interest on the Most Senior Class of Notes is

lower than the relevant Interest Amount on the Class A Notes or the Class B Notes Interest Payment Amount on the Class B Notes, as the case may be; or

(b) Breach of other obligations:

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Most Senior Class of Notes (other than (i) the obligation to pay principal on the Notes in case the Issuer has not enough Issuer Available Funds to such purpose on any Payment Date, and (ii) any payment obligation on the Notes under paragraph (a) above) or any of the Transaction Documents to which it is a party and (except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy, in which case no notice will be required) such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer, certifying that such default is, in the sole opinion of the Representative of the Noteholders, materially detrimental to the interests of the Noteholders of the Most Senior Class of Notes and requiring the same to be remedied; or

(c) Breach of representation and warranties:

any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is a party is or proves to have been incorrect or misleading in any material respect when made or deemed to be made; or

(d) Insolvency:

- (i) the Issuer becomes subject to any applicable bankruptcy, liquidation, administration, receivership, insolvency, composition or reorganisation (among which, without limitation, *fallimento*, *liquidazione coatta amministrativa*, *concordato preventivo* and *accordi di ristrutturazione*, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of the jurisdiction in which the Issuer is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, receivership, arrangement, adjustment, protection or relief of debtors) or similar proceedings or the whole or any substantial part of the undertaking or assets of the Issuer are subject to a *pignoramento* or similar procedure having a similar effect (other than any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success;
- (ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by the Issuer or the same proceedings are otherwise initiated against the Issuer and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success;
- (iii) the Issuer takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments;
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation, administration or dissolution in any form of the Issuer (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which

have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2484 of the Italian civil code occurs with respect to the Issuer.

(e) Unlawfulness:

It is or will become unlawful (in any respect deemed by the Representative of the Noteholders to be material) for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party;

then the Representative of the Noteholders in any case acting in accordance with these Conditions and the Rules of the Organisation of the Noteholders:

- (i) shall, in the case of the Trigger Event set out under point (a) above;
- (ii) shall if so requested in writing by an Extraordinary Resolution of the holders of the Class A Notes, in the case of the Trigger Events set out under points (b) and (c) above;
- (iii) may at its sole and absolute discretion but shall if so requested in writing by an Extraordinary Resolution of the holders of the Class A Notes in case of any other Trigger Event,

give a written notice (a “**Trigger Notice**”) to the Issuer (with copy to the Servicer) declaring that the Notes have immediately become due and payable at their Principal Amount Outstanding, together with accrued interest, and that the Acceleration Order of Priority shall apply.

Following the delivery of a Trigger Notice, without any further action or formality, on the immediately following Payment Date, and on each Payment Date thereafter, all payments of principal, interest and other amounts due with respect to the Notes and to the Other Issuer Creditors shall be made in accordance with the Acceleration Order of Priority.

10. ENFORCEMENT

At any time after the delivery of a Trigger Notice, the Representative of the Noteholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer as it may think fit, to enforce repayment of the Notes and payment of interest accrued thereon, but it shall not be bound to take any such steps and/or institute any such proceedings unless:

- (a) it shall have been so requested in writing by the holders of at least 75% of the Principal Amount Outstanding of the Class A Notes or unless it shall have been so directed by a resolution of the Class A Noteholders or upon the redemption in full of the Class A Notes the Class B Noteholders; and
- (b) it shall have been fully indemnified and/or secured as to costs, damages and expenses to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Representative of the Noteholders, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

In addition, the Rules of the Organisation of the Noteholders and the Intercreditor Agreement contains (i) provisions limiting the powers of the Noteholders, *inter alia*, to bring individual

actions or take other individual remedies to enforce their rights under the Notes and (ii) provisions limiting the powers of the Noteholders, *inter alia*, to institute against or join any person in instituting against, the Issuer, any bankruptcy, insolvency or compulsory liquidation and similar proceedings, that shall be deemed to be included in this Conditions and shall be binding on all the Noteholders.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 9 (*Trigger Events*) above or this Condition 10 (*Enforcement*), by the Representative of the Noteholders shall (in the absence of wilful default or gross negligence) be binding on the Issuer and all Noteholders and (in such absence as aforesaid) the Representative of the Noteholders will have no liability to the Noteholders or the Issuer in connection with the exercise or the non-exercise by it or any of them of their powers, duties and discretion hereunder.

11. THE REPRESENTATIVE OF THE NOTEHOLDERS

11.1 The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.

11.2 Pursuant to the Rules of the Organisation of the Noteholders (attached hereto as Exhibit 1), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders.

11.3 The Representative of the Noteholders is the legal representative (*rappresentante legale*) of the Organisation of the Noteholders. The appointment of the Representative of the Noteholders is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders who is appointed at the time of issue of the Notes pursuant to the Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.

11.4 Pursuant to the provisions of the Rules of the Organisation of the Noteholders, the Representative of the Noteholders can be removed by the Noteholders at any time, provided a successor Representative of the Noteholders is appointed and can resign at any time. Such successor to the Representative of the Noteholders shall be:

- (a) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch or through a branch situated in a European Union country; or
- (b) a company or financial institution registered under article 106 or 107 of the Consolidated Banking Act (or any other relevant register held from time to time by the Bank of Italy); or
- (c) any other entity permitted by specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.

11.5 The Rules of the Organisation of the Noteholders contain provisions governing, *inter alia*, the terms of appointment, indemnification and exoneration from responsibility (and relief from responsibility) of the Representative of the Noteholders (including provisions relieving it from taking action unless indemnified to its satisfaction and providing for the indemnification of the Representative of the Noteholders in certain other circumstances) and provisions which govern the termination of the appointment of the Representative of the Noteholders and amendments to the terms of such appointment. So long as the Class A Notes are listed on the Irish Stock

Exchange, any change in the identity of the Representative of the Noteholders shall be notified to the Irish Stock Exchange.

12. NOTICES

So long as the Notes are held by Monte Titoli on behalf of the authorised financial intermediaries and/or their customers, notices to the Noteholders may be given through the systems of Monte Titoli.

In addition, so long as the Class A Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, any notice to Noteholders shall also be published on the website of the Irish Stock Exchange (www.ise.ie) (for the avoidance of doubt, such website does not constitute part of this Prospectus). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in a newspaper as referred to above.

In addition, so long as the Class A Notes are listed on the Irish Stock Exchange, any notice regarding the Class A Notes to the relevant Noteholders shall be given in any other manner as required by the regulation applicable from time to time, including, in particular, the Transparency Directive.

The Representative of the Noteholders may sanction some other method of giving notice to the Noteholders of the relevant Class if, in its opinion, such other method is reasonable having regard to market practices then prevailing and to the rules of the stock exchange on which the Notes of the relevant Class are listed and provided that notice of such other method is given to the Noteholders of the relevant Class in such manner as the Representative of the Noteholders shall require.

13. PRESCRIPTION

Claims against the Issuer for payments in respect of the Notes shall be void unless made within 10 (ten) years (in the case of principal) or 5 (five) years (in the case of interest) from the Relevant Date in respect thereof, unless a case of interruption or suspension of the statute of limitation applies in accordance with Italian law.

“**Relevant Date**” means, in respect of any payment in relation to the Notes, whichever is the later of: (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received by the Principal Paying Agent or the Representative of the Noteholders on or prior to such date, the date on which, the full amount having been so received, notice to that effect has been given to the Noteholders in accordance with Condition 12 (*Notices*).

14. GOVERNING LAW AND JURISDICTION

14.1 The Notes and all non-contractual obligations arising out or in connection with them are governed by and shall be construed in accordance with Italian law.

14.2 All the Transaction Documents are governed by Italian law and all non-contractual obligations arising out or in connection with them, with the exception of the Deed of Charge which is governed by English law.

14.3 The Courts of Rome shall have exclusive jurisdiction to settle any disputes (including all non contractual obligations arising out or in connection with the Notes) that may arise out of or in connection with the Notes.

EXHIBIT 1 - RULES OF THE ORGANISATION OF THE NOTEHOLDERS

TITLE I - GENERAL PROVISIONS

Article 1 (General)

The Organisation of the Noteholders is created by the issue and by the subscription of the Notes, and shall remain in force and in effect until full repayment or cancellation of the Class A Notes and the Class B Notes. For as long as any Note is outstanding there shall be a Representative of the Noteholders.

The contents of these Rules are considered included in the Conditions.

Article 2 (Definitions)

In these Rules, the following expressions have the following meanings:

“**Basic Terms Modification**” means:

- (1) the modification of the date of maturity of the relevant Class of Notes;
- (2) a modification which would have the effect of anticipating or postponing any day for payment of interest or principal thereon;
- (3) a modification which would have the effect of reducing or cancelling the amount of principal payable in respect of a Class of Notes or the rate of interest applicable in respect of a Class of Notes;
- (4) a modification which would have the effect of altering the majority of votes required to pass a specific resolution or the quorum required at any meeting;
- (5) a modification which would have the effect of altering the currency of payment of the relevant Class of Notes or any alteration of the date of redemption or priority of a Class of Notes;
- (6) a modification which would have the effect of altering the authorisation or consent by the Class A Noteholders, as pledgee, to applications of funds as provided for in the Transaction Documents;
- (7) the appointment and removal of the Representative of the Noteholders;
- (8) an amendment of this definition.

“**Business**” means, in relation to any Meeting, the matters to be proposed to a vote of the Noteholders at the Meeting including (without limitation) the passing or rejection of any resolution.

“**Chairman**” means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 of these Rules.

“**Class of Notes**” means the Class A Notes or the Class B Notes.

“**Extraordinary Resolution**” means a resolution of the Meeting of the Relevant Class Noteholders in relation to the matters specified under Article 20 of these Rules, duly convened and held in accordance with the provisions of these Rules.

“**Meeting**” means the meeting of the Noteholders or a Class of Noteholders (whether originally convened or resumed following an adjournment).

“**Notes**” and “**Noteholders**” mean:

- (1) in connection with a Meeting of Class A Noteholders, Class A Notes and Class A Noteholders respectively;
- (2) in connection with a Meeting of Class B Noteholders, Class B Notes and Class B Noteholders respectively; and
- (3) otherwise, in the case of a joint Meeting of more than one Class, any or all of the Class A Notes or the Class B Notes and any or all of the Class A Noteholders and the Class B Noteholders, respectively.

“**Person(s)**” means any natural person, partnership, corporation, company, limited liability company, trust, estate, joint stock partnership, or company, joint venture, governmental entity, unincorporated organisation or other entity or association.

“**Principal Paying Agent**” means BNP Paribas Securities Services, Milan Branch or any other person acting from time to time as principal paying agent.

“**Proxy**” means, in relation to any Meeting, a person duly appointed to vote.

“**Relevant Class Noteholders**” means the Class A Noteholders or the Class B Noteholders, as the context may require.

“**Relevant Date**” means the date on which principal or interest, as the case may be, on the Notes become due and payable.

“**Relevant Fraction**” means:

- (i) for all business other than voting on an Extraordinary Resolution (both at the first convening of a Meeting and in case such Meeting is resumed after adjustment for want of a quorum): (a) in case of a meeting of a particular Class of the Notes, one-twentieth of the Principal Amount Outstanding of the outstanding Notes in that Class; or (b) in case of a joint meeting of more than one Class of Notes, one-twentieth of the Principal Amount Outstanding of the outstanding Notes of such Classes;
- (ii) for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification: (a) in case of a meeting of a particular Class of the Notes, two-thirds of the Principal Amount Outstanding of the outstanding Notes in that Class; or (b) in case of a joint meeting of more than one Class of Notes, two-thirds of the Principal Amount Outstanding of the outstanding Notes of such Classes; and
- (iii) for voting on any Extraordinary Resolution relating to a Basic Terms Modification, which must be proposed separately to each Class of Noteholders, three-quarters of the Principal Amount Outstanding of the outstanding Notes in that Class;

provided, however, that, in the case of a Meeting which has resumed after adjournment for want of a quorum, it means:

- (i) for voting on an Extraordinary Resolution other than one relating to a Basic Terms Modification: (a) in case of a meeting of a particular Class of the Notes, more than one-third of the Principal Amount Outstanding of the outstanding Notes in that Class; or (b) in case of a

joint meeting of more than one Class of Notes, more than one-third of the Principal Amount Outstanding of the outstanding Notes of such Classes; and

- (ii) for voting on any Extraordinary Resolution relating to a Basic Terms Modification, which must be proposed separately to each Class of Noteholders, more than fifty per cent. (50%) of the Principal Amount Outstanding of the outstanding Notes in that Class.

“Representative of the Noteholders” means Accounting Partners S.r.l., in its capacity as representative of the Noteholders, which expression shall include its successors and any further or other representative of the Noteholders appointed pursuant to the Notes Subscription Agreement and the Rules of the Organisation of the Noteholders.

“Rules” means these Rules of the Organisation of the Noteholders.

“Secured Parties” means the beneficiaries of the Security Documents.

“Specified Office” means the office of the Principal Paying Agent at Via Ansperto, 5, 20123, Milan Italy.

“Voter” means, in relation to any Meeting, the holder of a Blocked Note.

“Voting Certificate” means, in relation to any Meeting, a certificate issued to a Noteholder by the relevant Monte Titoli Account Holder in accordance with the resolution dated 22 February 2008 jointly issued by the Bank of Italy and CONSOB, as subsequently amended, supplemented or restated.

“Written Resolution” means a resolution in writing signed by or on behalf of 75% of the Relevant Class Noteholders, who for the time being are entitled to receive notice of a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such Noteholders.

“24 hours” means a period of 24 hours including all or part of a day upon which banks are open for business in both the places where the Meeting is to be held and in each of the places where the Principal Paying Agent has its Specified Office (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid.

“48 hours” means 2 consecutive periods of 24 hours.

Other defined terms and expressions shall have the meaning given to them in the Conditions.

Article 3 ***(Organisation purpose)***

Each Class A Noteholder and Class B Noteholder is a member of the Organisation of Noteholders.

The purpose of the Organisation of Noteholders is to coordinate the exercise of the rights of the Noteholders and, more in general, the taking of any action for the protection of their interests.

In these Rules, any reference to Noteholders shall be considered as a reference as the case may be, to the Class A Noteholders and/or the Class B Noteholders or, where the context requires, a reference to the Class A Noteholders and/or the Class B Noteholders collectively.

TITLE II - THE MEETING OF NOTEHOLDERS

Article 4

(General)

Subject to Article 20 below, any resolution passed at a Meeting of the Relevant Class of Noteholders duly convened and held in accordance with these Rules shall be binding upon all the Noteholders of such Class whether present or not present at such Meeting and whether voting or not voting and any resolution passed at a meeting of the Class A Noteholders duly convened and held as aforesaid shall also be binding upon the Class B Noteholders.

In each of the above cases, all the relevant Classes of Noteholders shall be bound to give effect to any such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

Notice of the result of every vote on a resolution duly passed by the Noteholders shall be published, at the expense of the Issuer, in accordance with the Conditions and given to the Principal Paying Agent (with a copy to the Issuer and the Representative of the Noteholders) within 14 days of the conclusion of the Meeting.

Subject to the provisions of these Rules and the Conditions, joint meetings of the Class A Noteholders, and the Class B Noteholders may be held to consider the same resolution and/or, as the case may be, the same Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification) and the provisions of these Rules shall apply *mutatis mutandis* thereto.

The following provisions shall apply where outstanding Notes belong to more than one Class:

- (i) business which in the opinion of the Representative of the Noteholders affects only one Class of Notes shall be transacted at a separate Meeting of the relevant Noteholders;
- (ii) business which in the opinion of the Representative of the Noteholders affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a single Meeting of Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine at its absolute discretion;
- (iii) business which in the opinion of the Representative of the Noteholders affects the Noteholders of more than one Class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate Meetings of the Noteholders of each such Class;
- (iv) in case of separate Meetings of the holders of each Class of Notes, these Rules shall be applied as if references to the Notes and the Noteholders are to the Notes of the relevant Class and to the holders of such Notes; and in the case of a joint meeting of the Noteholders of more than one Class, as if references to the Notes and the Noteholders are to the Notes of the relevant Classes and to the holders of the Notes of such Classes.

Article 5
(Voting Certificates)

Noteholders may obtain a Voting Certificate from the relevant Monte Titoli Account Holder upon request in accordance with article 21 of the resolution of 22 February 2008 jointly issued by the Bank of Italy and CONSOB. Subject to the provision of the resolution of 22 February 2008 jointly issued by the Bank of Italy and CONSOB (as subsequently amended and integrated), a Voting Certificate shall be valid until the conclusion of the Meeting specified (if any) in the Voting Certificate, or any adjournment of such Meeting held prior to the expiration of the relevant Voting Certificate and none of the Monte Titoli Account Holders shall be allowed to release the relevant Notes before such date

unless the Voting Certificate is first surrendered to it. So long as a Voting Certificate is valid, the Noteholder or any Proxy named therein shall be deemed to be the holder of the relevant Notes to which it relates for all purposes in connection with the Meeting.

Article 6
(Validity of Voting Certificates)

A Voting Certificate shall be valid only if it is deposited or sent (also by electronic means) at the Specified Office of the Principal Paying Agent, or at some other place approved by the Principal Paying Agent, at any time prior to the time fixed for a Meeting. If the Principal Paying Agent requires, satisfactory proof of the identity of each Proxy named the relevant Voting Certificate, such proof shall be produced at the Meeting, but the Principal Paying Agent shall not be obliged to investigate the validity of any Voting Certificate or the authority of any Proxy.

Article 7
(Convening of Meeting)

The Issuer and the Representative of the Noteholders may convene a Meeting at any time, and shall be obliged to do so upon the request in writing of Noteholders holding not less than one-twentieth of the Principal Amount Outstanding of the outstanding Notes of the Class or Classes in respect of which the Meeting is being convened. If the Issuer fails to take the necessary action to convene a Meeting when obliged to do so, the Meeting may be convened by the Representative of the Noteholders acting solely.

Whenever the Issuer is about to convene any such Meeting, it shall immediately give notice in writing to the Representative of the Noteholders of the day, time and place thereof and of the nature of the Business to be transacted thereat. Every such Meeting shall be held at such place as the Representative of the Noteholders may designate or approve.

Article 8
(Notice)

At least 21 day notice (excluding the day on which the notice is delivered and the day on which the Meeting is to be held) specifying the date, time and place of the Meeting shall be given to the relevant Noteholders and the Principal Paying Agent (with a copy to the Issuer and to the Representative of the Noteholders), and published in accordance with Condition 12 (*Notices*) at least 15 days before the date of the Meeting. The notice shall set forth the full text of any resolutions to be proposed and that Voting Certificate shall be obtained to participate to the Meeting.

The 21 day notice of any Meeting shall be deemed to be waived by the Noteholders when: (i) Noteholders representing 100% of the Principal Amount Outstanding of the relevant Class attend the relevant Meeting or (ii) Noteholders representing 100% of the Principal Amount Outstanding of the relevant Class request the Meeting.

Article 9
(Chairman of the Meeting)

An individual (who may, but need not, be a Noteholder) nominated in writing by the Representative of the Noteholders may take the chair at any Meeting but: (i) if no such nomination is made; (ii) if the individual nominated is not present within 15 minutes after the time fixed for the Meeting; or (iii) the Meeting resolves not to approve the appointment made by the Representative of the Noteholders, those present shall elect one of themselves to take the chair failing which the Issuer may appoint a Chairman.

The Chairman of an adjourned Meeting need not be the same person as the Chairman of the original

Meeting.

The Chairman verifies that the Meeting is duly held, coordinates matters to be transacted at the Meeting and monitors the fairness of the Meeting's proceedings.

Article 10
(Quorum and passing of resolutions)

The quorum at any Meeting shall be at least one or more Voters representing or holding not less than the Relevant Fraction of the aggregate Principal Amount Outstanding of the outstanding Notes of the relevant Class or Classes.

A resolution is validly passed when the majority of the votes cast by the Voters attending the relevant Meeting has been cast in favour of it.

Article 11
(Adjournment for want of quorum)

If within 15 minutes after the time fixed for any Meeting a quorum is not present, then it shall be adjourned for such period (which shall be not less than 14 days and not more than 42 days) and at such place as the Chairman determines; provided, however, that no Meeting may be adjourned more than once. Notice shall be published in accordance with Condition 12 (*Notices*) of the relevant Class of Notes not more than 8 days before the date of the meeting.

Article 12
(Adjourned Meeting)

The Chairman may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, *provided that* no Business shall be transacted at any adjourned Meeting except Business which might lawfully have been transacted at the Meeting from which the adjournment took place.

Article 13
(Notice following adjournment)

Article 8 shall apply to any Meeting which is to be resumed after adjournment save that:

- (a) 8 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be sufficient; and
- (b) the notice shall specifically set forth the quorum requirements which will apply when the Meeting resumes.

It shall not be necessary to give notice of the resumption of a Meeting which has been adjourned for any other reason.

Article 14
(Participation)

The following may attend and speak at a Meeting:

- (a) Voters;
- (b) the Issuer or its representatives;
- (c) the statutory auditors (if any) and the financial advisers to the Issuer;

- (d) the Representative of the Noteholders;
- (e) the legal counsel to the Issuer, the Representative of the Noteholders; and
- (f) such other person as may be resolved by the Meeting.

Article 15
(Show of hands)

Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution.

Article 16
(Poll)

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less than ten (10) Notes. The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the Meeting for any other Business as the Chairman directs.

Article 17
(Votes)

Every Voter shall have one vote in respect of each Euro 1,000 in aggregate face amount of the outstanding Note(s) represented or held by him.

In the case of a voting tie the Chairman shall have a casting vote.

Unless the terms of any Voting Certificate state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same manner.

Article 18
(Vote by Proxies)

Any vote by a Proxy in accordance with the relevant Voting Certificate shall be valid even if such vote or any instruction pursuant to which it was given has been amended or revoked, *provided that* the Issuer and Principal Paying Agent have not been notified in writing of such amendment or revocation not less than 24 hours before the time fixed for the Meeting. Unless revoked, any appointment of a Proxy under a Voting Certificate in relation to a Meeting shall remain in force in relation to any Meeting resumed following an adjournment, except for any appointment of a Proxy expiring prior to such adjournment in accordance with the relevant Voting Certificate.

Article 19
(Exclusive Powers of the Meeting)

The Meeting shall have exclusive powers:

- (a) to approve any Basic Terms Modification, in accordance with Article 20 below;
- (b) to approve any proposal by the Issuer for any modification, abrogation, variation or

compromise of any of the Conditions (which is not a Basic Terms Modification) or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;

- (c) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
- (d) to exercise, enforce or dispose of any right and power on payment and application of funds deriving from any claims on which a pledge or other security interest is created in favour of the Noteholders, otherwise than in accordance with the Transaction Documents.

Article 20 (Powers exercisable by Extraordinary Resolution)

A Meeting shall, in addition to the powers given herein and in the Conditions, have the following powers exercisable by Extraordinary Resolution:

- (a) power to sanction any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer or against any of its property or against any other Person whether such rights shall arise under these Rules, the Notes or otherwise;
- (b) power to sanction any scheme or proposal for the exchange or substitution or sale of any of the Notes or any Class of the Notes for, or the conversion of the Notes or any Class into, or the cancellation of any of the Notes or any Class, in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;
- (c) power to assent to any alteration of the provisions contained in these Rules, the Conditions, the Notes or any Class of Notes, the Intercreditor Agreement, the Cash Administration and Agency Agreement or any other Transaction Document which shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto;
- (d) power to discharge or exonerate the Representative of the Noteholders from any liability in respect of any act or omission for which the Representative of the Noteholders may be responsible under or in relation to these Rules, the Notes or any Class of Notes or any other Transaction Document;
- (e) power to give any authority, direction or sanction which under the provisions of these Rules or the Notes or any Class of Notes, is required to be given by Extraordinary Resolution;
- (f) power to authorise and sanction the actions, in compliance with these Rules, of the Representative of the Noteholders under the terms of the Intercreditor Agreement and any other Transaction Documents and in particular power to sanction the release of the Issuer by the Representative of the Noteholders;
- (g) to authorise the Representative of the Noteholders to serve a Trigger Notice, as a consequence of a Trigger Event under Condition 9 (*Trigger Events*);
- (h) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any act or omission which might otherwise constitute a Trigger Event under the Notes;
- (i) following the service of a Trigger Notice, power to resolve on the sale of one or more Claim(s) comprised in the Portfolio;

- (j) power to resolve on the sale of one or more Claim(s) comprised in the Portfolio when an Extraordinary Resolution is required under the Conditions; and
- (k) power to sanction a Basic Terms Modification.

provided that:

- (A) no Extraordinary Resolution involving a Basic Terms Modification passed by the Relevant Class Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Noteholders of the other Class (to the extent that the Notes of each such Class are then outstanding); and
- (B) no other Extraordinary Resolution of the Class B Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders (to the extent that the Class A Notes are then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders (to the extent that the Class A Notes are then outstanding).

Article 21 **(Challenge of Resolution)**

Each Noteholder who was absent, dissenting or non voting can challenge resolutions in accordance with article 2416 of the Italian Civil Code.

Article 22 **(Minutes)**

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be *prima facie* evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

Article 23 **(Written Resolution)**

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

Article 24 **(Individual Actions and Remedies)**

The right of each Noteholder to bring individual actions or take other individual remedies, that do not amount to bankruptcy, insolvency or compulsory liquidation proceedings, or other proceedings under any bankruptcy or similar law, to enforce his/her rights under the Notes will be subject to the Meeting not passing a resolution objecting to such individual action or other remedy on the grounds that it is not convenient at the time when the Meeting is held, having regard to the interests of the Noteholders. In this respect, the following provisions shall apply:

- (a) the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders in writing of his/her intention;
- (b) the Representative of the Noteholders will, without delay, call for the Meeting, in accordance with these Rules;

- (c) if the Meeting passes a resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (provided that the same matter can be submitted again to a further Meeting of Noteholders after a reasonable period of time has elapsed); and
- (d) if the Meeting passes a resolution not objecting to the enforcement of the individual action or remedy, or if no resolution is taken by the Meeting for want of quorum, the Noteholder will not be prevented from taking such action or remedy.

No individual action or remedy can be taken by a Noteholder to enforce his/her rights under the Notes before the Meeting has been held to resolve on such action or remedy in accordance with the provisions of this Article 24.

The provisions of the Intercreditor Agreement govern the right of the Noteholders to institute against, or join any other person in instituting against, the Issuer any bankruptcy, insolvency or compulsory liquidation and similar proceedings.

TITLE III - THE REPRESENTATIVE OF THE NOTEHOLDERS

Article 25

(Appointment, Removal and Remuneration)

The appointment of the Representative of the Noteholders takes place at the Meeting in accordance with the provisions of this Article 25, save as in respect of the appointment of the first Representative of the Noteholders that will be Accounting Partners S.r.l.

The Representative of the Noteholders shall be:

- (1) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch or through a branch situated in a European Union country; or
- (2) a company or financial institution registered under article 106 or 107 of the Consolidated Banking Act (or any other relevant register held from time to time by the Bank of Italy); or
- (3) any other entity which may be permitted to act in such capacity by any applicable provisions of Italian law.

The Representative of the Noteholders shall be appointed for unlimited term and can be removed by the Meeting at any time.

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, the Representative of the Noteholders shall remain in office until acceptance of appointment by the substitute Representative of the Noteholders designated among the entities indicated in (1), (2) and (3) above and until such substitute Representative of the Noteholders has entered into the Intercreditor Agreement and the other relevant Transaction Documents; should said acceptance of appointment by the substitute Representative of the Noteholders not occur within thirty days after such termination, the terminated Representative of the Noteholders shall be entitled to appoint, in the name and on behalf of the Issuer, its own successor, convening a fee not higher than the fee that such terminated Representative of the Noteholders agreed with the Issuer, provided that any such successor shall satisfy all the conditions set out above; and the powers and authority of Representative of the Noteholders whose appointment has been terminated shall be limited to those necessary for the performance of the essential functions which are required to be complied with in connection with the Notes.

The directors, auditors (if any) of the Issuer and those who fall within the conditions indicated in article 2382 and article 2399 of the Italian Civil Code in respect of the Issuer cannot be appointed Representative of the Noteholders, and, if appointed, shall be automatically removed from the appointment.

As consideration to the Representative of the Noteholders for the obligations undertaken by the same as from the date hereof under these Rules and the Transaction Documents, the Issuer shall pay to the Representative of the Noteholders an annual fee, such fee being agreed in a separate side letter. The above fees and remuneration shall accrue from day to day and shall be payable in accordance with the applicable Order of Priority up to (and including) the date when the Notes have been repaid in full or cancelled in accordance with the Conditions.

Article 26 ***(Duties and Powers)***

The Representative of the Noteholders is the legal representative of the Organisation of Noteholders subject to and in accordance with the Conditions, these Rules, the Intercreditor Agreement and the other Transaction Documents to which it is a party (together, the “**Relevant Provisions**”).

Subject to the Relevant Provisions, the Representative of the Noteholders is responsible for implementing the decisions of the Meeting and for protecting the Noteholders’ interests against the Issuer, in accordance with and following any resolution taken by the Meeting. The Representative of the Noteholders has the right to attend Meetings. The Representative of the Noteholders may convene a Meeting to obtain instructions from the Relevant Class Noteholders on any action to be taken.

All actions taken by the Representative of the Noteholders in the execution and exercise of all its powers and authorities and of discretion vested in it shall be taken by duly authorised officer(s) for the time being of the Representative of the Noteholders.

The Representative of the Noteholders may also, whenever it considers to be expedient and in the interests of the Noteholders, whether by power of attorney or otherwise, delegate to any Person(s) all or any of the powers, authorities and discretion vested in it as aforesaid. Any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Noteholders may think fit, provided that: (a) the Representative of the Noteholders shall use all reasonable care and skill in the selection of the sub-agent, sub-contractor or representative which must fall within one of the categories set forth in Article 25 herein; and (b) the sub-agent, sub-contractor or representative shall undertake to perform the obligations of the Representative of the Noteholders in respect of which it has been appointed.

The Representative of the Noteholders shall in any case be responsible for any loss incurred by the Issuer as a consequence of any misconduct or default on the part of such delegate or sub-delegate. The Representative of the Noteholders shall as soon as reasonably practicable give notice to the Issuer of the appointment of any delegate and the renewal, extension and termination of such appointment and shall procure that any delegate shall also as soon as reasonably practicable give notice to the Issuer of any sub-delegate.

The Representative of the Noteholders shall act in accordance with the provisions of article 1176, paragraph 2, of the Italian Civil Code.

The Representative of the Noteholders shall be authorised to represent the Organisation of Noteholders in judicial proceedings (including Bankruptcy Proceedings) involving the Issuer.

Article 27 ***(Resignation of the Representative of the Noteholders)***

The Representative of the Noteholders may resign at any time upon giving not less than three calendar months' notice in writing to the Issuer and the Rating Agencies without giving any reason therefore and without being responsible for any costs occasioned by such resignation. The resignation of the Representative of the Noteholders shall not become effective until the Meeting has appointed a new representative of the Noteholders and until such new representative of the Noteholders has entered into the Intercreditor Agreement and the other relevant Transaction Documents. If a new representative of the Noteholders is not appointed by the Meeting within sixty days after such notice of resignation, the resigning Representative of the Noteholders will be entitled to appoint its own successor, in the name and on behalf of the Issuer and convening a fee not higher than the fee that the resigning Representative of the Noteholders agreed with the Issuer, *provided that* any such successor shall satisfy with the conditions of Article 25 herein.

Article 28
(Exoneration of the Representative of the Noteholders)

The Representative of the Noteholders shall not assume any other obligations in addition to those expressly provided herein and in the Transaction Documents.

1. Without limiting the generality of the foregoing, the Representative of the Noteholders shall not be:
- (i) under any obligation to take any steps to ascertain whether a Trigger Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders hereunder or under any of the other Transaction Documents has happened and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that no Trigger Event or such other event, condition or act has occurred;
 - (ii) under any obligation to monitor or supervise the observance and performance by the Issuer or any of the other parties to the Transaction Documents of their obligations thereunder and, until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each party to any Transaction Document is observing and performing all the obligations on its part contained herein and therein;
 - (iii) under any obligation to give notice to any person of the execution of these Rules or any of the Transaction Documents or any transaction contemplated hereby or thereby;
 - (iv) responsible for or for investigating the legality, validity, enforceability, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or any other document or any obligation or rights created or purported to be created thereby or pursuant thereto;
 - (v) responsible for or have any duty to make any investigation in respect of or in any way be liable whatsoever for: (i) the nature, status, creditworthiness or solvency of the Issuer, (ii) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection herewith; (iii) the suitability, adequacy or sufficiency of any collection procedures operated by the Servicer or compliance therewith; (iv) the failure by the Issuer to obtain or comply with any license, consent or other authority in connection with the purchase or administration of the Portfolio; and (v) any accounts, books, records or files maintained by the Issuer, the Servicer the Principal Paying Agent, the Corporate Services Provider or any other Person in respect of the Portfolio;
 - (vi) responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or the distribution of any of such proceeds to the Persons entitled thereto;

- (vii) responsible for the maintenance of any rating of the Class A Notes by the Rating Agencies or any other credit or rating agency or any other Person;
- (viii) responsible for or for investigating any matter which is the subject of, any recitals, statements, warranties or representations of any party other than the Representative of the Noteholders contained herein or any other Transaction Document;
- (ix) bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer to the Portfolio or any part thereof whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry or whether capable of remedy or not;
- (x) liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;
- (xi) under any obligation to insure the Portfolio or any part thereof;
- (xii) obliged to have regard to the consequences of any modification of these Rules or any of the Transaction Documents for the Noteholders or any relevant Persons resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory;
- (xiii) under any obligation to disclose to any Noteholder, any Other Issuer Creditors or any other party any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other Person in connection with these Rules and the Noteholders, the Other Issuer Creditors or any other party shall not be entitled to take any action to obtain from the Representative of the Noteholders any such information (unless and to the extent ordered so to do by a court of competent jurisdiction);
- (xiv) bound to take any steps or institute any proceedings after a Trigger Notice is served upon the Issuer following the occurrence of a Trigger Event, or to take any other action (or direct any action to be taken) to enforce any security interest created by the Security Documents or any rights under the Intercreditor Agreement unless it has been indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing;
- (xv) liable for acting upon any resolution purporting to have been passed at any Meeting of the relevant Class or Classes of Notes in respect whereof minutes have been made and signed, also in the event that, subsequent to its acting it transpires that the Meeting was not duly convened or constituted, such resolution was not duly passed or that the resolution was otherwise not valid or binding upon the Noteholders, in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, and
- (xvi) liable for not having acted in any manner whatsoever for the protection of the Noteholders' interests in all circumstances where, according to these Rules and the Transaction Documents, it was not expressly required to take any such action.

2. The Representative of the Noteholders may:

- (i) agree (in the name and on behalf of the Noteholders) amendments or modifications to these Rules or to any of the Transaction Documents which in the opinion of the Representative of the Noteholders it is expedient to make or is to correct a manifest error or is of a formal, minor or technical nature. Any such modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter;

- (ii) agree (in the name and on behalf of the Noteholders) amendments or modifications to these Rules (other than in respect of a Basic Terms Modification or any provision in these Rules referred to in the definition of Basic Terms Modification) or to the other Transaction Documents which, in the opinion the Representative of the Noteholders, it may be proper to make, provided that the Representative of the Noteholders is of the opinion that such modification will not be materially prejudicial to the interests of the Class A Noteholders, or, in the event the Class A Notes have been redeemed in full, the Class B Noteholders;
- (iii) act on the advice or a certificate or opinion of or any information obtained from any lawyer, accountant, banker, broker, credit or rating agency or other expert whether obtained by the Issuer or the Representative of the Noteholders or as provided in the Transaction Documents otherwise and shall not, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss occasioned by so acting. Any such advice, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission, e-mail or cable and, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, opinion or information contained in or purported to be conveyed by any such letter, telex, telegram, facsimile transmission or e-mail notwithstanding any error contained therein or the non-authenticity of the same;
- (iv) call for and accept as sufficient evidence of any fact or matter, unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice to the contrary, a certificate duly signed by or on behalf of the Issuer, and the Representative of the Noteholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be occasioned by the Representative of the Noteholders acting on such certificate;
- (v) have absolute discretion as to the exercise, non exercise or refraining from exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules or by operation of law, save as expressly otherwise provided herein, and the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or inconveniences that may result from the exercise, non-exercise or refraining from exercise thereof except insofar as the same are incurred as a result of its gross negligence (*colpa grave*) or willful misconduct (*dolo*);
- (vi) subject to granting the access to the documents to any Noteholders as provided for by the Conditions, hold or leave in custody these Rules, the Transaction Documents and any other documents relating hereto in any part of the world with any bank officer or financial institution or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Representative of the Noteholders to be of good repute, and the Representative of the Noteholders shall not be responsible for or required to insure against any loss incurred in connection with any such custody and may pay all sums required to be paid on account of or in respect of any such custody;
- (vii) call for, accept and place full reliance on and as sufficient evidence of the facts stated therein, a certificate or letter of confirmation certified as true and accurate and signed on behalf of any common depository as the Representative of the Noteholders considers appropriate, or any form of record made by any such depository to the effect that at any particular time or throughout any particular period, any particular person is, was, or will be, shown in its records as entitled to a particular number of Notes;
- (viii) certify whether or not a Trigger Event is in its opinion materially prejudicial to the interests of the Noteholders and if any proceedings referred to under Condition 9(d) (*Insolvency*) are disputed in good faith, and any such certificate or opinion shall be conclusive and binding upon

the Issuer, the Noteholders, the Other Issuer Creditors and any other relevant Person and if the Representative of the Noteholders so certifies and serves a Trigger Notice pursuant to Condition 9 (*Trigger Events*), it shall, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on its part, be fully indemnified by the Issuer against all fees, costs, expenses, liabilities, losses and charges which it may incur as a result.

- (ix) determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules or contained in the Notes or any of the other Transaction Documents is capable of remedy and, if the Representative of the Noteholders shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders and any relevant Person and the Representative of the Noteholders shall not be responsible for or required to insure against any cost and loss incurred in connections with any such certificate;
- (x) assume without enquiry that no Notes are for the time being held by or for the benefit of the Issuer.

3. The Representative of the Noteholders shall be entitled to:

- (a) call for and to rely upon a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine, of any party to the Intercreditor Agreement or any other *of* the Other Issuer Creditors in respect *of* every matter and circumstance (unless it has direct knowledge thereof) for which a certificate is expressly provided for hereunder or any other Transaction Document and it shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be occasioned by its failing so to do;
- (b) for the purpose of exercising any right, power, trust, authority, duty or discretion under or in relation to the Transaction Documents or the Notes, in considering whether such exercise would be materially prejudicial to the interests of the Noteholders and the Other Issuer Creditors, take into account, amongst other things, any written confirmation from the Rating Agencies that the then current ratings of the Notes would not be adversely affected by such exercise;
- (c) convene a Meeting of the Noteholders of the relevant Class or Classes of Notes, in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, in order to obtain from them instructions upon how the Representative of the Noteholders should exercise such discretion *provided that* nothing herein shall be construed so as to oblige the Representative of the Noteholders to convene such a Meeting. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request at the Meeting to be indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by taking such action.

Any consent or approval given by the Representative of the Noteholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders deems appropriate and notwithstanding anything to the contrary contained herein, or in other Transaction Document, such consent or approval may be given retroactively and shall be, in any case, notified to the Rating Agencies.

No provision of these Rules and any Transaction Document shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulation or expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if the Representative of the Noteholders shall have reasonable grounds for believing that it will not be reimbursed for any amounts, or that it will not be

indemnified against any loss or liability, which it may incur as a result of such action.

Article 29 **(Security Documents)**

The Representative of the Noteholders is entitled to exercise all rights granted by the Issuer in favour of the Noteholders and the Other Issuer Creditors under the Deed of Pledge. The Representative of the Noteholders (acting as security trustee) is entitled to exercise all rights granted by the Issuer to it in its capacity as trustee for the Noteholders and for the Other Issuer Creditors under the Deed of Charge.

The Representative of the Noteholders, acting on behalf of the Secured Parties, may:

- (a) appoint and entrust the Issuer to collect, in the Secured Parties' interest and on their behalf, any amounts deriving from the pledged claims and rights and may instruct, jointly with the Issuer, the relevant debtors of the pledged claims to make any payments to be made thereunder to an Account of the Issuer;
- (b) agree that all funds credited to the relevant Accounts from time to time shall be applied in accordance with the Cash Administration and Agency Agreement and the Intercreditor Agreement and that available funds standing to the credit of certain Accounts specified in the Cash Administration and Agency Agreement may be used for investments in Eligible Investments.

The Secured Parties have irrevocably waived any right which they may have hereunder in respect of cash deriving from time to time from the pledged claims and amounts standing to the credit of the Accounts which is not in accordance with the foregoing. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under the Security Documents except in accordance with the foregoing and the Intercreditor Agreement.

Article 30 **(Indemnity)**

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Subscription Agreement to reimburse, pay or discharge (on a full indemnity basis) on demand, to the extent not already reimbursed, paid or discharged by any Noteholders, all adequately documented costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands (the "**Requests**") including, without limitation, legal fees and any applicable value added tax or similar tax) properly incurred by or made against the Representative of the Noteholders, or any Person to whom any power, authority or discretion has been delegated by the Representative of the Noteholders, in relation to the preparation and execution of, the exercise, non exercise or purported exercise of its powers and performance of its duties under, and in any other manner in relation to, these Rules or the Transaction Documents, including but not limited to duly documented and reasonable legal and travelling expenses and any duly documented stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant the Transaction Documents, or against the Issuer or any other person for enforcing any obligations hereunder, the Notes or the Transaction Documents, except insofar as the same are incurred as a result of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) of the Representative of the Noteholders. It remains in any case understood that: (i) in case any of the obligation hereunder are incurred as a result of any negligence of the Representative of the Noteholders, the amount that shall be paid by the Issuer shall be lowered considering (a) the level of negligence (*gravità della colpa*) of the Representative of the Noteholders and (b) the amount of Requests which have been caused by such negligence of the Representative of the Noteholders; and (ii) no amounts shall be paid by the Issuer for Requests that would have been avoided had the Representative of the Noteholders acted

with professional care and diligence.

TITLE IV - THE ORGANISATION OF NOTEHOLDERS UPON A SERVICE OF A TRIGGER NOTICE

Article 31 (*Powers*)

It is hereby acknowledged that, upon service of a Trigger Notice and/or failure by the Issuer to exercise its rights under the Transaction Documents, the Representative of the Noteholders shall, pursuant to the Intercreditor Agreement, be entitled to exercise, in the name and on behalf of the Issuer (also in the interest of the Other Issuer Creditors) and as *mandatario in rem propriam* of the Issuer, all and any of the Issuer's Rights, including the right to give directions and instructions to the relevant parties to the Transaction Documents. In connection with any proposed sale of one or more Claims comprised in the Portfolio, the Representative of the Noteholders may, but shall not be obliged to, convene a Meeting in accordance with the provisions set forth in these Rules to resolve on the proposed sale.

TITLE V - DISPUTES RESOLUTIONS

Article 32 (*Law and Jurisdiction*)

These Rules and all non-contractual obligations arising out or in connection with them are governed by, and will be construed in accordance with, the laws of Italy.

Any disputes arising out of or in connection with these Rules, including those concerning its validity, interpretation, performance and termination, as well as all non contractual obligations arising out or in connection with these Rules, shall be submitted to the exclusive jurisdiction of the courts of Rome, Italy.

SELECTED ASPECTS OF ITALIAN LAW

The following is a summary only of certain aspects of Italian Law that are relevant to the transactions described in this Prospectus and of which prospective Noteholders should be aware. It is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Prospectus.

1. THE SECURITISATION LAW

Law 130 was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy. It applies to securitisation transactions involving a “true” sale (by way of non-gratuitous assignment) of claims, where the sale is to a company created in accordance with Article 3 of Law 130 and all amounts paid by the assigned debtors in respect of the claims are to be used by the relevant company exclusively to meet its obligations under the notes issued to fund the purchase of such claims and all costs and expenses associated with the securitisation transaction. Law Decree No. 145 of 23 December 2013 (“*Interventi urgenti di avvio del piano “Destinazione Italia”, per il contenimento delle tariffe elettriche e del gas, per la riduzione dei premi RC-auto, per l’internazionalizzazione, lo sviluppo e la digitalizzazione delle imprese, nonché misure per la realizzazione di opere pubbliche ed EXPO 2015*”), converted with amendments into Law No. 9 of 21 February 2014 (“**Law 9/2014**”) introduces certain amendments to the Securitisation Law. In particular, Law 9/2014 provides, *inter alia*, that:

- (a) the companies incorporated as special purpose vehicles pursuant to article 3 of Law 130 are entitled to open segregated accounts (“*conti correnti segregati*”) with the depositary bank or with the servicers of securitisation transactions, on which the amounts paid by the assigned debtors as well as any other amount due to the relevant special purpose vehicle under the securitisation may be credited. The amounts credited into such accounts will be segregated from the assets of the relevant servicer with which they have been opened and may be utilized only to fulfil the obligations of the relevant special purpose vehicle against the noteholders and the other creditors under the securitisation, and to pay the expenses to be borne in connection with the securitisation. Should the compulsory administrative liquidation (“*liquidazione coatta amministrativa*”) or the extraordinary administration (“*amministrazione straordinaria*”) in accordance with the Consolidated Banking Act, or any other insolvency procedure or restructuring agreement (“*accordi di ristrutturazione dei debiti*”) apply to the relevant servicer or depositary bank, the amounts credited on such segregated accounts (i) will be deemed as being outside of the servicer or depositary bank’s estate, (ii) will not be subject to the suspension of payments and (iii) will be returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and in any case prior to any distribution to be made thereunder;
- (b) the servicers and the sub-servicers are entitled to open segregated accounts (“*conti correnti segregati*”) with banks into which the amounts received from the assigned debtors on behalf of the special purpose vehicle may be credited. The creditors of the relevant servicer or sub-servicer may exercise claims only in respect of the amounts credited on such accounts that exceed the amounts due to the relevant special purpose vehicle. Should any insolvency procedure or restructuring agreement (“*accordo di ristrutturazione dei debiti*”) apply to the relevant servicer or sub-servicer, the amounts credited on such segregated accounts will be deemed as being outside of the servicer’s or sub-servicer’s estate and will be returned to the special purpose vehicle

in accordance with the provisions of the relevant agreement and in any case prior to any distribution to be made thereunder;

- (c) the assigned debtors in securitisation transactions shall not be entitled to exercise any set-off between the amounts due by them under the assigned receivables and their claims arisen after the date of publication in the Official Gazette of the notice of transfer of the relevant portfolio or the date certain at law (“*data certa*”) on which the relevant purchase price has been paid; and
- (d) payments made by assigned debtors under securitised claims are not subject to the declaration of ineffectiveness pursuant to article 65 of the Bankruptcy Law.

2. THE ASSIGNMENT

The assignment of the claims under Law 130 is governed by article 58, paragraphs 2, 3 and 4, of the Consolidated Banking Act. The prevailing interpretation of such provisions, which view has been strengthened by article 4 of Law 130, is that the assignment can be perfected against the originator, assigned debtors and third party creditors by way of publication of the relevant notice in the Official Gazette and registration in the companies' register where the Issuer is enrolled, so avoiding the need for notification to be served on each assigned debtor.

Upon compliance with the formalities set forth by the Securitisation Law, the assignment becomes enforceable against:

- (a) the assigned debtors and any creditors of the originator who have not, prior to the date of publication of the notice of assignment in the Official Gazette and registration of the assignment in the register of companies where the assignee is enrolled, commenced enforcement proceedings in respect of the relevant claims;
- (b) (i) the liquidator or any other bankruptcy officials of the assigned debtors (so that any payments made by an assigned debtor to the purchasing company may not be subject to any claw-back action according to article 67 of Italian Royal Decree No. 267 of 16 March 1942 (*Disciplina del fallimento, del concordato preventivo e della liquidazione coatta amministrativa*) (the “**Bankruptcy Law**”); and (ii) the liquidator of the originator (provided that the originator has not been subjected to insolvency proceeding prior to the date of publication of the notice of assignment in the Official Gazette and the registration of the assignment in the register of companies where the assignee is enrolled); and
- (c) other permitted assignees of the originator who have not perfected their assignment prior to the date of publication of the notice of assignment in the Official Gazette and the registration of the assignment in the register of companies where the assignee is enrolled.

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned claims will automatically be transferred to and perfected with the same priority in favour of the company which has purchased the claims, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Official Gazette and registration of the assignment in the register of companies where the assignee is enrolled, no legal action may be brought against the claims assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the holders of the notes issued for the purpose of financing the acquisition of the relevant claims and to meet the costs of the transaction.

Notice of the assignment of the claims pursuant to the Transfer Agreement has been published respectively in (i) the Official Gazette No. 61 on 25 May 2014 and (ii) in the companies' register of Milan.

3. RING-FENCING OF THE ASSETS

By operation of Law 130, the claims relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company which purchases the claims (including for the avoidance of doubt, any other portfolio purchased by the company pursuant to Law 130). Prior to and on a winding up of such a company, such assets will only be available to holders of the notes issued to finance the acquisition of the relevant claims and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company. However, under Italian law, any creditor of the Issuer would be able to commence insolvency or winding up proceedings against the company in respect of any unpaid debt.

4. CLAW-BACK OF THE SALE OF THE PORTFOLIO

The sale of the Portfolio by the Originator to the Issuer may be clawed back by a receiver of the Originator under article 67, paragraphs 1(4) and 2 of the Bankruptcy Law but only in the event that the Originator was insolvent when the assignment was entered into and the assignment was executed within the three months preceding the admission of the Originator to compulsory liquidation (*liquidazione coatta amministrativa*) pursuant to Title IV, Heading I, Section III of the Consolidated Banking Act or in cases where paragraph 1(1), 1(2) and 1(3) of article 67 of the Bankruptcy Law applies, within the six months preceding the admission to compulsory liquidation. Under the Warranty and Indemnity Agreement, the Originator has represented and warranted that it was solvent as of the Transfer Date and on the Issue Date.

5. CLAW-BACK ACTION AGAINST THE PAYMENTS MADE TO COMPANIES INCORPORATED UNDER LAW 130

According to article 4 of Law 130, the payments made by an assigned debtor to the Issuer may not be subject to any claw-back action according to article 67 of the Bankruptcy Law.

All other payments made to the Issuer by any party under a Transaction Document in the six months or one year suspected period prior to the date on which such party has been declared bankrupt or has been admitted to the compulsory liquidation may be subject to claw-back action according to article 67 of the Bankruptcy Law.

6. INEFFECTIVENESS OF PREPAYMENTS BY BORROWERS

Pursuant to article 65 of the Bankruptcy Law, in the event that a Borrower (to the extent the same is subject to the Bankruptcy Law) is declared bankrupt, any payment made by the Borrower during the two-year period prior to the declaration of bankruptcy in respect of any amount which falls due and payable on or after the date of declaration of bankruptcy (including accordingly, any prepayments made under the relevant Mortgage Loan Agreement) are ineffective *vis-à-vis* the Issuer. In this regard, it has to be noted that a case from the Italian Supreme Court ("*Corte di Cassazione*") judgement No. 19978 of July 18th 2008) stated that article 65 of the Bankruptcy Law does not apply in case the right of prepayment and the related right to obtain the cancellation of the mortgage securing the prepaid loan are directly and imperatively attributed to the Borrower by specific provisions of law.

The Securitisation Law, as amended by Law 9/2014, provides that (i) the claw-back provisions set forth in article 67 of the Bankruptcy Law do not apply to payments made by the Borrowers to the Issuer in respect of the securitised Claims and (ii) the payments made by assigned debtors under securitised claims are not subject to the declaration of ineffectiveness pursuant to article 65 of the Bankruptcy Law. For further details with respect to the Law 9/2014, please see the section headed “*Selected aspects of Italian Law – The Securitisation Law*”.

7. MUTUI FONDIARI

In addition to the general legislation commonly applicable to mortgage lending, mortgage loans which qualify as *mutui fondiari* are regulated by specific legislation which provides for a number of rights in favour of the mortgage lender that are not provided for by general legislation.

Agreements relating to *mutui fondiari* executed before 1 January 1994 are regulated by the Italian legislation on *credito fondiario* in force prior to that date, which permitted only credit institutions having special license to grant *mutui fondiari*. All other credit institutions were not permitted to conduct mortgage lending business. As of 1 January 1994, under the new legislative framework under the Consolidated Banking Act, all banks having a general banking license became qualified to enter into *mutui fondiari* agreements. The new legislation applies only to *mutui fondiari* agreements executed, and foreclosure proceedings commenced, on or after 1 January 1994.

With respect to the legislative framework under the Consolidated Banking Act, certain provisions under the *mutuo fondiario*'s legislation entitle the lender to commence or continue foreclosure proceedings also after the declaration of insolvency (*fallimento*) of the affected debtor, to receive repayment from the price paid for a mortgaged property at auction up to the price corresponding to the *mutui fondiari* debt directly from the purchaser (without having to await disbursement by the court) and to an assignment of any rentals earned by the mortgaged property, net of administration expenses and taxes.

With respect to the borrowers, such *mutuo fondiario*'s legislation provides that: (a) the borrower is entitled to a thirty calendar day grace period on payments of instalments; delays in payment of instalments of not over one hundred and eighty days may justify termination of the Mortgage Loan only starting from the eighth (also non consecutive) unpaid instalment; and (b) each time the borrower has repaid one fifth of its original debt, it is entitled to a corresponding reduction of the amount covered by the mortgage; to the extent that a Mortgage Loan is secured by mortgages on more than one asset, the borrower is entitled to the release of one or more assets from the mortgage to the extent it is able to prove that the remaining assets would be sufficient to ensure a loan to value of at least 120% (or, according to an interpretation, the original loan to value, if higher).

8. ORDINARY ENFORCEMENT PROCEEDINGS

A mortgage lender (whose debt is secured by a mortgage) may commence enforcement proceedings by seeking a court order or injunction for payment in the form of an enforcement order (*titolo esecutivo*) from the court in whose jurisdiction the mortgaged property is located. This court order or injunction must be served on the debtor.

If the mortgage loan was executed in the form of a public deed, a mortgage lender can serve a copy of the mortgage loan agreement, stamped by a notary public with an order for the execution thereof (*formula esecutiva*) directly on the debtor without the need to obtain an enforcement order (*titolo esecutivo*) from the court. A writ of execution (*atto di precetto*) is notified to the debtor together with either the enforcement order (*titolo esecutivo*) or the loan

agreement, as the case may be.

Within (10) ten days of filing, but not later than (90) ninety days from the date on which notice of the writ of execution (*atto di precetto*) is served, the mortgage lender may request the attachment of the mortgaged property. The property will be attached by a court order, which must then be filed with the appropriate land registry (*Conservatoria dei Registri Immobiliari*). The court will, at the request of the mortgage lender, appoint a custodian to manage the mortgaged property in the interest of the mortgage lender. If the mortgage lender does not make such a request, the debtor will automatically become the custodian of such property.

The mortgage lender is required to search the land registry to ascertain the identity of the current owner of the property and must then serve notice of the request for attachment on the current owner, even if no transfer of the property from the original borrower or mortgagor to a third party purchaser has been previously notified to the mortgage lender. Not earlier than ten days and not later than ninety days after serving the attachment order, the mortgage lender may request the court to sell the mortgaged property. The court may delay its decision in respect of the mortgage lender's request in order to hear any challenge by the debtor to the attachment.

Technical delays may be caused by the need to append to the mortgage lender's request for attachment copies of the relevant mortgage and cadastral (*i.e.* land registry) certificates (*certificati catastali*), which usually take some time to obtain. Law No. 302 should reduce the duration of the foreclosure proceedings by allowing the mortgage lender to substitute such cadastral certificates with certificates obtained from public notaries and by allowing public notaries to conduct various activities which were before exclusively within the powers of the courts.

If the court decides to proceed with an auction (*vendita con incanto*) of the mortgaged property, it will usually appoint an expert to value the property and, on the basis of the expert's evaluation, the court shall determine the minimum bid price for the property at the auction.

If an auction fails to result in the sale of the property, the court will arrange a new auction with a lower minimum bid price. The courts have discretion to decide whether, and to what extent, the bid price should be reduced (the maximum permitted reduction being one-fifth of the minimum bid price of the previous auction). In practice, the courts tend to apply the one-fifth reduction. In the event that no offer is made during an auction, the mortgage lender may apply to the court for a direct assignment of the mortgaged property to the mortgage lender itself. In practice, however, the courts tend to hold auctions until the mortgaged property is sold.

The sale proceeds, after deduction of the expenses of the enforcement proceedings and any expenses for the deregistration of the mortgages, will be applied in satisfaction of the claims of the mortgage lender in priority to the claims of any other creditor of the debtor (except for the claims for taxes due in relation to the mortgaged property and for which the collector of taxes participates in the enforcement proceedings).

Upon payment in full of the purchase price by the purchaser within the specified time period, title to the property will be transferred after the court issues an official decree ordering the transfer. In the event that proceedings have been commenced by creditors other than the mortgage lender, the mortgage lender will have priority over such other creditors in having recourse to the assets of the borrower during such proceedings, such recourse being limited to the value of the mortgaged property.

The average length of enforcement proceedings from the court order or injunction of payment to the final sharing out is between six and seven years. In the medium-sized central and northern Italian cities, it can be significantly less whereas in major cities or in southern Italy, the duration of the procedure can significantly exceed the average. Law No. 302 has been passed with the aim of reducing the duration of enforcement proceedings.

9. MUTUI FONDIARI ENFORCEMENT PROCEEDINGS

The Mortgage Loans include *inter alia* mortgage loans qualifying as *mutui fondiari*. Enforcement proceedings in respect of *mutui fondiari* commenced after 1 January 1994 are currently regulated by article 38 *et seq.* of the Consolidated Banking Act in which several exceptions to the rules applying to enforcement proceedings in general are provided for. In particular, there is no requirement to serve a copy of the loan agreement directly on the borrower and the mortgage lender of *mutui fondiari* is entitled to commence or continue enforcement proceedings after the debtor is declared insolvent or insolvency proceedings have been commenced.

Moreover, the custodian appointed to manage the mortgaged property in the interest of the *fondario* lender pays directly to the lender the revenues recovered on the mortgaged property (net of administration expenses and taxes). After the sale of the mortgaged property, the court orders the purchaser (or the assignee in the case of an assignment) to pay that part of the price corresponding to the *mutui fondiari* lender's debt directly to the lender.

Pursuant to article 58 of the Consolidated Banking Act, as amended by Article 12 of Decree No. 342, the Issuer will be entitled to benefit from such procedural advantages which apply in favour of a lender of a *mutuo fondiario* loan.

Enforcement proceedings for *mutui fondiari* commenced on or before 31 December 1993 are regulated by the Royal Decree No. 646 of 16 July 1905, which confers on the *mutuo fondiario* lender rights and privileges that are not provided for by the Consolidated Banking Act with respect to enforcement proceedings on *mutui fondiari* commenced on or after 1 January 1994. Such additional rights and privileges include the right of the bank to commence enforcement proceedings against the borrower even after the real estate has been sold to a third party who has taken the place of the borrower as debtor under the *mutuo fondiario* provided that the name of such third party has not been notified to the lender. Further rights include the right of the bank to apply for the real estate to be valued by the court after commencement of enforcement proceedings, at the value indicated in the *mutuo fondiario* agreement without having to have a further expert appraisal.

10. PRIORITY OF INTEREST CLAIMS

Pursuant to article 2855 of the Italian Civil Code, the claims of a mortgage lender in respect of interest may be satisfied in priority to the claims of all other unsecured creditors in an amount equal to the aggregate of (i) the interest accrued at the contractual rate in the calendar year in which the initial stage of the enforcement proceedings are taken and in the two preceding calendar years; and (ii) the interest accrued at the legal rate (currently 2.5%) from the end of the calendar year in which the initial stage of the enforcement proceeding is commenced to the date on which the mortgaged property is sold. Any amount recovered in excess of this will be applied to satisfy the claims of any other creditor participating in the enforcement proceedings. The mortgage lender will be entitled to participate in the distribution of any such excess as an unsecured creditor. The balance, if any, will then be paid to the debtor.

11. ARTICLE 120 TER OF THE CONSOLIDATED BANKING ACT

Article 120 ter of the Consolidated Banking Act provides that any provision imposing a

prepayment penalty in case of early redemption of mortgage loans is null and void with respect to mortgage loan agreements entered into, with an individual as borrower, for the purpose of purchasing or refurbishing real estate properties destined to residential purposes or to carry out the borrower's own professional and economic activity.

The Italian banking association (“**ABI**”) and the main national consumer associations have reached an agreement (the “**Prepayment Penalty Agreement**”) regarding the equitable renegotiation of prepayment penalties with certain maximum limits calculated on the outstanding amount of the loans (the “**Substitutive Prepayment Penalty**”). containing the following main provisions: (i) with respect to variable rate loan agreements, the Substitutive Prepayment Penalty should not exceed 0.50% and should be further reduced to (a) 0.20% in case of early redemption of the loan carried out within the third year from the final maturity date and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (ii) with respect to fixed rate loan agreements entered into before 1 January 2001, the Substitutive Prepayment Penalty should not exceed 0.50%, and should be further reduced to: (a) 0.20%, in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (iii) with respect to fixed rate loan agreements entered into after 31 December 2000, the Substitutive Prepayment Penalty should be equal to: (a) 1.90% if the relevant early redemption is carried out in the first half of loan's agreed duration; (b) 1.50% if the relevant early redemption is carried out following the first half of loan's agreed duration, provided however that the Substitutive Prepayment Penalty should be further reduced to: (x) 0.20%, in case of early redemption of the loan carried out within three years from the final maturity date; and (y) zero, in case of early redemption of the loan carried out within two years from the final maturity date.

The Prepayment Penalty Agreement introduces a further protection for borrowers under a “safeguard” equitable clause (the “*Clausola di Salvaguardia*”) in relation to those loan agreements which already provide for a prepayment penalty in an amount which is compliant with the thresholds described above. In respect of such loans, the *Clausola di Salvaguardia* provides that: (1) if the relevant loan is either: (x) a variable rate loan agreement; or (y) a fixed rate loan agreement entered into before 1 January 2001; the amount of the relevant prepayment penalty shall be reduced by 0.20%; (2) if the relevant loan is a fixed rate loan agreement entered into after 31 December 2000, the amount of the relevant prepayment penalty shall be reduced by (x) 0.25% if the agreed amount of the prepayment penalty was equal or higher than 1.25%; or (y) 0.15%, if the agreed amount of the prepayment penalty was lower than 1.25%.

Finally the Prepayment Penalty Agreement sets out specific solutions with respect to hybrid rate loans which are meant to apply to the hybrid rates the provisions, as more appropriate, relating respectively to fixed rate and variable rate loans.

12. **ARTICLE 120 QUATER OF THE CONSOLIDATED BANKING ACT**

Article 120-quater of the Consolidated Banking Act provides that any borrower may at any time prepay the relevant mortgage loan funding such prepayment by a loan granted by another lender which will be subrogated pursuant to article 1202 of the Italian civil code (“*surrogato per volontà del debitore*”) in the rights of the former lender, including the mortgages (without any formalities for the annotation of the transfer with the land registry, which shall be requested by enclosing a certified copy of the deed of subrogation (“*atto di surrogazione*”) to be made in the form of a public deed (“*atto pubblico*”) or of a deed certified by a notary public with respect to the signature (“*scrittura privata autenticata*”) without prejudice to any benefits of a fiscal nature.

In the event that the subrogation is not completed within ten days from the relevant request

from the succeeding lender to the former lender to start the relevant cooperation procedures, the original lender shall pay to the borrower an amount equal to 1% of the amount of the loan for each month or part thereof of delay, provided that if the delay is due to the succeeding lender, the latter shall repay to the former lender the delay penalty paid by it to the borrower.

13. CANCELLATION OF MORTGAGES

Art. 40-bis of the Consolidated Banking Act and Law decree No. 7 of 31 January 2007 (the “**Bersani Decree**”) as converted into law by Law No. 40 of 2 April 2007, as applicable, set out certain provisions relating to mortgage loans which include, *inter alia*, simplified procedures meant to allow a more prompt cancellation of mortgages securing loans granted by banks or financial intermediaries in the event of a documented repayment in full by the debtors of the amounts due under the loans. While such provisions do not impact on the monetary rights of the lenders under the loans (lenders retain the right to oppose the cancellation of a mortgage), the impact on the servicing procedures in relation to the applicable loan agreements cannot be entirely assessed at this time.

14. INSOLVENCY PROCEEDINGS

A commercial entrepreneur (“*imprenditore che esercita un'attività commerciale*”) qualifying under article 1 of the Bankruptcy Law may be subject to insolvency proceedings (“*procedura concorsuali*”). Insolvency proceedings under Bankruptcy Law may take the form of, *inter alia*, bankruptcy (“*fallimento*”) or a composition with creditors (“*concordato preventivo*”).

Bankruptcy proceedings are applicable to commercial entrepreneurs that are in state of insolvency. A debtor can be declared bankrupt (“*fallito*”) (either by its own initiative or upon the initiative of any of its creditors) if it is not able to timely and duly fulfill its obligations. The debtor loses control over all its assets and of the management of its business which is taken over by a court-appointed receiver (“*curatore fallimentare*”).

Once judgment has been made by the court on the basis of the evidence of the creditors and the opinion of the *curatore fallimentare*, and the creditors' claims have been approved, the sale of the debtor's property is conducted in a manner similar to foreclosure proceedings or forced sale of goods, as the case may be. After insolvency proceedings are commenced, no legal action can be taken against the debtor and no foreclosure proceedings or forced sale proceedings may be initiated. Moreover, all action taken and proceedings already initiated by creditors are automatically suspended.

An entrepreneur which is in a crisis situation may propose to its creditors a creditors composition (“*concordato preventivo*”). The proposed composition plan may provide for the restructuring of debt and terms for the satisfaction of creditors, the transfer of business activities, the grouping of creditors in classes and their proposed treatment. The proposed composition plan must be accompanied by specific documentation relating to, *inter alia*, the financial situation of the enterprise and a report by an expert certifying that the data relating to the enterprise are true and the proposed composition plan is feasible.

A proposal for a composition plan is approved if it receives the favourable vote of creditors representing the majority of the claims admitted to vote; in case of classes of creditors, such majority shall be verified also in respect of the majority of the classes. If an approved composition plan is not challenged in court, the court will validate the composition plan by decree; such decree terminates the procedure.

TAXATION IN THE REPUBLIC OF ITALY

The following is a general description of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposition of the Class A Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to your decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of the Notes, some of which may be subject to special rules. The following description does not discuss the treatment of the Notes that are held in connection with a permanent establishment or fixed base through which a non Italian resident beneficial owner carries on business or performs professional services in Italy.

This description is based upon tax laws and practice of Italy in effect on the date of this Prospectus which are however subject to a potential retroactive change. Prospective noteholders should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Prospective noteholders should in any event seek their own professional advice regarding the Italian or other jurisdictions' tax consequences of the subscription, purchase, ownership and disposition of the Notes, including the effect of Italian or other jurisdictions' tax rules on residence of individuals and entities.

1. INCOME TAX

Under the current legislation, pursuant to the combined provision of Article 6, paragraph 1, of Law 130, Articles 1 and 2 of Legislative Decree No. 239 of 1 April 1996, as amended and restated (“**Law 239**”) and Law Decree No. 138/2011 converted into Law No. 148/2011 the (“**Decree 138/2011**”), payments of interest and other proceeds in respect of the Class A Notes:

- (i) will be subject to “*imposta sostitutiva*” at the rate of 20 per cent. (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 to be converted into Law by 23 June 2014) in the Republic of Italy levied as final tax if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; (ii) Italian resident non-commercial partnerships; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities as their exclusive or principal purpose (including the Italian State and public entities); and (iv) Italian resident entities exempt from corporate income tax.

Payments of interest and other proceeds in respect of the Class A Notes will not be included in the general taxable base of the above mentioned individuals, partnerships and entities.

The *imposta sostitutiva* will be levied by the Italian resident qualified financial intermediaries that will intervene, in any way, in the collection of interest and other proceeds on the Class A Notes or in the transfer of the Class A Notes;

- (ii) will be subject to “*imposta sostitutiva*” at the rate of 20 (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 to be converted into Law by 23 June 2014) per cent rate in the Republic of Italy levied as provisional tax if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; (ii) Italian resident non-commercial partnerships; and (iii) Italian resident public and private entities, other than companies; any of them engaged in an entrepreneurial activity – to the extent permitted by law – to which the Class A Notes are connected;
- (iii) will not be subject to the “*imposta sostitutiva*” if made to beneficial owners who are: (i) Italian resident corporations, commercial partnerships or permanent establishments in Italy of non

resident corporations to which the Class A Notes are effectively connected; (ii) Italian resident collective investment funds, SICAVs, Italian resident pension funds referred to in Legislative Decree No. 124 of 21 April 1993, as further superseded by Legislative Decree 5 December 2005, No. 252 and Italian resident real estate investment funds established pursuant to article 37 of Legislative Decree No. 58 of February 24, 1998 and article 14-bis of law No. 86 of January 25, 1994; (iii) Italian resident individuals who have entrusted the management of their financial assets, including the Class A Notes, to an Italian authorised financial intermediary and have opted for the so-called *risparmio gestito* regime according to Article 7 of Legislative Decree No. 461 of 21 November 1997 - the “Asset Management Option” and (iv), non Italian resident with no permanent establishment in Italy to which the Class A Notes are effectively connected, provided that:

- (a) they are (i) resident of a country which allows an adequate exchange of information with Italy, which are those countries listed in a ministerial decree to be issued under article 168-bis of Presidential Decree No. 917 of 22 December 1986 and, until the year of enactment of the new decree, in the ministerial decree of 4 September 1996, as amended from time to time, or, in the case of qualifying institutional investors not subject to tax, they are established in such a country, (ii) supranational entities set up in accordance with an international treaty executed by Italy, or (iii) central banks of foreign countries, or other entities also managing the official reserves of such countries; and
- (b) the Class A Notes are deposited directly or indirectly: (i) with a bank or an Italian securities dealing firm (“**SIM**”) resident in Italy; (ii) with the Italian permanent establishment of a non-resident bank or brokerage company which is electronically connected with the Italian Ministry of Economy and Finance; or (iii) with a non-resident entity or company which has an account with a centralised clearance and settlement system which has a direct relationship with the Italian Ministry of Economy and Finance; and
- (c) as for recipients characterizing under category (a)(i) above, the banks or brokers mentioned in (b) above receive a self-declaration from the beneficial owner of the interest which states that the beneficial owner is a resident of that country. The self-declaration must be in conformity with the model approved by the Ministry of Economy and Finance (approved with Decree of the Ministry of Economy and Finance 12 December 2001, published on the Ordinary Supplement No. 287 to the Official Journal No. 301 of 29 December 2001) and its further amendments and is valid until revoked by the investor. A self statement does not have to be filed if an equivalent self-declaration (including Form 116/IMP) has already been submitted to the same intermediary for the same or different purposes; in the case of institutional investors not subject to tax, the institutional investor shall be regarded as the beneficial owner and the relevant self-declaration shall be produced by the management company; and
- (d) the banks or brokers mentioned in (b) and (c) above receive all necessary information to identify the non-resident beneficial owner of the deposited Class A Notes and all necessary information in order to determine the amount of interest that such beneficial owner is entitled to receive.

Non-resident holders are subject to the 20 per cent. tax (*imposta sostitutiva*) (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 to be converted into Law by 23 June 2014) on interest and other proceeds on the Class A Notes if any or all of the above conditions (a), (b), (c) and (d) are not satisfied. In this case, *imposta sostitutiva* may be reduced under double taxation treaties, where applicable.

Italian resident individuals holding Class A Notes not in connection with an entrepreneurial activity who have opted for the Asset Management Option are subject to an annual substitute tax levied at the

rate of 20 per cent (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 to be converted into Law by 23 June 2014) (the “**Asset Management Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Class A Notes) . The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Interest and other proceeds accrued on the Class A Notes held by Italian resident corporations, commercial partnerships, individual entrepreneurs as well as Italian resident public and private entities, other than companies, holding Class A Notes in connection with entrepreneurial activities or permanent establishments in Italy of non-resident corporations to which the Class A Notes are effectively connected, are included in the taxable base for the purposes of: (i) corporate income tax (“*imposta sul reddito delle società*”, “**IRES**”); or (ii) individual income tax (“*imposta sul reddito delle persone fisiche*”, “**IRPEF**”) plus local surtaxes, if applicable; under certain circumstances, such interest is included in the taxable basis of the regional tax on productive activities (“*imposta regionale sulle attività produttive*”, “**IRAP**”).

Where the holder of the Class A Notes is an Italian resident investment fund subject to the tax regime provided by Law No. 77 of 23 March 1983 (“**Fund**”), interest payments relating to the Class A Notes are not subject to “*imposta sostitutiva*” but must be included in the management results of the Fund accrued at the end of each tax period. The Fund will not be subject to taxation on such result, but a substitutive tax, up to 20 per cent. (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 to be converted into Law by 23 June 2014), will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Starting from 1 January 2001, Italian resident pension funds are subject to an 11 per cent annual substitute tax (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year.

Any positive difference between the nominal redeemable amount of the Class A Notes and their issue price is deemed to be interest for capital income (“*redditi di capitale*”) tax purposes. In general terms, income from capital is treated as a separate classification of tax liability only for tax-payers who are not engaged in entrepreneurial activities.

2. CAPITAL GAINS

Any capital gain realised upon the sale for consideration or redemption of Class A Notes would be treated for the purpose of corporate income tax and of individual income tax as part of the taxable business income of Class A Noteholders (and, in certain cases, depending on the status of the Class A Noteholders, may also be included in the taxable basis of IRAP), and therefore subject to tax in Italy according to the relevant tax provisions, if derived by Class A Noteholders who are:

- (a) Italian resident corporations;
- (b) Italian resident commercial partnerships;
- (c) permanent establishments in Italy of foreign corporations to which the Class A Notes are effectively connected; or
- (d) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of their commercial activity.

Pursuant to Legislative Decree No. 461 of 21 November 1997, any capital gain realised by Italian resident individuals holding Class A Notes not in connection with an entrepreneurial activity and by certain other persons upon the sale for consideration or redemption of the Class A Notes would be subject to an *imposta sostitutiva* at the rate of 20 per cent. (rising to 26 per cent. as of 1 July 2014

according to Decree 66/2014 to be converted into Law by 23 June 2014). Under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by Italian resident individual noteholders holding Class A Notes not in connection with an entrepreneurial activity pursuant to all disposals on Class A Notes carried out during any given fiscal year. These individuals must report the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authority for such year and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Specific provisions have been stated by Decree 138/2011 with reference to capital losses realized before January 1, 2012 to be carried forward against capital gains realized after January 1, 2012.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding Class A Notes not in connection with an entrepreneurial activity may elect to pay “*imposta sostitutiva*” separately on the capital gains realised upon each sale or redemption of the Class A Notes (the “*Risparmio Amministrato*” regime). Such separate taxation of capital gains is permitted subject to: (i) the Class A Notes being deposited with Italian banks, “*società di intermediazione mobiliare*” (“*SIM*”) or certain authorised financial intermediaries; and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant noteholder. The financial intermediary, on the basis of the information provided by the taxpayer, accounts for “*imposta sostitutiva*” in respect of capital gains realised on each sale or redemption of Class A Notes, net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authority on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the noteholder. Under the *Risparmio Amministrato* regime, where a sale or redemption of Class A Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised in the same tax year or in the following tax years up to the fourth. Specific provisions have been stated by Decree 138/2011 with reference to capital losses realized before January 1, 2012 to be carried forward against capital gains realized after January 1, 2012. Under the *Risparmio Amministrato* regime, the noteholder is not required to report capital gains in its annual tax declaration.

Any capital gains realised by Italian resident individuals holding Class A Notes not in connection with an entrepreneurial activity who have elected for the Asset Management Option will be included in the calculation of the annual increase in net value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against an increase in the net value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the noteholder is not required to report capital gains realised in its annual tax declaration.

Any capital gains realised by a Class A Noteholder which is a Fund (as defined above) will be included in the results of the relevant portfolio accrued at the end of the tax period. The Fund will not be subject to taxation on such result, but a substitutive tax, up to 20 per cent. (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 to be converted into Law by 23 June 2014), will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Any capital gains realised by Class A Noteholders who are Italian resident pension funds will be included in the calculation of the taxable basis of Pension Fund Tax.

The 20 per cent. “*imposta sostitutiva*” (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 to be converted into Law by 23 June 2014) may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of Class A Notes by non Italian resident persons or entities without a permanent establishment in Italy to which the Class A Notes are effectively connected, if the Class A Notes are held in Italy.

However, pursuant to Article 23 of Presidential Decree of 22 December 1986, No. 917, any capital gains realised, by non-Italian residents without a permanent establishment in Italy to which the Class A Notes are effectively connected, through the sale for consideration or redemption of Class A Notes are exempt from taxation in Italy to the extent that the Class A Notes are listed on a regulated market in Italy or abroad and in certain cases subject to filing of required documentation, even if the Class A Notes are held in Italy. The exemption applies provided that the non Italian investor promptly file with the authorized financial intermediary an appropriate affidavit (“*autodichiarazione*”) stating that the investor is not resident in Italy for tax purposes.

In case the Class A Notes are not listed on a regulated market in Italy or abroad:

- (1) non Italian resident beneficial owners of the Class A Notes with no permanent establishment in Italy to which the Class A Notes are effectively connected are exempt from “*imposta sostitutiva*” in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Class A Notes if they are resident, for tax purposes, in a country which allows an adequate exchange of information with Italy, which are those countries listed in a ministerial decree to be issued under article 168-bis of Presidential Decree No. 917 of December 22, 1986 and, until the year of enactment of the new decree, in the ministerial decree of 4 September 1996, as amended from time to time, or, in the case of qualifying institutional investors not subject to tax, they are established in such a country (see Article 5, paragraph letter a) of Italian Legislative Decree No. 461 of 21 November 1997); in this case, if non Italian residents without a permanent establishment in Italy to which the Class A Notes are effectively connected have opted for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in due course with the authorised financial intermediary an appropriate self-declaration (“*autocertificazione*”) stating that they meet the requirements indicated above; and
- (2) in any event, non Italian resident persons or entities without a permanent establishment in Italy to which the Class A Notes are effectively connected that may benefit from a double taxation treaty with the Republic of Italy, providing that capital gains realised upon the sale or redemption of the Class A Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to “*imposta sostitutiva*” in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of Class A Notes; in this case, if non Italian residents without a permanent establishment in Italy to which the Class A Notes are effectively connected have opted for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon the condition that they file in due course with the authorised financial intermediary appropriate documents which include, *inter alia*, a statement issued by the competent tax authorities of the country of residence of the non Italian residents.

3. ANTI - ABUSE PROVISIONS AND GENERAL ABUSE OF LAW DOCTRINE

As confirmed by the Italian Supreme Court (“*Corte di Cassazione*”), amongst all, in sentence No. 30055 of 23 December 2008, the Italian general anti-abuse provision of Article 37-bis of Presidential Decree No. 600 of 29 September 1973, the European Court of Justice doctrine of the “abuse of law” (also referred to as “abuse of rights”) and previous Italian Supreme Court (“*Corte di Cassazione*”) case law on the voidance of contracts simulated or entered into for a cause contrary to the law, can be used, jointly or alternatively, by the Italian Tax Authority to deny the Italian tax benefits or preferential regime possibly associated with the adoption of a given contractual or transactional structure, subject to the demonstration that such contract or transaction has been implemented essentially for the purpose of obtaining the associated Italian tax benefit or preferential regime. Consequently, it is not possible to exclude, if the parties involved are not able to demonstrate that this securitisation transaction has been implemented not essentially for the purpose of obtaining a tax saving or reduction and that there are alternative or concurring financial motivation that are not of a merely marginal or theoretical

character, that the tax regime of the securitisation as herein outlined is disallowed by the Italian Tax Authority, thereby possibly causing, amongst other, the recharacterisation of the Notes as shares-like securities or in any case securities not having the legal nature of a bond.

4. INHERITANCE AND GIFT TAXES

Italian inheritance and gift taxes were first abolished by Law No. 383 of 18 October, 2001 in respect of gifts made or succession proceedings started after 25 October, 2001 and then reintroduced by Law Decree No. 262 of 3 October 2006, converted with amendments into Law No. 286 of 24 November 2006, entered into force on 29 November 2006 and further modified by Law No. 296 of 27 December 2006, effective as of 1 January 2007.

Further to the above amendments to the legislation in force, the transfer by inheritance of the Notes is currently subject to inheritance tax at the following rates:

- (i) when the beneficiary is the spouse or a relative in direct lineage, the value of the Notes transferred to each beneficiary exceeding Euro 1,000,000 is subject to a 4 per cent. rate;
- (ii) when the beneficiary is a brother or sister, the value of the Notes exceeding Euro 100,000 for each beneficiary is subject to a 6 per cent. rate;
- (iii) when the beneficiary is a relative within the fourth degree or is a relative-in-law in direct and collateral lineage within the third degree, the value of the Notes transferred to each beneficiary is subject to a 6 per cent. rate;
- (iv) in any other case, the value of the Notes transferred to each beneficiary is subject to an 8 per cent. rate.

The transfer of the Notes by donation is subject to gift tax at the same rates as in case of inheritance.

5. EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

On June 3, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income under which Member States are required starting from July 1, 2005, to provide to the tax authorities of another Member State the details of payments of interest (or similar income) paid by a person within its jurisdiction, qualifying as paying agent under the Directive, to an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria are 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 Third Countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures. Luxembourg and Austria may however elect to introduce automatic exchange of information during the transitional period, in which case they will no longer apply the withholding tax. Based on the available information, Luxembourg announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Council Directive. On March 24, 2014, the European Council adopted a revised version of the Council Directive. National rules for transposing the revised Council Directive should be adopted by the Member States by January 1, 2016. The Council Directive was implemented in Italy by Legislative Decree No. 84 of 18 April 2005. Pursuant to said decree Italian paying agents (e.g., banks, SIMs, SGRs., financial companies and fiduciary companies resident in Italy for tax purposes, permanent establishments in Italy of non-resident persons as well as any other person resident in Italy for tax purposes paying interest for professional or commercial reasons) are required to report to the Italian tax authorities details of interest payments made from 1 July

2005 to individuals which qualify as beneficial owners thereof and are resident for tax purposes in another EU Member State. Such information must be transmitted by the Italian tax authorities to the competent authorities of the State of residence of the beneficial owner of the interest payment by 30th June of the fiscal year following the fiscal year in which said interest payment is made.

Prospective investors resident in a Member State of the European Union should consult their own legal or tax advisers regarding the consequences of the Directive in their particular circumstances.

6. TAX MONITORING

Pursuant to Law Decree No. 167 of 28 June, 1990, converted by Law No. 227 of 4 August, 1990, as amended, individuals resident in Italy who, during the fiscal year, hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). This obligation is also provided for those individuals who are not direct holders (“*possessori diretti*”) of foreign investments or foreign financial activities but who are the beneficial owners (“*titolari effettivi*”) of such investments or financial activities.

7. STAMP DUTY

Article 13, paragraph 2-*ter*, of the First Part of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 (“**Stamp Duty Law**”), as amended by Law Decree No. 201 of 6 December 2011, converted into Law No. 214 of 22 December 2011, and by Law No. 147 of 27 December 2013 introduced a stamp duty on the value of the financial products and/or financial instruments included in the statement sent to the clients as of 1 January 2012 (“**Statement Duty**”). The statement is deemed to be sent to the clients once a year, irrespective of any legal or contractual obligation to do so. The Statement Duty is levied at the rate of 0.2 percent (but in any case not exceeding € 14,000.00. This cap is not applied to individuals). According to a literal interpretation of the amended Article 13, the Statement Duty seems to be applicable to the value of the Notes included in any statement sent to the clients, as the Notes are to be characterized for tax purposes as “financial instruments”. The relevant taxable basis shall be determined as of the sending of each periodic statement and, therefore, shall be liquidated taking into account the period of the relevant statement.

The stamp duty must be levied on:

- (i) whoever executes or takes advantage (in Italian known as the “*caso d'uso*”) of the document included in the Tariff, as the main obligors (“*obbligati in via principale*”);
- (ii) whoever signs, receives, accepts or negotiates the document included in the Tariff, if the stamp duty has not already been properly paid, as the joint obligors (“*obbligati in via solidale*”).

The Italian Ministerial Decree dated May 24, 2012 stated that the Stamp Duty has to be applied by the financial intermediary which has the relationship with the clients and qualified it as an “*ente gestore*” (managing entity). Such “*ente gestore*”, according to the law, is the financial intermediary that has direct or indirect contact with the clients for the purposes of periodical reports relating to the relationship in place and the statement made in any form.

The Issuer seems not to fall within the list of the obligors, as set forth in the Stamp Duty Law, neither in the definition of “*ente gestore*”. However, the lack of an interpretation by the Italian

tax authority with respect to securitization transactions and the broad scope of the Statement Duty could lead the Italian tax authority to a different interpretation and may induce the authority to include the Issuer among the obligors.

SUBSCRIPTION AND SALE

Pursuant to the Notes Subscription Agreement entered into on or about the Issue Date among the Originator, the Subscriber, the Issuer, the Arranger and the Representative of the Noteholders, the Subscriber shall subscribe and pay the Issuer for the Notes at the issue price of one hundred per cent. (100%) of their respective principal amount and shall appoint the Representative of the Noteholders to act as the representative of the Noteholders.

The Notes Subscription Agreement will be subject to a number of conditions and may be terminated in certain circumstances prior to the payment of the Issue Price to the Issuer.

UNITED STATES OF AMERICA

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The 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 this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act.

REPUBLIC OF ITALY

Each of the Issuer and the Originator under the Notes Subscription Agreement, has acknowledged that no action has or will be taken by it, its affiliates or any other person acting on its behalf which would allow an offering (or an “*offerta al pubblico di prodotti finanziari*”) of the Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Individual sales of the Notes to any Persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations.

Each of the Issuer and the Originator under the Notes Subscription Agreement, has acknowledged that no application has been made by it to obtain an authorisation from CONSOB for the public offering of the Notes in the Republic of Italy.

Accordingly, each of the Issuer and the Originator, has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy the Notes, this Prospectus nor any other offering material relating to the Notes other than to qualified investors (“*investitori qualificati*”), as defined on the basis of the Directive 2003/71/EC (Directive of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading), as amended by 2010 PD Amending Directive (as defined below), pursuant to article 100, paragraph 1, letter (a), of Italian legislative decree No. 58 of 24 February 1998 (the “**Consolidated Financial Act**”) or in other circumstances where an express exemption from compliance with the restrictions to the offerings to the public applies, as provided under the Consolidated Financial Act or by art. 34-*ter* of CONSOB regulation No. 11971/1999, and in accordance with applicable Italian laws and regulations. In any case the Class B Notes may not be offered to individuals or entities not being qualified investors in accordance with the Securitisation Law. Additionally the Class B Notes may not be offered to any investor qualifying as “*cliente al dettaglio*” pursuant to CONSOB regulation No. 16190 of 29 October 2007.

Any offer, sale or delivery of the Notes in the Republic of Italy shall be made only by banks, investment firms or financial companies permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended, the Consolidated Financial Act, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws and regulations and in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

In connection with the subsequent distribution of the Notes in the Republic of Italy, article 100-*bis* of the Consolidated Financial Act requires to comply also on the secondary market with the public offering rules and disclosure requirements set forth under the Consolidated Financial Act and relevant CONSOB implementing regulations, unless the above subsequent distribution is exempted from those rules and requirements according to the Consolidated Financial Act and relevant CONSOB implementing regulations.

FRANCE

This Prospectus has not been prepared in the context of a public offering in France within the meaning of article L.411-1 of the *Code monétaire et financier* and Title I of Book II of the *Règlement Général of the Autorité des marchés financiers* (the “**AMF**”) and therefore has not been approved by, or registered or filed with the AMF. Consequently, neither this Prospectus nor any other offering material relating to the Notes has been and will be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of notes to the public in France.

It has also been represented and agreed in connection with the initial distribution of the Notes that:

- (a) there has been and there will be no offer or sale, directly or indirectly, of the Notes to the public in the Republic of France (“*an appel public à l'épargne*” as defined in article L. 411-1 of the French Code monétaire et financier);
- (b) offers and sales of Notes in the Republic of France will be made in compliance with applicable laws and regulations and only to (i) qualified investors (“*investisseurs qualifiés*”) as defined in articles L. 411-2 and D. 411-1 of the French Code monétaire et financier; or (ii) a restricted circle of investors (“*cercle restreint d'investisseurs*”) as defined in Article L. 411-2 acting for their own account; or (iii) providers of investment services relating to portfolio management for the account of third parties as mentioned in Article L. 411-2 of the “*Code monétaire et financier*” (together the “**Investors**”).

Offers and sales of the Notes in the Republic of France will be made on the condition that (i) this Prospectus shall not be circulated or reproduced (in whole or in part) by the Investors and (ii) the Investors undertake not to transfer the Notes, directly or indirectly, to the public in France, other than in compliance with applicable laws and regulations pertaining to a public offering (and in particular articles L.411-1, L.411-2, L.412-1 and L.621-8 of the “*Code monétaire et financier*”).

UNITED KINGDOM

It has been represented and agreed under the Notes Subscription Agreement that:

- (i) financial promotion: any 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 such Notes has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (ii) general compliance: there has been and there will be compliance with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

CAPITAL REQUIREMENTS REGULATION AND AIFMD LEVEL 2 REGULATION

The Originator has undertaken to the Issuer and the Noteholders (and to the Representative of the Noteholders on behalf of the Noteholders) for the benefit of each subsequent financial institution investing in one or more Notes, that it will (i) retain, on an ongoing basis, a material net economic interest of not less than 5% in the Transaction referred to in article 405(1)(d) of Regulation (UE) No. 575 of 26 June 2013, as the same may be amended from time to time (hereinafter the "**Capital Requirements Regulation**" or the "**CRR**") and in article 51(d) of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012, as the same may be amended from time to time, (the "**AIFMD Level 2 Regulation**") and (ii)(a) comply with the requirements from time to time applicable to originators set forth in articles 405 to 409 of the Capital Requirements Regulation and (b) provide (or cause to be provided) all information to Noteholders that is required to enable Noteholders to comply with articles 405 to 409 of the Capital Requirements Regulation.

As at the Issue Date, such retention requirement will be satisfied by the Originator holding the first loss tranche (comprising the Class B Notes) as required by article 405(1)(d) of the CRR and article 51(d) of AIFMD Level 2 Regulation. Any change to the manner in which such interest is held will be notified to the Noteholders in accordance with the Conditions.

GENERAL RESTRICTIONS

The Issuer and the Noteholders (including the Originator as initial holder of the Notes) shall comply with all applicable laws and regulations in each jurisdiction in or which it may offer or sell Notes. Furthermore, there will not be, directly or indirectly, an offer, sale or delivery of any Notes or distribution or publication of any prospectus, form of application, offering circular (including this Prospectus), advertisement or other offering material in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Unless otherwise herein provided, no action will be taken to obtain permission for public offering of the Notes in any country where action would be required for such purpose.

EEA STANDARD SELLING RESTRICTION

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), there has not been and there will not be an offer of the Notes to the public in that Relevant Member State other than on the basis of an approved prospectus in conformity with the Prospectus Directive or:

1. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
2. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 (the "**2010 PD Amending Directive**"), 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
3. in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor

to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

Any purchase, sale, offer and delivery of all or part of the Notes shall be made in compliance with articles 405 to 409 of the CRR.

GENERAL INFORMATION

- (1) The Issuer is not involved in any legal, governmental or arbitration proceedings which may have, or have had, since the date of its incorporation, a significant effect on its financial position or profitability nor is the Issuer aware that any such proceedings being pending or threatened.
- (2) Since the date of its incorporation, the Issuer has not entered into any agreement or effected any transaction other than those related to the purchase of the Portfolio. The execution by the Issuer of the Transaction Documents and the issue of the Notes were authorised by a resolution of the quotaholder's meeting which took place on 31 March 2014.
- (3) Save as disclosed in this Prospectus, after the issuance of the Notes the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.
- (4) The Issuer prepares annual audited financial statements for financial years ending on 31 December of each year. No interim or consolidated financial statements will be produced by the Issuer. So long as any of the Class A Notes remain listed on the Irish Stock Exchange, copies of the Issuer's annual audited non-consolidated financial statements shall be made available in electronic form free of charge at the registered office of the Principal Paying Agent.
- (5) The proceeds arising from the issue of the Class A Notes amount to Euro 137,800,000. The Issuer estimates that its aggregate ongoing expenses in connection with the Transaction (excluding any fees and expenses in relation to the Servicer) will be equal approximately to Euro 145,000 (exclusive of any value added tax) per annum.
- (6) Application has been made to the Irish Stock Exchange for the Class A Notes to be admitted to the Official List and trading on its regulated market. The expenses for admission to trading of the Class A Notes is equal to Euro 4,940.
- (7) The Notes have been accepted for clearance through Monte Titoli by Euroclear and Clearstream, Luxembourg. Monte Titoli will act as depository for Euroclear and Clearstream, Luxembourg. The ISIN for the Notes and the Common Codes for the Class A Notes are as follows:

	ISIN No.	Common Code
Class A	IT0005026619	107504893
Class B	IT0005026650	

- (8) Copies of the following documents in electronic form may be inspected (and, in the case of the documents listed in (a) below, may be obtained) during usual business hours at the registered offices of the Representative of the Noteholders or at the Specified Office of the Principal Paying Agent at any time after the Issue Date and so long as any of the Class A Notes remain listed on the Irish Stock Exchange:
 - (a) the *Statuto* and *Atto Costitutivo* of the Issuer;
 - (b) the Transfer Agreement;
 - (c) the Warranty and Indemnity Agreement;

- (d) the Cash Administration and Agency Agreement;
 - (e) the Notes Subscription Agreement;
 - (f) the Servicing Agreement;
 - (g) the Back-up Servicing Agreement;
 - (h) the Intercreditor Agreement;
 - (i) the Deed of Pledge;
 - (j) the Deed of Charge;
 - (k) the Corporate Services Agreement;
 - (l) the Quotaholder's Agreement;
 - (m) the Limited Recourse Loan Agreement;
- (9) This Prospectus will be available in electronic form to the public during usual business hours at the Specified Offices of the Principal Paying Agent and at the registered office of the Representative of the Noteholders at any time after the Issue Date so long as any of the Class A Notes remain listed on the Irish Stock Exchange, and will be published on the Central Bank's website.
- (10) The websites referred to in this Prospectus and the information contained in such web-sites do not form part of this Prospectus. Neither the Issuer nor any of the parties listed under this prospectus take responsibility for the further information available in the websites referred to in this Prospectus.
- (11) **Post issuance reporting.** Under the terms of the Cash Administration and Agency Agreement, the Computation Agent shall submit to the Issuer, the Corporate Services Provider, the Representative of the Noteholders, the Principal Paying Agent, the Servicer and the Rating Agencies not later than 15 (fifteen) Business Days after each Payment Date, an investors' report providing information on the performance of the Portfolio. This report will describe the trend of the Portfolio in terms of default, delinquency and prepayments. Each Investors Report will be made available to the Noteholders on a quarterly basis at the offices of the Principal Paying Agent and via the Computation Agent's internet website currently located at www.accountingpartners.it (for the avoidance of doubt, such website does not constitute part of this Prospectus).
- (12) Save as disclosed in this document, there has been no material adverse change in the financial position, trading and prospects of the Issuer since the date of its incorporation that is material in the contest of the issue of the Notes.
- (13) **Home Member State for the purpose of the Transparency Directive.** The Issuer will elect Ireland as Home Member State for the purpose of the Transparency Directive.

THE ISSUER

Dominato Leonense S.r.l.

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20121, Milan,
Italy

ORIGINATOR, SERVICER AND LIMITED RECOURSE LOAN PROVIDER

Cassa Padana Banca di Credito Cooperativo

Via Garibaldi 25, 25024,
Leno (BS), Italy

ARRANGER, BACK-UP SERVICER and OPERATING BANK

ICCREA Banca S.p.A.

Via Lucrezia Romana, 41-47
00178 Rome
Italy

REPRESENTATIVE OF THE NOTEHOLDERS and COMPUTATION AGENT

Accounting Partners S.r.l.

Via Statuto, 10
20121 Milano
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TRANSACTION BANK- AGENT BANK- CASH MANAGER - BACK-UP COMPUTATION AGENT and PRINCIPAL PAYING AGENT

BNP Paribas Securities Services, Milan Branch

Via Ansperto 5
20123 Milan
Italy

CORPORATE SERVICES PROVIDER

FIS Full Integrated Solutions S.p.A.

Via della Moscova 3
20121 Milan, Italy

ENGLISH TRANSACTION BANK

BNP Paribas Securities Services, London Branch

55 Moorgate – London EC2R 6PA, United Kingdom

BACK-UP SERVICER FACILITATOR

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