**UBI SPV BBS 2012 S.r.l.**

*(incorporated as a special purpose vehicle with limited liability under the laws of the Republic of Italy and pursuant to Article 2, paragraph 3 of Law no. 130 of 30 April 1999 for the purpose of issuing asset backed securities)*

Class A Euro 644,600,000 Asset Backed Floating Rate Notes due October 2057

**Issue Price:** 100%

Class B Euro 244,400,000 Asset Backed Variable Rate Notes due October 2057

**Issue Price:** 100%

This Prospectus (the "**Prospectus**") has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU (the "**PD Amending Directive**") to the extent that such amendments have been implemented in Ireland) (the "**Prospectus Directive**"). The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Class A Euro 644,600,000 Asset Backed Floating Rate Notes due October 2057 (the "**Class A Notes**") of UBI SPV BBS 2012 S.r.l., a limited liability company organised under the laws of the Republic of Italy (the "**Issuer**"), 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 (the "**Markets in Financial Instruments Directive**") or which are to be offered to the public in any Member State of the European Economic Area. This document constitutes a *Prospetto Informativo* for the purposes of article 2, paragraph 3, of the Italian law no. 130 of 30 April 1999 (the "**Securitisation Law**") and a prospectus for the purposes of article 5.3 of the Prospectus Directive.

In connection with the issuance of the Class A Notes, the Issuer will also issue the Class B Euro 244,400,000 Asset Backed Variable Rate Notes due October 2057 (the "**Class B Notes**" and jointly with the Class A Notes, the "**Notes**"). The Class B Notes are not being offered pursuant to this Prospectus. No application has been made to list on any stock exchange or admit to trading on any regulated market the Class B Notes. The Notes are issued on 30 October 2012 (the "**Issue Date**").

Capitalised terms used in this Prospectus shall have the meaning ascribed to them in the "**Glossary**" included herein, unless otherwise defined in the single section of this Prospectus in which they are used.

The principal source of payment of interest and of repayment of principal on the Notes will be collections and recoveries made in respect of Receivables arising from Loans entered into between Banco di Brescia S.p.A. ("**BBS**" or the "**Originator**") and the debtors thereunder (the "**Debtors**") and purchased from time to time by the Issuer from the Originator pursuant to the terms of the Master Transfer Agreement.

Interest on the Class A Notes will accrue on a daily basis and be payable in Euro on 8 April 2013 (the "**First Payment Date**") and thereafter quarterly in arrears on 7 July, October, January and April of each year (or, if any such day is not a Business Day, the immediately succeeding Business Day) (each a "**Payment Date**"). The rate of interest (the "**Rate of Interest**") applicable to the Class A Notes for each period from (and including) a Payment Date to (but excluding) the next 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 excluded) the First Payment Date) will be the rate per annum equal to the Euro-zone inter-bank offered rate for 3 month deposits in Euro ("**3 Month Euribor**") determined in accordance with Condition 5 (*Interest*) of the terms and conditions (the "**Terms and Conditions**") of the Class A Notes, *plus* the following margin in respect of the Class A Notes (the "**Relevant Margin**") of 0.45 per cent. per annum. In the case of the Initial Interest Period, the Rate of Interest for the Class A Notes shall

be the Relevant Margin *plus* the Euro-zone inter-bank offered rates for 5 months deposits in Euro ("**5 Month Euribor**").

All payments in respect of the Notes will be made free and clear of any withholding or deduction for or on account of Italian taxes, unless such a withholding or deduction is required to be made by Italian Law No. 239 of 1 April 1996, as amended, or otherwise by applicable law. If any withholding or deduction for or on account of tax is made in respect of any payment under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of Notes of any class (each a "**Noteholder**").

By operation of Italian law, the Issuer's right, title and interest in and to the Portfolio will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and to pay any costs, fees and expenses payable to the Other Issuer Creditors (as defined below) and to any third party creditor in respect of any amounts owed by the Issuer to such third party creditors in relation to the securitisation of the Portfolio (the "**Securitisation**"). Amounts derived from the Portfolio will not be available to any other creditors of the Issuer. The Noteholders will agree that the Issuer Available Funds (as defined in the Terms and Conditions) will be applied by the Issuer in accordance with the applicable Priority of Payments (as defined in the Terms and Conditions). See "*Transaction Summary - Transaction Documents - Security for the Notes*".

The Notes will be subject to mandatory *pro rata* redemption in whole or in part from time to time on each Payment Date following the end of the Revolving Period (as defined below). The aggregate amount to be applied in mandatory *pro rata* redemption in part will be calculated in accordance with the provisions set out in Condition 6.2 (*Mandatory pro rata Redemption*) of the Terms and Conditions. In certain other circumstances, all (but not some only) of the Class A Notes may be redeemed at the option of the Issuer at the principal amount then outstanding under the Class A Notes together with accrued interest on any Payment Date falling on or after the Revolving Period, in accordance with the provisions set out in Condition 6.3 (*Optional Redemption*) of the Terms and Conditions. Unless previously redeemed, the Notes will mature on the Payment Date falling on 7 October 2057 (the "**Final Maturity Date**"); if any amounts remain outstanding in respect of the relevant Notes immediately following the Final Maturity Date, such amounts shall be deemed to be released by the holders of the relevant Notes and cancelled.

The Class A Notes will be held in dematerialised form on behalf of the beneficial owners, as at 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 Holders. The expression "**Monte Titoli Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depositary 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 depositary 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 Italian Legislative Decree No. 58 of 24 February 1998 and with the Rules governing central depositories, settlement services, guarantee systems and related management companies (adopted by the Bank of Italy and the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") on 22 February 2008) as subsequently amended. No physical document of title will be issued in respect of the Notes.

The Class A Notes are expected, on issue, to be rated A (low)(sf) by DBRS Ratings Limited ("**DBRS**") and A- (sf) by Standard & Poor's Credit Market Services Italy S.r.l. ("**S&P**", and jointly with DBRS, the "**Rating Agencies**"). It is not expected that the Class B Notes will be rated on issue.

**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.**

Each of the Rating Agencies is established in the European Union and has been registered under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**"). In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

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

**The language of this 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.**

The date of this Prospectus is 30 October 2012.

**Notice to Investors**

*The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.*

*BBS accepts responsibility for the information included in this document in the sections headed "The Portfolio and the Recovery and Collection Policies", "The Originator" and any other information contained in this document relating to itself, the collection procedures relating to the Portfolio, the Receivables and the Loans. To the best of the knowledge and belief of BBS (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.*

*BBS has given certain representations and warranties in favour of the Issuer in relation to the Portfolio and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio. None of the Issuer or any other party to the Transaction Documents other than BBS has undertaken or will undertake any investigation, searches or other actions to verify the details of the Portfolio sold by BBS to the Issuer, nor has the Issuer, or any other party to the Transaction Documents undertaken, nor will they undertake, any investigations, searches, or other actions to establish the creditworthiness of any Debtor.*

*Each of The Bank of New York Mellon (Luxembourg) S.A., Italian branch and The Bank of New York Mellon, London branch and The Bank of New York Mellon (Ireland) Limited accepts responsibility for the corporate information contained in this Prospectus in the section entitled "The Bank of New York Mellon". To the best of the knowledge and belief of each of The Bank of New York Mellon (Luxembourg) S.A., Italian branch, The Bank of New York Mellon, London branch and The Bank of New York Mellon (Ireland) Limited (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.*

*No person has been authorised to give any information or to make any representation not contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Representative of the Noteholders, the Issuer, the Servicer, the Sub-Servicer, the Originator, the Administrative Services Provider, the Italian Account Bank, the English Account Bank, the Expenses Account Bank, the Paying Agent, the Irish Paying Agent, the Cash Manager, the Subordinated Loan Provider, the PDL Subordinated Loan Provider, the Calculation Agent or the Quotaholders (each as defined below in "Principal Parties"). None of the aforementioned parties, other than the Issuer, BBS (in any capacity) and each of The Bank of New York Mellon (Luxembourg) S.A., Italian branch, The Bank of New York Mellon, London branch and The Bank of New York Mellon (Ireland) Limited and to the extent set out above, accepts responsibility for the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this document nor any offer, sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or imply that there has been no change in the condition (financial or otherwise) of the Issuer or BBS or the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof.*

*The Notes will be direct, secured, limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of any of the Representative of the Noteholders, the Servicer, the Sub-Servicer, the Administrative Services Provider, the English Account Bank, the Italian Account Bank, the Expenses Account Bank, the Paying Agent, the Irish Paying Agent, the Cash Manager, the Subordinated Loan Provider, the PDL Subordinated Loan Provider, the Calculation Agent, the Quotaholders or BBS (in*

*any capacity). Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.*

*The distribution of this document and the offer, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document (or any part of it) comes are required by the Issuer to inform themselves about, and to observe, any such restrictions. Neither this document 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 any 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.*

***The contents of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.***

*The 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 and are subject to U.S. tax law requirements. Subject to certain exceptions the Notes may not be offered or sold within the United States or for the benefit of U.S. persons (as defined in Regulation S under the Securities Act). See "Subscription and Sale" below.*

*The Notes may not be offered or sold directly or indirectly, and neither this document nor any other offering circular or any prospectus, 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. This document may not be used for any purpose other than that for which it is being published. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this document, see "Subscription and Sale" below.*

*No action has or will be taken which would allow an offering (nor a "sollecitazione all'investimento") 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. Accordingly, the Notes may not be offered, sold or delivered and neither this document 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.*

*The Notes are complex instruments which involve a high degree of risk and are suitable for purchase only by sophisticated investors which are capable of understanding the risk involved. In particular the Notes should not be purchased by or sold to individuals and other non-expert investors.*

*Neither this Prospectus nor any other information supplied in connection with the issue of the Notes should be considered as a recommendation or an invitation or an 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 and currency translations included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.*

*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.*

*Each initial and each subsequent purchaser of a Note will be deemed, by its acceptance of such Note, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as described in this Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases. See "Subscription and Sale", below.*

*Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to certain other characteristics of the Receivables and the Portfolio and reflect significant assumptions and subjective judgements by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "projects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and changes in governmental regulations, fiscal policy, planning or tax in the Republic of Italy. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer.*

*The contents of this Prospectus are based on currently available data and information. Facts and events that occur after the date of the Prospectus may affect the accuracy and correctness of the information contained herein and, as a consequence, prospective investors should be aware that the information contained in this Prospectus may not be accurate, up-to-date, correct and complete, especially after its date of issuance as shown on the first page. In this regard, the Issuer has not undertaken or will not undertake to update or review the information and data contained in the Prospectus, or to inform prospective investors of facts and events known to have occurred after the above mentioned date. In addition, prospective investors should not consider this Prospectus as a full and exhaustive description of the features of the Notes.*

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## Transaction Overview

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

*The following information summarises the asset ownership structure, the financing parties, the principal characteristics of the Notes, the Transaction Documents and generally matters relating to this transaction. This summary should be read in conjunction with and is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Prospectus. Capitalised terms used but not defined in this summary, have the meanings given to them in the Glossary.*

### 1. PRINCIPAL PARTIES

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| **Issuer** | **UBI SPV BBS 2012 S.r.l.** (the "**Issuer**"), a special purpose vehicle with limited liability incorporated in the Republic of Italy under Article 3 of Italian Law No. 130 of 30 April 1999 (*Legge sulla cartolarizzazione dei crediti*) (the "**Securitisation Law**") for the purposes of issuing asset backed securities and registered in the general list (*elenco generale*) of special purpose vehicles held by the Bank of Italy pursuant to Decision of 29 April 2011 under No. 35022.3, registered with Register of Companies of Milan and Tax Code No. 07827970968. The Issuer's registered office is at Foro Buonaparte 70, 20121 Milan, Italy. |
| **Originator** | **Banco di Brescia S.p.A.** ("**BBS**"), a bank organised as a joint stock company under the laws of the Republic of Italy, having its registered office at Corso Martiri della Libertà No. 134, 25122 Brescia, Italy, registered with the Register of Companies of Brescia and Tax Code No. 03480180177, enrolled under number 5393 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act and part of the UBI Banca Group.<br><br>BBS sold, and will sell from time to time, the Receivables to the Issuer pursuant to the terms of the Master Transfer Agreement. |
| **Servicer** | **Unione di Banche Italiane S.c.p.A.** ("**UBI Banca**"), a *società cooperativa per azioni* incorporated under the laws of the Republic of Italy, whose registered office is at Piazza Vittorio Veneto, No. 8, 24122 Bergamo, Italy, registered with the Register of Companies of Bergamo and Tax Code No. 03053920165, enrolled under number 5678.0 with the register of banks and number 3111.2 with the register of banking groups held with the Bank of |

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| | Italy in accordance with, respectively, articles 13 and 64 of the Consolidated Banking Act (in such capacity, the "**Servicer**") will administer the Portfolio on behalf of the Issuer pursuant to the terms of the Servicing Agreement. |
| **Administrative Services Provider** | **TMF Management Italy S.r.l.** ("**TMF**"), a limited liability company, whose registered office is at Foro Buonaparte, No. 74, 20121 Milan, Italy, registered with the Register of Companies of Milan and Tax Code No. 03296470960, is the administrative services provider (the "**Administrative Services Provider**") pursuant to the terms of the Administrative Services Agreement.<br><br>Pursuant to the terms of the Administrative Services Agreement, the Administrative Services Provider has agreed to provide certain administrative and secretarial services to the Issuer. |
| **Representative of the Noteholders** | **BNY Mellon Corporate Trustee Services Limited**, a limited liability company incorporated under the laws of England and Wales, whose registered office is at One Canada Square, Canary Wharf, London E14 5AL, or any other person or entity for the time being acting as such, is the representative of the Noteholders (in such capacity, the "**Representative of the Noteholders**") pursuant to the Notes Subscription Agreement and the Intercreditor Agreement entered into on or about the Issue Date. |
| **Italian Account Bank** | **UBI Banca**, or any other person for the time being acting as such, is the Italian account bank to the Issuer (in such capacity, the "**Italian Account Bank**") in respect of the Collection Account pursuant to the terms of the CAMPA.<br><br>The Italian Account Bank has opened and will maintain such bank account in the name of the Issuer and will operate such account in the name and on behalf of the Issuer. In addition, the Italian Account Bank will perform certain cash management functions on behalf of the Issuer. |
| **English Account Bank** | **The Bank of New York Mellon,** a New York banking corporation, acting through its London branch, whose office is at One Canada Square, London E14 5Al, United Kingdom, or any other person for the time being acting as such, is the English account bank to the Issuer (in such capacity, the "**English Account Bank**") in respect of the Interest Investment Account, the Principal Investment Account and the Securities Accounts pursuant to the terms of the CAMPA, subject to being an Eligible Institution.<br><br>The English Account Bank has opened and will maintain those bank accounts in the name of the Issuer and will operate such accounts in the name and on behalf of the Issuer. In addition, the English Account Bank will perform certain management functions on behalf of the Issuer. |
| **Expenses Account Bank** | **BBS**, or any other person for the time being acting as such, is the expenses account bank to the Issuer (in such capacity, the |

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| | "**Expenses Account Bank**") in respect of the Expenses Account pursuant to the terms of the CAMPA.<br><br>The Expenses Account Bank has opened and will maintain the Expenses Account in the name of the Issuer and will operate such account in the name and on behalf of the Issuer. In addition, the Expenses Account Bank will perform certain cash management functions on behalf of the Issuer. |
| **Cash Manager** | **The Bank of New York Mellon, London Branch,** a New York banking corporation, acting through its London branch, whose office is at One Canada Square, London E14 5Al, United Kingdom, or any other person for the time being acting as such, is the cash manager to the Issuer (in such capacity, the "**Cash Manager**") pursuant to the terms of the CAMPA. |
| **Calculation Agent** | **UBI Banca**, or any other person for the time being acting as such, is the calculation agent to the Issuer (in such capacity, the "**Calculation Agent**") pursuant to the terms of the CAMPA. |
| **Subordinated Loan Provider** | **BBS**, or any other person for the time being acting as such, is the subordinated loan provider to the Issuer (in such capacity, the "**Subordinated Loan Provider**") pursuant to the terms of the Subordinated Loan Agreement. |
| **PDL Subordinated Loan Provider** | **BBS**, or any other person for the time being acting as such, is the PDL subordinated loan provider to the Issuer (in such capacity, the "**PDL Subordinated Loan Provider**") pursuant to the terms of the PDL Subordinated Loan Agreement. |
| **Set-Off Subordinated Loan Provider** | **BBS**, or any other person for the time being acting as such, is the Set-Off subordinated loan provider to the Issuer (in such capacity, the "**Set-Off Subordinated Loan Provider**") pursuant to the terms of the Set-Off Subordinated Loan Agreement. |
| **Paying Agent** | **The Bank of New York Mellon**, **(Luxembourg) S.A., Italian Branch**, a bank incorporated under the laws of the Grand Duchy of Luxembourg, acting through its Italian branch, whose office is at Via Carducci, No. 31, 20123, Milan, Italy, or any other person for the time being acting as such, is the paying agent (in such capacity, the "**Paying Agent**") pursuant to the terms of the CAMPA.<br><br>The Paying Agent has opened and will maintain the Payment Account in the name of the Issuer pursuant to the terms of the CAMPA. |
| **Irish Paying Agent** | **The Bank of New York Mellon (Ireland) Limited**, a company incorporated under the laws of the Republic of Ireland, whose office is at 4 Floor, Hanover Building, Windmill Lane, Dublin 2, Republic of Ireland, or any other person for the time being acting as such, is the Irish paying agent (in such capacity, the "**Irish Paying Agent**") pursuant to the terms of the CAMPA. |

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| **Quotaholders** | **UBI Banca** (in such capacity, the "**Quotaholder**") and **Stichting Dalia**, a Dutch foundation (*stichting*) whose registered office is at Luna ArenA, Herikerbergweg, 238 – Amsterdam, registered with the Companies' Register of Amsterdam under No. 55075819 (the "**Stichting**" and, together with UBI Banca, the "**Quotaholders**"). |
| **Sub-Servicer** | **BBS**, or any other person for the time being acting as such (in such capacity, the "**Sub-Servicer**") pursuant to the terms of the Sub-Servicer Agreement. |

## 2. THE PRINCIPAL FEATURES OF THE NOTES

**Principal Features of the Notes**

On the Issue Date, the Issuer will issue:

(a) Class A Euro 644,600,000 Asset Backed Floating Rate Notes due October 2057 (the "**Class A Notes**"); and

(b) Class B Euro 244,400,000 Asset Backed Variable Rate Notes due October 2057 (the "**Class B Notes**" and, together with the Class A Notes, the "**Notes**").

**Issue Price**

The Notes will be issued at the following percentage of their principal amount:

| **Class** | **Issue Price** |
|---|---|
| Class A Notes | 100% |
| Class B Notes | 100% |

**Interest on the Class A Notes**

The Class A Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the following Relevant Margin above 3 Month EURIBOR:

0.45% per annum.

Interest in respect of the Class A Notes will accrue on a daily basis and will be payable in arrears in Euro on each Payment Date in accordance with the applicable Priority of Payments.

**Remuneration on the Class B Notes**

The Class B Notes will not accrue any interest but will accrue the Variable Return, if any, payable on each Payment Date in accordance with the applicable Priority of Payments. Any payment in respect of Class B Notes is fully subordinated to the redemption in full of the Class A Notes.

**Selling Restrictions**

There are restrictions on the sale of the Notes and on the distribution of information in respect thereof. See "*Subscription and Sale*".

**Listing**

Application has been made to the Irish Stock Exchange for the Class A Notes to be listed on the official list of the Irish Stock Exchange and to be admitted to trading on the regulated market of the Irish Stock Exchange (the "**Regulated Market**").

No application has been made to list on any stock exchange or

admit to trading on any regulated market, the Class B Notes.

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| **Form and Denomination of the Notes** | The Notes will be held in dematerialised form (*forma dematerializzata*), until redemption or cancellation thereof, by Monte Titoli on behalf of the ultimate owners for the account of the relevant Monte Titoli Account Holder.<br><br>Monte Titoli shall act as depository for Clearstream and Euroclear.<br><br>Title to the Notes will be evidenced by book entries in accordance with the provisions of Article 83-*bis* and following of the Italian Legislative Decree No. 58 of 24 February 1998, as amended and supplemented from time to time (the "**Financial Law**") and the joint regulation of CONSOB and the Bank of Italy dated 22 February 2008 and published in the Official Gazette No. 54 of 4 March 2008, as amended and supplemented from time to time.<br><br>No physical document of title will be issued in respect of the Notes.<br><br>The Notes will be issued in denominations of Euro 100,000.<br><br>The Issuer has elected 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**"). |
| **ISIN Code** | Upon acceptance for clearance by Monte Titoli, the Notes were assigned the following ISIN Codes:<br><br>Class A Notes IT0004841125<br><br>Class B Notes IT0004841133 |
| **Status and Subordination** | The Notes will constitute direct, secured and limited recourse obligations of the Issuer. 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.<br><br>Each Noteholder and each Other Issuer Creditor will have a claim against the Issuer only to the extent of the Issuer Available Funds. The Intercreditor Agreement provides for the Priority of Payments in respect of the application of the Issuer Available Funds.<br><br>In respect of the obligations of the Issuer to pay interest and repay principal on the Class A Notes and to pay the Variable Return and repay principal on the Class B Notes:<br><br>▪ the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Class B |

Notes;

- the Class B Notes will rank *pari passu* without preference or priority amongst themselves, but subordinated to the Class A Notes.

**Rating**

On issue, the Class A Notes are expected to be rated A- (sf) by S&P and A (low)(sf) by DBRS.

A credit rating has not been sought for the Class B Notes.

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

Each of the Rating Agencies is established in the European Union and has been registered under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**"). In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

**Final Maturity Date**

Save as described below, unless previously redeemed in full or cancelled in accordance with Terms and Conditions, the Notes are due to be repaid in full, at their respective Principal Amount Outstanding, on the Final Maturity Date.

**Mandatory *Pro Rata* Redemption**

On each Payment Date falling after the Revolving Period Termination Date, the Issuer will apply the Issuer Available Funds on such Payment Date in or towards mandatory redemption of the Notes in accordance with the applicable Priority of Payments.

**Portfolio Call Option**

Under the Master Transfer Agreement, on any Payment Day falling after the Revolving Period Termination Date, the Originator may exercise the option (the "**Portfolio Call Option**") to repurchase (in whole, but not in part) the Portfolio from the Issuer (including for the avoidance of doubt all Delinquent Receivables and Defaulted Receivables comprised therein) subject to the conditions set forth therein.

The Issuer shall apply the proceeds deriving from such sale of the Portfolio in or towards redemption of all the Notes outstanding in accordance with the relevant Priority of Payment and give not *less* than 25 days' prior written notice to the Representative of the Noteholders and to the Noteholders in accordance with Condition 13 (*Notices*).

**Redemption for Tax Reasons**

If, at any time, the Issuer confirms to the Representative of the Noteholders that, on the next Payment Date, the Issuer would be

required to deduct or withhold (other than in respect of a Decree 239 Deduction (as defined below) any amount from any payment of principal or interest on the Notes of any Class for or on account of any present or future taxes, duties, assessments or governmental charges by the Republic of Italy or any political sub-division thereof or any authority thereof or therein, and the Issuer certifies to the Representative of the Noteholders (by way of a certificate signed by the chairman of the board or the sole director of the Issuer) and produces evidence acceptable to the Representative of the Noteholders that the Issuer will have the necessary funds, free of any interest of any other person, to discharge all its outstanding liabilities in respect of the relevant class of Notes and any amounts required under the relevant Conditions to be paid in priority to or *pari passu* with such Notes, then following receipt of a written notice from the Representative of the Noteholders authorising the redemption, the Issuer may, at its option, redeem on the next succeeding Payment Date the Notes (in whole but not in part, or in the case of the Class B Notes, such Notes in whole or in part) at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Payment Date, having given not more than 60 days' and not *less* than 30 days' notice in writing to the Representative of the Noteholders and to the holders of such Notes, in accordance with Conditions 6.4 (*Redemption for taxation*) and 13 (*Notices*) of the Terms and Conditions.

**Cancellation Date**

The Notes will be cancelled on the Cancellation Date which is the earlier of:

(a) the date on which the Notes have been redeemed in full;

(b) the Final Maturity Date;

(c) the later of the date on which (i) the Representative of the Noteholders, upon notice from the Servicer, has certified to the Issuer that all the Collections due in respect of all the Receivables comprised in the Portfolio have been received or recovered and that all judicial enforcement procedures in respect of the Portfolio have been exhausted; and (ii) the last of those Collections are applied in accordance with the applicable Priority of Payments; and

(d) the date on which all the Receivables comprised in the Portfolio have been sold and the relevant Issuer Available Funds have been received and applied in accordance with the applicable Priority of Payments.

On the Cancellation Date any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled.

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| | Upon cancellation, the Notes may not be resold or re-issued. |
| **Purchase of the Notes** | The Issuer may not purchase any Note at any time. |
| **Governing Law** | The Notes will be governed by Italian law. |

## 3. THE PORTFOLIO

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| **Initial Portfolio** | On the Effective Date and pursuant to the terms of the Master Transfer Agreement, the Originator has transferred without recourse (*pro soluto*) to the Issuer an initial portfolio (the "**Initial Portfolio**") consisting of Initial Receivables selected in accordance with the Common Criteria (as defined below) and the other specific criteria set out in Annex A to the Master Transfer Agreement (together, the "**Criteria**"), in order to satisfy the provisions set forth under Articles 1 and 4 of the Securitisation Law and under Article 58 of the Consolidated Banking Act.<br><br>The Initial Portfolio comprises Initial Receivables originated by the Originator.<br><br>The Originator has transferred to the Issuer all the other rights, warrants, indemnities and any other title related to the Initial Receivables. |
| **Transfer of Subsequent Receivables** | Pursuant to the Master Transfer Agreement, during the Revolving Period, the Originator may offer for sale to the Issuer, on a quarterly basis, additional pools of receivables and other connected rights (the "**Subsequent Receivables**" and, together with the Initial Receivables, the "**Receivables**") arising from additional portfolios originated, or to be originated, by the Originator that satisfy the Common Criteria for Subsequent Portfolio (as defined below) and the additional Specific Criteria indicated by the Originator in the relevant offer letter (a "**Subsequent Portfolio**" and, together with the Initial Portfolio, the "**Portfolio**"). The Issuer will pay to the Originator the purchase price for the Subsequent Receivables (if any) on each Payment Date during the Revolving Period, according to the Priority of Payments. |
| **Conditions for the purchase of a Subsequent Portfolio** | The purchase of a Subsequent Portfolio is conditional upon, *inter alia*:<br><br>• the availability, on the Payment Date falling on, or immediately following, the Revolving Assignment Date, or on the date indicated in the relevant offer letter, of sufficient Issuer Available Funds to effect any payment within the applicable Priority of Payment;<br><br>• no Purchase Termination Event having occurred; and<br><br>• no Transfer Limits being breached as a consequence of the |

purchase of the Subsequent Receivables.

**Common Criteria**

The Receivables have been selected and will be selected in accordance with the certain objective common criteria and represent a plurality of monetary claims identifiable as a pool ("*blocco*") pursuant to Articles 1 and 4 of the Securitisation Law (the "**Common Criteria**"). See "*The Portfolio and the Recovery and Collection Policies*".

All the Receivables will comply with the Common Criteria.

**Mandatory Repurchase of Non-Compliant Receivables**

At the Issue Date, the Receivables are compliant with the EU Recommendation. In accordance with the above, under the Master Transfer Agreement, the Originator shall repurchase (the "**Portfolio Mandatory Repurchase**") from the Issuer the Non-Compliant Receivables. The repurchase price will be equal to the sum of the relevant Outstanding Principal and of the accrued Interest at the date of the repurchase.

The Originator shall repurchase the Non-Compliant Receivables within 30 Business Days from the delivery of the communication of the Servicer, pursuant to Clause 11 of the Servicing Agreement, in which the Servicer has identified the Non-Compliant Receivables.

## 4. TRANSACTION MECHANISM

**Enforcement Events**

Upon the occurrence of any of the following events (each an "**Enforcement Event**"):

(i) *Non-payment of Interest and Principal*: the payment of any amount of interest due and/or principal due on any Class A Notes is not being paid on the relevant due date or within a period of 3 (three) Business Days following the due date thereof irrespective of the existence of Issuer Available Funds applicable to that purpose;

(ii) *Breach of Obligations*: the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation specified in (i) above) which is, in the Representative of the Noteholders' reasonable opinion, materially prejudicial to the interests of the Noteholders and such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the breach to be remedied (except where, in the reasonable opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no term of 30 days will be given); or

(iii) *Breach of Representations and Warranties by the Issuer*: any of the representations and warranties given by the

Issuer under any of the Transaction Documents to which it is party is, when made or deemed to be made, incorrect or erroneous in any material respect and such misrepresentation remains unremedied for 30 days after the Representative of the Noteholders has served notice requiring remedy (except where, in the reasonable opinion of the Representative of the Noteholders, such misrepresentation is not capable of being remedied, in such case, no term of 30 days will be given); or

(iv) *Insolvency*: an Insolvency Event occurs with respect to the Issuer; or

(v) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any Transaction Document to which it is a party,

the Representative of the Noteholders shall:

(1) in the case of an Enforcement Event under (i) and (iv) above; and/or

(2) in the case of an Enforcement Event under (ii) and (iii) above, if so directed by an Extraordinary Resolution (as defined in the Rules of the Organisation of the Noteholders) of the Class A Noteholders; and/or

(3) in the case of an Enforcement Event under (v) above, may at its sole discretion or, if so directed by an Extraordinary Resolution of the Class A Noteholders,

serve a notice of acceleration (the "**Enforcement Notice**") to the Issuer. Upon the service of an Enforcement Notice, the Issuer Available Funds shall be applied in accordance with the Post-Enforcement Priority of Payments.

Following the delivery of an Enforcement Notice, the Issuer may (subject to the consent of the Representative of the Noteholders) or the Representative of the Noteholders may (or shall, if so requested by an Extraordinary Resolution of the Class A Noteholders) direct the Issuer to, dispose of the Portfolio, subject to the terms and conditions of the Intercreditor Agreement.

**Issuer Available Funds**

On each Payment Date, the "**Issuer Available Funds**" shall comprise the aggregate amounts of (a) the Interest Available Funds and (b) the Principal Available Funds.

The "**Interest Available Funds**" shall with respect to each Payment Date be the sum (without any double counting) of:

(i) all the Interest Collections received during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection

Account (including, for the avoidance of doubt, penalties for early termination and any other sums paid by the Debtors pursuant to the relevant Loan);

(ii) the Recoveries in respect of interest received during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account;

(iii) any other amount (to the extent such amounts do not relate to principal) received by the Issuer under the Transaction Documents during the immediately preceding Collection Period (other than the Interest Collections and the Recoveries in respect of interest) and credited to the Collection Account;

(iv) any interest accrued and credited on the Accounts (other than the Expenses Account) as of the last day of the immediately preceding Collection Period and any interest, profit or proceeds generated by the Eligible Investments during the relevant Interest Period;

(v) on the Payment Date on which all the Notes will be redeemed in full or otherwise cancelled, all funds then standing to the balance of the Expenses Account;

(vi) any amount credited (and not used) in the Interest Investment Account on the previous Payment Date under item (x) of the Pre-Enforcement Interest Priority of Payments;

(vii) any amount allocated under item (i) of the Pre-Enforcement Principal Priority of Payment;

(viii) the proceeds with respect to interest arising from the sale (if any) of all or part of the Portfolio; and

(ix) the Cash Reserve.

The "**Principal Available Funds**" shall with respect to each Payment Date be the sum of:

(i) all the Principal Collections (other than any Suspect Period Principal Collection) received during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account;

(ii) the Recoveries in respect of principal received during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account;

(iii) any other amount (to the extent such amounts do not relate to interest or amounts other than principal) received by the Issuer under the Transaction Documents during the

immediately preceding Collection Period (other than the Principal Collections and the Recoveries in respect of principal) and credited to the Collection Account;

(iv) any Purchase Price Accumulation Amount not used for the payment of the Purchase Price of a Subsequent Portfolio in accordance with the Master Transfer Agreement;

(v) all amounts (if any) payable under item (vii) of the Pre-Enforcement Interest Priority of Payments on such Payment Date towards the reduction of the debt balance of the Principal Deficiency Ledger;

(vi) any amount to be paid under item (viii) of the Pre-Enforcement Interest Priority of Payments;

(vii) any amount credited (and not used) in the Principal Investment Account on the previous Payment Date under item (iii) of the Pre-Enforcement Principal Priority of Payments;

(viii) the proceeds with respect to principal arising from the sale (if any) of all or part of the Portfolio;

(ix) any amount which qualified as Supect Period Principal Collection on the preceding Payment Dates, in respect of which the two-year term from the date of prepayment is expired;

(x) any amount drawn under the PDL Subordinated Loan Agreement;

(xi) (I) following the occurrence of a Set-Off Reserve Accumulation Event, a portion of the Set-Off Reserve equal to the amounts that the Issuer has not received during the preceding Collection Period as a consequence of such amounts being set-off with amounts due to the Borrower by the Originator; or (II) following full repayment of the Class A Notes, the entire Set-Off Reserve.

**Pre-Enforcement Interest Priority of Payments**

On each Payment Date prior to the service of an Enforcement Notice, the Interest Available Funds shall be applied in making or providing for the following payments, in the following priority of payments (the "**Pre-Enforcement Interest Priority of Payments**") (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) in or towards satisfaction of any and all taxes due and payable by the Issuer to the extent that the funds of the Expenses Account are insufficient for such purpose;

(ii) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of the fees,

costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders;

(iii) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of (a) any due and payable Expenses to the extent that the funds of the Expenses Account are insufficient for such purpose; and (b) the Replenishment Amount;

(iv) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of (a) any Senior Servicer Expenses and (b) any amounts due and payable to the Italian Account Bank, the English Account Bank, the Expenses Account Bank, the Cash Manager, the Paying Agents, the Calculation Agent, the Administrative Services Provider and any Other Issuer Creditors;

(v) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of interest due and payable in respect of the Class A Notes;

(vi) to replenish the Cash Reserve up to the Target Cash Reserve Amount;

(vii) to reduce the Principal Deficiency Amount to zero by allocating the relevant amounts to the Principal Available Funds;

(viii) to credit to the Principal Investment Account an amount equal to the amounts paid under item (i) of the Pre-Enforcement Principal Priority of Payment on any preceding Payment Date and not yet repaid under this item (viii);

(ix) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of any Subordinated Loan Senior Interest due to the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement;

(x) until the redemption in full of the Class A Notes, any amounts in excess shall be credited to the Interest Investment Account and shall form part of the Interest Available Funds on the next succeeding Payment Dates;

(xi) upon the redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of (a) any interest due to the PDL Subordinated Loan Provider pursuant to the PDL Subordinated Loan Agreement; (b) any Subordinated Loan Junior Interest due to the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement; and (c) any interest due to the Set-Off

Subordinated Loan Provider pursuant to the Set-Off Subordinated Loan Agreement;

(xii) upon the redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of (a) any principal due to the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement and (b) any principal due to the PDL Subordinated Loan Provider pursuant to the PDL Subordinated Loan Agreement;

(xiii) upon redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of the Variable Return due and payable to the Class B Noteholders;

(xiv) upon redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of (a) any amounts (other than the Variable Return and to the extent not already provided under the previous items) due and payable by the Issuer pursuant to the Transaction Documents and (b) any Servicer Junior Expenses; and

(xv) on the date of redemption in full of the Class B Notes, any amount in excess will be paid as additional remuneration to the Class B Noteholders.

The Issuer shall, if necessary, make the payments set out under items (i) and (iii)(a) above also during the relevant Interest Period.

**Pre-Enforcement Principal Priority of Payments**

On each Payment Date prior to the service of an Enforcement Notice, the Principal Available Funds shall be applied in making or providing for the following payments, in the following priority of payments (the "**Pre-Enforcement Principal Priority of Payments**") (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) payment of any amount due under items (i) to (v) of the Pre-Enforcement Interest Priority of Payment, to the extent that the Interest Available Funds are not sufficient on such Payment Date to make such payments in full;

(ii) pari passu and pro rata according to the respective amounts thereof, (a) to pay any amounts of the purchase price in respect of the Initial Portfolio not paid on the Issue Date, (b) to pay the purchase price of the Receivables assigned by the Originator to the Issuer in the context of the Revolving Assignment in accordance with the provisions of the Master Transfer Agreement or any amount due to the Originator as purchase price in the context of other Revolving Assignments pursuant to the

Master Transfer Agreement that was not paid on the previous Payment Date and (c) during the Revolving Period to credit to the Principal Investment Account the Purchase Price Accumulation Amount to be available for payment of the Purchase Price of the Receivables during the following Interest Period;

(iii) during the Revolving Period, to credit any residual amount on the Principal Investment Account, to be part of the Principal Available Funds on the next Payment Date;

(iv) after the Revolving Period, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of principal due and payable in respect of the Class A Notes;

(v) upon redemption in full of the Class A Notes *pari passu*, in or towards satisfaction, *pari passu* and pro rata according to the respective amounts thereof, of any amount due (a) to the Originator pursuant to Clause 9.5 of the Master Transfer Agreement and (b) to the Noteholders pursuant to the Note Subscription Agreement;

(vi) upon the redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of any amount of principal due and payable (a) to the Subordinated Loan Provider to the extent that is not already paid under the Pre-Enforcement Interest Priority of Payment pursuant to the Subordinated Loan Agreement, (b) to the PDL Subordinated Loan Provider under the PDL Subordinated Loan Agreement, and (c) to the Set-Off Subordinated Loan Provider pursuant to the Set-Off Subordinated Loan Agreement;

(vii) upon the redemption in full of the Class A Notes, in or towards satisfaction of principal due and payable in respect of the Class B Notes in an amount not exceeding the Class B Principal Repayment Amount, provided that on the date of redemption in full of Class B Notes, any amount in excess will be paid as additional remuneration on the Class B Notes.

**Class B Principal Repayment Amount**

On each Payment Date up to (but excluding) the Cancellation Date: (i) if the Class A Notes will not be redeemed in full on such Payment Date, zero; and (ii) if the Class A Notes have been or will be, on such Payment Date, redeemed in full, the then Principal Amount Outstanding of the Class B Notes minus the aggregate Outstanding Principal of the Receivables as of the last day of the immediately preceding Collection Period.

**Post-Enforcement Priority of**

Following the delivery of an Enforcement Notice, the Issuer

**Payments**

Available Funds shall be applied on each Payment Date in making the following payments in the following priority of payments (the "**Post-Enforcement Priority of Payments**", and jointly with the Pre-Enforcement Interest Priority of Payments and the Pre-Enforcement Principal Priority of Payments, the "**Priorities of Payments**" and each a "**Priority of Payments**" ) (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) in or towards satisfaction of any and all taxes due and payable by the Issuer (to the extent that the amount then standing to the balance of the Expenses Account is insufficient to pay such taxes);

(ii) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of the fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders;

(iii) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of (a) any due and payable Expenses (to the extent that the amount then standing to the balance of the Expenses Account is insufficient to pay such Expenses), and (b) the Replenishment Amount;

(iv) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of any amounts due and payable to the Italian Account Bank, the English Account Bank, the Expenses Account Bank, the Cash Manager, the Sub-Servicer, the Paying Agents, the Calculation Agent, the Administrative Services Provider, the Servicer and any Other Issuer Creditors;

(v) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of interest due and payable in respect of the Class A Notes;

(vi) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of principal due and payable in respect of the Class A Notes;

(vii) upon the redemption in full of the Class A Notes, in or towards satisfaction of any amount due to the Originator under the Master Transfer Agreement;

(viii) upon the redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of any amounts (other than the Variable Return, principal under the Class B Notes and to the extent not already provided under the preceding items) due and payable by the Issuer pursuant to the Transaction Documents;

(ix) upon the redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of any amounts of interest and/or principal due to (a) the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement, and (b) the PDL Subordinated Loan Provider pursuant to the PDL Subordinated Loan Agreement;

(x) upon the redemption in full of the Class A Notes, in or towards satisfaction of any amount due and payable in respect of the Class B Notes, including, for avoidance of doubt, the Variable Return, provided that the principal will not exceed the Class B Principal Repayment Amount, and provided further that any amount in excess will be paid as additional remuneration on the Class B Notes.

The Issuer shall, if necessary, make the payments set out under items (i) and (iii)(a) above also during the relevant Interest Period.

## 5. THE TRANSACTION ACCOUNTS

**Transaction Accounts**

Pursuant to the terms of the CAMPA, the Issuer has directed the following Euro denominated accounts to be established and maintained as follows:

(a) with the Italian Account Bank the **Collection Account**

(b) with the Expenses Account Bank the **Expenses Account**;

(c) with the English Account Bank:

(i) the **Interest Investment Account**;

(ii) the **Principal Investment Account**;

(iii) the **Principal Securities Account**; and

(iv) the **Interest Securities Account**;

(d) with the Paying Agent the **Payment Account**.

For a description of the Accounts, please see Section "*Accounts"* below.

## 6. TRANSACTION DOCUMENTS

**Master Transfer Agreement**

On 26 June 2012, the Originator and the Issuer entered into a master transfer agreement (the "**Master Transfer Agreement**") pursuant to which the Originator agreed to transfer without recourse (*pro soluto*) and in bulk (*in blocco*) to the Issuer the Initial Portfolio and undertaken to purchase, subject to the terms and conditions indicated therein, Subsequent Portfolios of Subsequent Receivables, selected in accordance with certain criteria set out in Annex A of the

Master Transfer Agreement in order to satisfy the provisions set forth under Articles 1 and 4 of the Securitisation Law and under Article 58 of the Consolidated Banking Act.

The purchase of a Subsequent Portfolio is conditional upon, *inter alia*:

- the availability, on the Payment Date falling on, or immediately following, the Revolving Assignment Date, or on the date indicated in the relevant offer letter, of sufficient Issuer Available Funds to effect any payment within the applicable Priority of Payment;
- no Purchase Termination Event having occurred; and
- no Transfer Limits being breached as a consequence of the purchase of the Subsequent Receivables.

Pursuant to the Master Transfer Agreement, the Issuer and the Originator agreed that the transfer of the Initial Portfolio is effective from the Effective Date, although payment of the Purchase Price will be deferred until the Issuer has received the subscription price for the Notes.

Title to the Receivables, including the Initial Portfolio, passed from the Originator to the Issuer on the Effective Date. However, the Originator and the Issuer agreed that the economic effects of the Master Transfer Agreement have taken place as of the relevant Cut-Off Date.

**Warranty and Indemnity Agreement**

Pursuant to a warranty and indemnity agreement (the "**Warranty and Indemnity Agreement**") entered into on 26 June 2012 between the Issuer and the Originator, the Originator agreed to give certain representations and warranties in favour of the Issuer in relation to the Portfolio, and agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio.

**Servicing Agreement**

Pursuant to the terms of a servicing agreement (the "**Servicing Agreement**") the Issuer and UBI Banca (in such capacity, the "**Servicer**"), the Servicer agreed to administer and service the Receivables, including the collection of payments under such Receivables on behalf of the Issuer in accordance with the provisions set out in Annex A to the Servicing Agreement (the "**Collection Policy**") and to carry out activities related to the management of the Loans, including commencing, participating in and pursuing all necessary or appropriate enforcement and insolvency proceedings and negotiating and settling the recovery of the Receivables in accordance with the Collection Policy.

Under the terms of the Servicing Agreement, the Servicer shall prepare and submit to the Issuer, the Calculation Agent,

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| | the Representative of the Noteholders and the Rating Agencies, on each Quarterly Report Date a quarterly report (the "**Quarterly Servicer Report**"). |
| **Sub - Servicing Agreement** | Pursuant to the terms of the sub-servicing agreement (the "**Sub-Servicing Agreement**"), the Servicer has appointed BBS as sub-servicer (the "**Sub-Servicer**") for the carrying out of activities related to the management of the Loans. |
| **Administrative Services Agreement** | Pursuant to an administrative services agreement (the "**Administrative Services Agreement**") entered into on 26 June 2012 between the Issuer and the Administrative Services Provider, the Administrative Services Provider agreed to provide the Issuer with a number of administrative services, including the keeping of the corporate books and of accounting and tax registers, in compliance with reporting requirements relating to the Receivables and with other regulatory requirements imposed on the Issuer. |
| **Security for the Notes** | By operation of Italian law, the Issuer's right, title and interest in and to the Portfolio will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Class A Noteholders and the Class B Noteholders (together the "**Noteholders**") and any third party creditor to whom the Issuer owes any costs, fees and expenses in relation to the Securitisation of the Portfolio.<br><br>Following the sale of each Portfolio by the Originator to the Issuer, a notice of such sale shall be published in the *Gazzetta Ufficiale della Repubblica Italiana* and deposited for the registration in the competent Companies' Register. After such publication and registration, the relevant Portfolio may not be seized or attached in any form by third party creditors other than the Noteholders and, insofar as the claims are for a transaction cost, other creditors of the Issuer, until the Issuer has discharged in full its payment obligations to the Noteholders under the Notes (or the Notes have been cancelled) and to such other creditors. |
| **Deed of Pledge** | On or about the Issue Date, the Issuer will execute a deed of pledge governed by Italian law (the "**Deed of Pledge**") pursuant to which the Issuer shall grant, in favour of the Noteholders and the Other Issuer Creditors, a first priority pledge over (i) all monetary claims and rights and all the amounts (including but not limited to indemnities, damages, penalties, sanctions, credits, security interests and guarantees) to which the Issuer is entitled pursuant to the Transaction Documents (other than the Deed of Pledge, the Deed of Charge and the Conditions); (ii) any existing or future |

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| | pecuniary claim and right and any sum credited from time to time to the Collection Account and the Expenses Account. The Pledge on the credit balances of the Accounts which are pledged will be created, *inter alia*, pursuant to the provisions of Italian Legislative Decree No. 170 of 21 May 2004, implementing Directive 2002/47/EC on financial collateral securities. |
| **Deed of Charge** | On or about the Issue Date, the Issuer will execute a deed of charge governed by English law (the "**Deed of Charge**") pursuant to which the Issuer will grant, in favour of the Noteholders and the Other Issuer Creditors acting through the Representative of the Noteholders pursuant to its appointment under the Intercreditor Agreement, a first priority charge over (a) any sums standing to the credit of the Investment Accounts; and (b) Eligible Investments credited to the Securities Account and all dividends, interest and other monies payable in respect thereof and all other rights, benefits and proceeds deriving therefrom. |
| **Mandate Agreement** | On or before the Issue Date, the Issuer and the Representative of the Noteholders will enter into a mandate agreement (the "**Mandate Agreement**"), pursuant to which the Representative of the Noteholders will be authorised to exercise, in the name and on behalf of the Issuer, (a) subject to an Enforcement Notice being served upon the Issuer following the occurrence of an Enforcement Event, (b) upon any failure by the Issuer to exercise its rights under the Transaction Documents as a consequence of a counterparty default and if, notwithstanding the service of notice by the Representative of the Noteholders to the Issuer requesting to perform such rights, if such failure persists 30 (thirty) days after the service of such notice, all the Issuer's rights arising out of the Transaction Documents (other than the right to collect and recover Receivables under the Servicing Agreement) to which the Issuer is a party and the Issuer's rights in respect of the Receivables, including the right to direct the sale (in whole or in part) of the Receivables (or shall, if so requested by an Extraordinary Resolution of the Class A Noteholders) or to sell one or more Receivables, provided that a sufficient amount would be realised to allow discharge in full of all amounts owing to the Class A Noteholders and amounts ranking in priority thereto and *pari passu* therewith. |
| **Intercreditor Agreement** | Under the terms of an intercreditor agreement to be entered into on or about the Issue Date (the "**Intercreditor Agreement**") between the Originator, the Representative of the Noteholders (acting for itself and on behalf of the Noteholders), the Servicer, the Sub-Servicer, the |

Administrative Services Provider, the Calculation Agent, the Italian Account Bank, the English Account Bank, the Expenses Account Bank, the Cash Manager, the Subordinated Loan Provider, the PDL Subordinated Loan Provider, the Set-Off Subordinated Loan Provider, the Paying Agent, the Irish Paying Agent, the Quotaholders, the Stichting Corporate Servicer Provider and the Issuer, the Representative of the Noteholders will, subject to an Enforcement Notice being served upon the Issuer following the occurrence of an Enforcement Event, ensure that the Issuer Available Funds will be applied in or towards satisfaction of all the Issuer's payment obligations in accordance with the terms of the Intercreditor Agreement.

Under the terms of the Intercreditor Agreement, the Noteholders and the Other Issuer Creditors will appoint the Representative of the Noteholders as their agent in relation to the Deed of Pledge and the Deed of Charge (together, the "**Security Documents**") and furthermore will agree that the cash deriving from time to time from the subject matter of the Security Documents as well as all proceeds from the enforcement thereof shall be applied to satisfy amounts due to each of them in accordance with the applicable Priority of Payments. The obligations owed by the Issuer to each of the Noteholders and, in general, to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. The Noteholders will have a claim against the Issuer only to the extent of the Issuer Available Funds, subject to and as provided in the Intercreditor Agreement and the other Transaction Documents and subject to cancellation of all Noteholders claims for principal, interest and other amounts which remain outstanding immediately following the Final Maturity Date.

The costs of the Securitisation including the amounts payable to the various agents of the Issuer appointed in connection with the issue of the Notes will be funded from the Issuer Available Funds, subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

**Cash Allocation Management Payment and Agency or CAMPA**

Pursuant to the CAMPA, the Italian Account Bank, the English Account Bank, the Expenses Account Bank, the Cash Manager, the Paying Agents and the Calculation Agent will agree to provide the Issuer with certain calculation, notification, payment and reporting services together with account handling, management and payment services in relation to moneys and securities, as the case may be, from time to time standing to the credit of the Collection Account, the Expenses Account, the Payment Account, the Investment

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| | Accounts and the Securities Account and the Paying Agent will agree to provide the Issuer with certain agency services in relation to the Notes.<br><br>Pursuant to the terms and conditions of the CAMPA, the Calculation Agent will agree to prepare, on or prior to each Calculation Date, a report (the "**Payments Report**") containing details of amounts to be paid by the Issuer on the Payment Date succeeding the relevant Calculation Date in accordance with the applicable Priority of Payments.<br><br>Should the English Account Bank and the Paying Agent, cease to qualify as an Eligible Institution, then their appointment will be terminated and the relevant Accounts will be transferred within 30 days from the occurrence of such event, to a bank which qualifies as an Eligible Institution.<br><br>Under the terms of the CAMPA, the Cash Manager has been appointed by the Issuer to reinvest on behalf of the Issuer any amounts standing to the credit of the Investment Accounts in Eligible Investments. |
| **Subordinated Loan Agreement** | Pursuant to a Subordinated Loan Agreement to be entered between the Issuer and the Subordinated Loan Provider on or about the Issue Date, the Subordinated Loan Provider will provide a credit facility to the Issuer aimed at financing the Cash Reserve. |
| **PDL Subordinated Loan Agreement** | Pursuant to a PDL Subordinated Loan Agreement to be entered into between the Issuer and the PDL Subordinated Loan Provider on or about a Revolving Assignment Date, the Subordinated Loan Provider will provide a credit facility to the Issuer aimed at balancing any shortfall in the PDL prior to the drawing by the Issuer of any amount in accordance to such agreement, in order to ensure compliance with the Transfer Limits. |
| **Set-Off Subordinated Loan Agreement** | Pursuant to a Set-Off Subordinated Loan Agreement to be entred into on or about the Issue Date between the Issuer and the Set-Off Subordinated Loan Provider, for the provision of a credit facility to the Issuer aimed at covering the Set-Off Reserve Required Amount following the occurrence of a Set-Off Reserve Accumulation Event. |
| **Quotaholders' Agreement** | The Quotaholders are UBI, holding 10% of the quota capital; and the Stichting, holding 90% of the quota capital.<br><br>On or about the Issue Date, the Quotaholders and the Issuer will enter into an agreement (the "**Quotaholders' Agreement**") in relation to the Issuer. |

The Quotaholders' Agreement will contain, *inter alia*, (a) a call option in favour of UBI to purchase from the Stichting within 6 (six) months after the redemption in full of the Class A Notes, a quota equal to 90% of the quota capital of the Issuer; and (b) a put option in favour of the Stichting to sell to UBI, within 6 (six) months after the redemption in full of the Class A Notes, a quota equal to 90% of the quota capital of the Issuer.

The Quotaholders' Agreement will contain provisions in relation to the management of the Issuer as well as an undertaking by UBI, in its capacity as Quotaholder, to indemnify the Issuer from, or make available to the Issuer the moneys required to pay, any damages, losses, claims, liabilities, costs and expenses incurred by the Issuer and not payable out of the Issuer Available Funds including, *inter alia*, any costs or charges of the Issuer, other than the Expenses, in respect of regulatory or supervisory liens and charges resulting from changes of law or regulations applying to the Issuer.

UBI, as Quotaholder, will also agree to take all reasonable actions to ensure that the Issuer is not, as a result of any such damages, losses, claims, liabilities, costs and expenses, subject to insolvency proceedings or otherwise subject to winding-up by reason of a reduction of the Issuer's capital below the minimum required by Italian law or regulations from time to time in force.

**Master Definitions Agreement**

Pursuant to a master definition agreement entered into on or about the Issue Date between the Issuer and the other parties to the Transaction Documents (the "**Master Definition Agreement**"), the definitions of certain terms used in the Transaction Documents have been agreed.

**Transaction Documents**

Means the Master Transfer Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Sub-Servicing Agreement, the Administrative Services Agreement, the Intercreditor Agreement, the CAMPA, the Deed of Pledge, the Deed of Charge, the Notes Subscription Agreement, the Mandate Agreement, the Quotaholders' Agreement, the Terms and Conditions, the Subordinated Loan Agreement, the PDL Subordinated Loan Agreement, the Set-Off Subordinated Loan Agreement and the Master Definitions Agreement, including any agreement or other document expressed to be supplemental thereto.

## Risk Factors

*The following is a summary of certain aspects of the issue of the Notes of which prospective Noteholders should be aware. This summary is not intended to be exhaustive, and prospective Noteholders should also read the detailed information set out elsewhere in this Prospectus and the Transaction Documents and reach their own views prior to making any investment decision. 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. Words and expressions defined in the Conditions or elsewhere in this Prospectus have the same meanings in this section. Investing in the Notes involves certain risks. Prospective investors should consider, among other things, the following.*

### Law 130 - Securitisation Law

The Securitisation Law was enacted in Italy on April 1999. As at the date of this Prospectus, as far as the Issuer is aware, no interpretation of the application of the Securitisation Law has been issued by any Italian court or governmental or regulatory authority, except for: (i) regulations issued by the Bank of Italy concerning, inter alia, the accounting treatment of securitisation transactions for special purpose companies incorporated under the Securitisation Law, such as the Issuer, and the duties of companies which carry out collection and recovery activities in the context of a securitisation transaction; (ii) the Decree of the Italian Ministry of Economy and Finance dated 17 February 2009 and the regulations issued by the Bank of Italy on 14 May 2009 and 25 September 2009, providing for the de-registration of the special purpose vehicles incorporated pursuant to the Securitisation Law from the Special Register held by the Bank of Italy pursuant to article 107 of the Consolidated Banking Act and the subsequent Decision of the Bank of Italy of 29 April 2011 which provides for the cancellation of the special purpose vehicles from the General Register held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act and for inscription in the special purpose vehicles register held by the Bank of Italy; (iii) the Circular no. 8/E issued by Agenzia delle Entrate on 6 February 2003 on the tax treatment of the issuers (see paragraph "Tax treatment of the Issuer" below); and (iv) the Decree of the Italian Ministry of Treasury dated 14 December 2006 no. 310 and the Title V, Chapter 3 of the "*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*" (Circolare No. 263 of 27 December 2006), as provided for by article 7-bis of the Securitisation Law. Consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

### Suitability

Structured securities, such as the Notes, are sophisticated instruments, which can involve a significant degree of risk. Prospective investors in any of the Class A Notes should ensure that they understand the nature of the Class A Notes and the extent of their exposure to the relevant risk. Such prospective investors should also ensure that they have sufficient knowledge, experience and access to professional advice to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in the Class A Notes and that they consider the suitability of the Class A Notes as an investment in light of their own circumstances and financial condition.

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

No communication (written or oral) received from the Issuer, the Originator or the Class A Notes Subscriber 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.

**Source of Payments to Noteholders**

The Notes will be obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of any of the Representative of the Noteholders, the Quotaholders, the Administrative Services Provider, the Cash Manager, the Servicer, the Sub-servicer, the Calculation Agent, the Paying Agent, the Irish Paying Agent, the Listing Agent, the Italian Account Bank, the English Account Bank or BBS (in any capacity). None of any such persons accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

The Issuer will not as at the Issue Date have any significant assets other than the Portfolio and its rights under the Transaction Documents to which it is a party. Consequently, upon the occurrence of an Enforcement Event, there may be insufficient funds available to the Issuer to repay the Notes in full.

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on the receipt by the Issuer of recoveries and collections made on its behalf by the Servicer from the Portfolio and any other amounts received by the Issuer pursuant to the provisions of the other Transaction Documents.

The Notes will be limited recourse obligations of the Issuer. If there are not sufficient funds available to the Issuer to pay in full all principal and interest and 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.

**No Independent Investigation in relation to the Portfolio and the Debtors**

Neither the Issuer nor any other party to the Transaction Documents 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 of such persons undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Debtor.

Pursuant to the Warranty and Indemnity Agreement, the Originator has given certain representations and warranties in favour of the Issuer with respect to the Portfolio, and has undertaken connected indemnification obligations. Such indemnification obligation of the Originator are unsecured claims of the Issuer and no assurance can be given that the Originator can or will pay the relevant amounts when due.

There is a possibility that legal actions initiated for breach of some representations or warranties of the Warranty and Indemnity Agreement be subject to a one-year statute of limitation period if article 1495 of the Italian Civil Code (which regulates ordinary sales contracts (*contratti di compravendita*)) is held to apply.

**Liquidity and Credit Risk**

The Issuer is subject to the risk that defaults by Debtors in respect of the Loans comprised in the Portfolio may result in the Issuer being unable to discharge all amounts payable under the Class A Notes as they fall due. This risk is mitigated, with respect to the Class A Notes, by the subordination of the Class B Notes, by the Cash Reserve and by the amounts that may be drawn under the PDL Subordinated Loan Agreement.

However, there can be no assurance that the levels of collections and recoveries received from the Portfolio together with such credit support will be adequate to ensure timely and full receipt of amounts due under the Class A Notes.

**Borrower protection**

Certain recent legislation enacted in Italy has given new rights to mortgage debtors and/or reinforced existing rights including, *inter alia* and upon the occurrence of certain conditions, the right to suspend the payments of instalments in respect of the principal of mortgage loans granted to small and medium enterprises for a period of 12 months (convention between the Italian Banking Association ("**ABI**") and the Ministry of Economic and Finance of 3 August 2009, "**PMI Moratorium**"). ABI communication dated 14 January 2010 "*Integrazione all'Avviso Comune per la Sospensione dei Debiti delle PMI verso il settore creditizio*" and ABI communication of 12 February 2010 provide for certain further integrations and clarifications of the PMI Moratorium and, in particular, extended the applicability of the objective to mortgage loans assisted by public benefits, where expressly resolved upon by the lender.

In addition, the benefit of the PMI Moratorium has been integrated and prolonged by the agreement named "*Accordo per il credito alle piccole e medie imprese*" (the "**PMI Financing Convention**") dated 16 February 2011 between, among others, ABI and the Ministry of Economic and Finance.

Lastly, on 28 February 2012 a new convention was entered into by, among others, ABI and the Ministry of Economic Development called "*Nuove misure per il credito alle PMI*" (the "**New PMI Moratorium**") which provides for *inter alia*: (i) a suspension of payments of instalments of the principal of mortgage loans granted to PMI *provided however that* the borrowers have not benefited of the suspension provided by the PMI Moratorium and the instalments are not due more than 90 days; and (ii) extension of the loan agreements for a maximum of 270 days with respect to short-term loan agreements to deal with cash-flow needs in relation to the pre-payment of certain and eligible receivables and for a maximum of 120 days with respect to agricultural operating loans. Such extension may be requested with respect to the loans which have not enjoyed the effect of the PMI Financing Convention and the loans suspended at the end of the suspension period.

On 24 June 2010, ABI, by a resolution of the Executive Committee, provided for further measures representing an adjustment of the "*Avviso Comune per la sospensione dei debiti delle PMI verso il settore creditizio*" ("**Measures for Enterprises**"), as appropriate to the specific area of Abruzzo affected by the earthquake. The Measures for Enterprises consist of an extension to all companies located in the municipalities affected by the earthquake, of the facilities previously provided for small and medium enterprises to suspend the debts owed to banking sector. The enterprises, requiring such suspension or extension, should have a position classified by the bank as "*performing*" at 6 April 2009. The beneficiaries can apply for the suspension until 31 January 2011 (see "*Selected Aspects of Italian Law Relevant to the Portfolio and the Transfer of the Portfolio*" below).

Further to the above, Italian Law Decree number 74 of 6 June 2012 "*Interventi urgenti in favore delle popolazioni colpite dagli eventi sismici che hanno interessato il territorio delle province di Bologna, Modena, Ferrara, Mantova, Reggio Emilia e Rovigo il 20 maggio e il 29 maggio 2012*" (the "**Emilia Romagna Decree**") provides, *inter alia,* for the suspension of all terms provided under contractual obligations starting from 20 May 2012 and ending on 31 July 2012 in favor of individuals, companies and institutions, as the case may be, resident, incorporated or located in the province affected by the earthquake events as of 20 May and 29 May 2012.

In addition, on 25 May 2012, ABI has proposed to all banking institution to support, on a voluntary basis, individuals, companies and institutions, as the case may be, resident, incorporated or located in the municipalities affected by the earthquake events above mentioned by means of suspension of

payments instalments due under the relevant mortgage loans at least until the end of 2012. In this context, UBI Banca agreed to such suspension of payments which applies to the instalments due from the period running from 20 May 2012 to 30 September 2012. Payments related to exposures classified as "*crediti deteriorati*" as well as instalments in arrears before 20 May 2012 are included in the suspension.

In addition to the measures listed above, UBI has developed a suspension plan for a maximum of 12 months (at the rate of interest provided under the relevant loan) of unsecured loans (for businesses only) and mortgages loans (for companies and individuals). The above mentioned suspension may be requested once it has completed the suspension of payment established by Emilia Romagna Decree.

This legislation may have an adverse effect on the Portfolio and, in particular, on any cash flow projections concerning the Portfolio.

**Risk of avoidance of prepayments upon the insolvency of the Borrowers**

Pursuant to article 65 of the Bankruptcy Law, payments of receivables made in the two years preceding the payer's declaration of insolvency are ineffective as against the payer's creditors (including a receiver in the payer's insolvency) if the receivables fall due on or after the payer's declaration of insolvency. Moreover, whilst as a result of the provisions of article 4 of the Securitisation Law, no claw-back under article 67 of the Bankruptcy Law would apply to payments made by the assigned debtors to companies organised under the Securitisation Law (such as the Issuer), the application of article 65 of the Bankruptcy Law to such payments is not excluded by any provision of the Securitisation Law.

The Italian Supreme Court (*Corte di Cassazione*, decisions No. 4842 of 5 April 2002, No. 19978 of 18 July 2008 and No. 17552 of 29 July 2009), overruling the view taken by previous decisions, has held that prepayments of loans (in any form) generally fall within the scope of application of article 65 of the Bankruptcy Law, irrespective of the borrower being entitled to prepay the loan pursuant to an express provision of the relevant agreement. More in particular, the Supreme Court has held that, being article 65 of the Bankruptcy Law a provision which states a presumption of law (*praesumptio iuris et de iure*) – in respect of payments of claims not yet due and payable as at the date of the declaration of bankruptcy, if made within two years before such declaration – not a contractual provision agreed by the parties may supersede such presumption but only a specific derogation provided by the law (such as that provided for under article 40 of the Consolidated Banking Act in respect of the mortgage loan agreement which qualifies as "*mutuo fondiario*").

Therefore it cannot be excluded that prepayments of the underlying Receivables (not arising out of mortgage loan agreement which qualifies as "*mutuo fondiario*"), made to the Issuer by the Borrowers who may be subject to insolvency proceedings (*i.e.* corporate entities and private individuals carrying out certain business activities), may be subject to claw-back under article 65 of the Bankruptcy Law, with the consequence that the Issuer would be required to pay to the receiver of each such Borrower, in priority to any payment due by the Issuer under the Notes, any amount prepaid by such Borrower in the two years preceding the date such Lessee was declared insolvent.

**Subordination of the Notes**

In respect of the obligation of the Issuer to pay interest and repay principal on the Class A Notes and to pay the Variable Return and repay principal on the Class B Notes, the Class A Notes will always 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.

As long as the Class A Notes are outstanding, unless notice has been given to the Issuer declaring the Class B Notes due and payable, the Class B Notes shall not be capable of being declared due and payable and the Class A Noteholders shall 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.

**Yield and Payment Considerations**

The yield to maturity of the Notes of each class will depend on, *inter alia*, the amount and timing of repayment of principal (including prepayments and proceeds from the sale of the Assets upon termination of the Loans) on the Receivables. Such yield may be adversely affected by higher or lower rates of prepayment, delinquency and default on the Receivables. The rate of prepayment, delinquency and default on the Receivables cannot be predicted and are influenced by a wide variety of economic, social and other factors.

**Interest Rate Risk**

The Issuer expects to meet its floating rate payment obligations under the Notes primarily from the payments relating to the Collections and Recoveries. However the interest component in respect of such payments may have no correlation to the EURIBOR rate from time to time applicable in respect of the Notes and no form of hedging has been entered into by he Issuer to protect the Issuer from such risk.

**Limited secondary market**

There is, at present, a secondary market for the Notes but it is neither active nor liquid, and there can be no assurance that an active or liquid secondary market for the Notes will develop. The Notes have not been, and will not be, offered to any persons or entities in the United States of America or registered under any securities laws and are subject to certain restrictions on the resale and other transfers thereof as set forth under "*Subscription and Sale*". If an active or liquid secondary market develops, it may not continue for the life of the Notes or it may not provide Noteholders with liquidity of investment with the result 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.

**Claims of Unsecured Creditors of the Issuer**

By operation of Article 3 of the Securitisation Law, 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 Securitisation Law) and amounts deriving therefrom will be available on a winding up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors and to pay other costs of the Securitisation. Amounts derived from the Portfolio will not be available to any other creditor of the Issuer.

However, 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 will also agree to certain covenants in the Intercreditor Agreement and the Conditions restricting the activities that may be carried out by the Issuer and will furthermore covenant not to enter into any transactions that are not contemplated in the Transaction Documents. To the extent that there are other creditors of the Issuer, the Issuer has established the Expenses Account and the funds therein may be used for the purposes of paying the on-going fees, costs, Expenses and Taxes of the Issuer to third parties other than the Other Issuer Creditors in respect of the Securitisation. Furthermore, the Originator will give certain undertakings in the Quotaholders' Agreement to make available funds to

the Issuer in certain circumstances (see "*Transaction Summary – Quotaholders' Agreement*" and "*The Issuer*"). Notwithstanding the foregoing, there can be no assurance that if any bankruptcy proceedings were to be commenced against the Issuer, the Issuer would be able to meet all of its obligations under the Class A Notes.

**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 Organisation of the Noteholders the power to resolve on the ability of any Noteholder to commence any such individual actions. The Representative of the Noteholders only can enforce the rights arising pursuant to the applicable law or to the Transaction Documents or can enforce the security. No Noteholder shall be entitled to enforce its rights against the Issuer directly, save for as provided by the Terms and Conditions and the Rules of the Organisation of the Noteholders.

***Usury Law***

Italian Law number 108 of 7 March 1996, as amended by law decree number 70 of 13 May 2011 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been issued on 26 March 2012). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates. In certain judgements issued during 2000, the Italian Supreme Court (*Corte di Cassazione*) ruled that the Usury Law applied both to loans advanced prior to and after the entry into force of the Usury Law. The amount payable by the Debtors pursuant to the mortgage loans may be subject to reduction, if deemed to be usurious.

***Compound interest***

Pursuant to article 1283 of the Italian Civil Code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months or from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian Civil Code allows derogation from this provision in the event that there are recognised customary practices to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a quarterly basis on the grounds that such practice could be characterised as a customary practice. However, a number of recent judgements from Italian courts (including judgements from the Italian Supreme Court (*Corte di Cassazione*) have held that such practices may not be defined as customary practices. Consequently if Debtors were to challenge this practice, it is possible that such interpretation of the Italian Civil Code would be upheld before other courts in the Republic of Italy and that the returns generated from the relevant mortgage loans may be prejudiced.

***Law no. 3 of 27 January 2012***

Law no. 3 of 27 January 2012, published in the Official Gazette of the Republic of Italy no. 24 of 30 January 2012 (the "**Over Indebtedness Law**") has become effective as of 29 February 2012 and introduced a new procedure, by means of which, *inter alia*, debtors who: (i) are in a state of over

indebtedness (*sovraindebitamento*), and (ii) cannot be subject to bankruptcy proceedings or other insolvency proceedings pursuant to the Royal Decree No. 267 of 16 March 1942, may request to enter into a debt restructuring agreement (*accordo di ristrutturazione*) with their respective creditors, provided that, in respect of future proceedings, the relevant debtor has not made recourse to the debt restructuring procedure enacted by the Over Indebtedness Law during the preceding 3 years.

The Over Indebtedness Law provides that the relevant debt restructuring agreement, subject to the relevant court approval, shall entail, *inter alia*: (i) the renegotiation of payments' terms with the relevant creditors; (ii) the full payment of the secured creditors; (iii) the full payment of any other creditors which are not part of the debt restructuring agreement (provided that the payments due to any creditors which have not approved the debt restructuring agreement, including any secured creditors, may be suspended for up to one year); and (iv) the possibility to appoint a trustee for the administration and liquidation of the debtor's assets and the distribution to the creditors of the proceeds of the liquidation.

Should the debtors under the Portfolio enter into such debt restructuring agreement (be it with the Issuer or with any other of its creditors), the Issuer could be subject to the risk of having the payments due by the relevant debtor suspended for up one year.

**Credit Risk on BBS and Other Parties**

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by BBS and the other parties to the Transaction Documents of their respective obligations under the Transaction Documents to which they are a party. In particular, amongst other things, the timely payment of amounts due on the Class A Notes will depend on the ability of the Servicer to service and collect the Portfolio.

In particular, the Issuer is subject to the risk of the failure by UBI Banca in its capacity as Servicer to collect sufficient funds in respect of the Receivables in order to enable the Issuer to discharge all amounts payable under the Notes when due. In addition, the ability of the Issuer to make payments in respect of the Notes may depend to an extent upon the due performance by BBS of its obligations under the Warranty and Indemnity Agreement. In each case, the performance by the Issuer of its obligations thereunder is dependent on the solvency of the Originator and the Servicer (or any permitted successors or assignees appointed under the Servicing Agreement).

In the event that the Servicer ceases to act as Servicer under the relevant Servicing Agreement, a substitute servicer will replace the Servicer pursuant to a new servicing agreement.

Such substitute servicer would be required to assume responsibility for the services required to be performed under the Servicing Agreement. The ability of a substitute servicer to perform fully the required services would depend, *inter alia*, on the information, software and records available at the time of the relevant appointment. It is not certain that a suitable alternative Servicer could be found to service the Portfolio if the Servicer becomes insolvent or fails to fulfil its obligations pursuant to the terms of the Servicing Agreement. If such an alternative Servicer were to be found it is not certain whether it would agree to service the Portfolio on the same terms as are provided for in the Servicing Agreement. In such circumstances, 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 fully repay all amounts due to the Noteholders.

The performance of the Italian economy has a significant impact on BBS and UBI Banca as their activities are principally concentrated in the Republic of Italy. A severe or extended downturn in the Republic of Italy’s economy would adversely affect the results of operations and the financial

condition of BBS and UBI Banca which could in turn affect their ability to perform their obligations under the Transaction Documents to which they are a party.

**Further Securitisations**

The Issuer may purchase and securitise further portfolios of monetary claims in addition to the Portfolio. It is, *inter alia*, a condition precedent to any such securitisation: (a) the confirmation from the Issuer to the Representative of the Noteholders that certain conditions provided for under the Intercreditor Agreement are satisfied, (b) the delivery of notice to DBRS, and (c) the prior confirmation of S&P that any such securitisation transaction will not adversely affect the rating of any of the Class A Notes. Pursuant to article 3 of the Securitisation Law, the receivables subject of each securitisation transaction will, by operation of law and by virtue of the Transaction Documents, be segregated for all purposes from all other assets of the company that purchases such receivables. As a consequence, on the winding up of such company the receivables so segregated will be available to the holders of the relevant notes issued to finance the acquisition of such relevant receivables and to certain creditors whose claim relates to debts incurred in connection with such relevant securitisation transaction only. Furthermore, the receivables that relate to a particular securitisation transaction will not be available to the holders of notes issued to finance an other, different, securitisation transaction or to other creditors of the Issuer.

**The Representative of the Noteholders**

The Conditions of the Notes and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders, in respect of all its powers, authorities, duties and discretion, to have regard to the interests of the holders of each class of Notes as if they formed a single class (except where expressly provided otherwise) but requiring the Representative of the Noteholders, in the event of a conflict between the interests of the holders of different classes of Notes, to have regard only to the interests of the Class A Noteholders while the Class A Notes are outstanding. Remedies pursued by the Representative of the Noteholders in such circumstances may be adverse to the interest of the Class B Noteholders.

**Limited Nature of Credit Ratings assigned to the Class A Notes**

Each credit rating assigned to the Class A Notes reflects assessment by a Rating Agency only of the likelihood of timely payment of interest and ultimate payment of principal on or before the Final Maturity Date, not that it will be paid when expected or scheduled.

The ratings do not address the following:

- the possibility that the Class A Noteholders might suffer a yield lower than expected due to prepayments;
- the possibility of the imposition of Italian or European withholding tax;
- 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 its ratings or withdraw its rating if, in its sole judgement, 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.

**Historical Information**

The historical financial and other information set out in the section headed "*The Originator*" represents the historical experience of BBS. Although BBS accepts any responsibility for its fairness and trueness, there can be no assurance that the future experience and performance of BBS as Originator of the Portfolio will be similar to the experience shown in this document. Equally, the historical financial and other information set out in the sections headed "*The Servicer*" and "*The Portfolio and the Collection and Recovery Policies*" represents the historical experience of UBI Banca and although UBI Banca accepts any responsibility for its fairness and trueness, there can be no assurance that the future experience and performance of UBI Banca as Servicer of the Portfolio will be similar to the experience shown in this document.

**Terms of the Loans**

Although the majority of the Loans entered into by BBS with the Debtors are based on the standard terms and conditions of BBS, there can be no guarantee that the Loans do not contain any terms or conditions that adversely affect in any manner the value of the Receivables or the enforceability of the Loans.

**Loan Agreements' Performance**

There can be no guarantee that the Borrowers will not default under any Loan Agreement and that they will continue to perform. The recovery of amounts due in relation to any Defaulted Receivables 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 and 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 or three years; further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and whether or not the Borrower raises a defence or counterclaim to the proceedings. For the Republic of Italy as a whole, it takes an average of six to seven years from the time lawyers commence enforcement proceedings until the time an auction date is set for the forced sale of any assets.

**General Risks of Real Estate Investments**

All Loan Agreements secured by Mortgages are 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 the 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 competitive 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 which 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 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 relevant Loan Agreement, and consequently, the amount available to make payments on the Notes.

**Mutui Fondiari**

The Loan Agreements include, *inter alia*, loans secured by Mortgages 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 section entitled "*Selected aspects of Italian law*".

**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 Receivable against any amounts payable by the Originator to the relevant assigned Borrower. After publication in the Official Gazette of the notice of transfer of the Portfolio to the Issuer pursuant to the Master Transfer Agreements and 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 Supreme Court (*Corte di Cassazione*): 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 vis-a-vis the Originator which arises after the date of such publication and registration.

**Tax Treatment of the Issuer**

Taxable income of the Issuer is determined in accordance with Italian Presidential Decree No. 917 of 22 December 1986, as subsequently amended and supplemented. In particular, based on the general rules applicable to the calculation of net taxable income of a company, such taxable income should be calculated on the basis of the accounting (i.e. on-balance sheet) earnings, subject to such adjustments as specifically provided for by applicable income tax rules and regulations. However, the assets, liabilities, costs and revenues of the Issuer in relation to the securitisation of the Receivables will be treated as off-balance sheet assets, liabilities, costs and revenues (except for overhead and general expenses and any amount that the Issuer may apply out of its available funds for the payment of such overhead and general expenses). Accordingly, no taxable income should accrue to the Issuer in the context of the transfer to the Issuer of the Portfolio except for amounts, if any, that will be available to the Issuer after all its obligations towards the Issuer Secured Creditors have been fulfilled, based on the applicable Priority of Payments.

In this respect, the Italian Revenue Agency (the "**Agency**") clarified that the net result of a securitisation transaction is taxable as relevant Issuer's taxable income "*to the extent that the relevant securitisation transaction is structured in such a way that a net income is available to the vehicle after having discharged all its obligations*". Pursuant to Circular No. 8/E of 6 February 2003, the Agency has taken the position that only amounts, if any, available to a securitisation vehicle after fully discharging its obligations towards its noteholders and other creditors in respect of costs, fees and expenses in relation to the relevant securitisation transaction should be imputed for tax purposes to the vehicle. Consequently, according to the quoted position of the Agency, the Issuer should not have any taxable income if no amounts are available to the Issuer after discharging all its obligations deriving from and connected to the securitisation transaction contemplated herein.

It is, however, possible that the Ministry of Finance or another competent authority may issue further regulations, letters or rulings relating to the Securitisation Law 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.

As confirmed by the Agency (Ruling No. 222 issued on 5 December 2003 and Ruling No. 77 issued on 4 August 2010), the interest accrued on the accounts will be subject to withholding tax on account of corporate income tax. As of the date of this Prospectus, such withholding tax is levied at the rate of 20 per cent. and has to be imposed at the time of payment.

**Substitutive Tax under the Notes**

Payments of interests, premiums and other income (including the difference between the redemption amount and the issue price) under the Notes (hereinafter the "**Interests**") may be subject, under certain conditions, to a substitutive tax to be levied according to provisions set forth by Legislative Decree no. 239 of 1 April 1996. Should this be the case, the relevant beneficial owner of the payment will receive an amount of Interest payable on the Notes net of the substitutive tax levied. As at the date of this Prospectus such substitute tax is levied at the rate of 20 per cent., or such lower rate as may be applicable under the relevant double taxation treaty.

In the event that substitute tax is imposed in respect of payments to the Noteholders of amounts due pursuant to the Notes, neither the Issuer nor any other person will be obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of substitute tax.

For further details, see section headed "*Taxation*".

**No gross up on withholding tax**

In respect of payments made by the Issuer under the Notes, to the extent that the Issuer is required by law to withhold or deduct any present or future taxes of any kind imposed or levied by or on behalf of the Republic of Italy from such payments, the Issuer will not be under an obligation to pay any additional amounts to Noteholders, irrespective of whether such withholding or deduction arises from existing legislation or its application or interpretation as at the relevant Issue Date or from changes in such legislation, application or official interpretation after the Issue Date.

**EU Savings Directive**

EU Directive No. 2003/48/EEC regarding the taxation of savings income ("Savings Directive") came into force on 1 July 2005. It concerns a reporting procedure allowing the tracking of certain payments of interest made by a paying agent established in an EU member state to beneficial owners who are individuals resident in different EU member states. In principle, the application of Savings Directive requires qualifying paying agents to identify the beneficial owner of certain interest payments and collect the relevant data to be transferred to the competent tax authorities of the state of establishment of such paying agent. An exchange of information of the competent authorities between the EU member state of the paying agent and that of the beneficial owner of the interest will allow the owner to be effectively taxed on its savings income.

Savings Directive provides that for a transitional period, Austria and Luxembourg are permitted to apply an optional information reporting system, whereby if a beneficial owner (within the meaning of the European Savings Directive) does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system applies for a transitional period and the withholding tax rate is currently applied at rate of 35 per cent. The transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments. The Savings Directive provides for exemption from withholding tax to the extent

that the beneficial owner of the relevant interest provides the paying agent with minimum data requirements. The mechanism of application of such withholding tax would, however, be governed by the implementing legislation of the relevant country to which the investors of the Notes shall refer to.

The Italian Government has implemented Savings Directive with the Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Decree No. 84 will apply to payments of interest made by paying agents established in Italy to beneficial owners who are individuals resident in a different EU member state as well as in other jurisdictions that have adopted similar legislations (Jersey, Guernsey, Isle of Man, Dutch Antilles, British Virgin Islands, Turks and Caicos, Cayman, Montserrat, Anguilla and Aruba). According to Article 1(1) of Decree No. 84, the definition of paying agents includes, *inter alia*, banks, SGRs, fiduciary companies, financial intermediaries, and any economic operator that may be involved, commercially or professionally, in a payment of interests.

For further details, see section headed "*Taxation*".

**Change of Law**

The structure of the transaction and, *inter alia*, the issue of the Notes and 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 such change will not adversely impact the structure of the transaction and the treatment of the Notes.

**Claw Back of the Sale of the Claims**

A transfer pursuant to Law 130 is potentially subject to an action for claw back of such sale by a liquidator of the transferor (i) within three months following the transfer (where the sale is not at an undervalue) 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) within six months following the transfer (where the sale is at an undervalue) 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.

In accordance with the above, if BBS was insolvent at the time of the transfer of the Portfolio pursuant to the Master Transfer Agreement and the Issuer is, or ought to be, aware of such insolvency then, in certain circumstances, the transfer may be subject to claw back by a liquidator of BBS.

**Servicing of the Portfolio and Conflict of Interest**

The Portfolio will be serviced by UBI Banca acting as Servicer starting from the date of execution of the Servicing Agreement under the terms of the same. 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.

UBI Banca has advised the Issuer that it intends to continue to administer and actively manage lending activities for its own account, including ones similar to the Receivables, in the ordinary course of its business. During the course of its business activities, UBI Banca may administer lending activities carried out with respect to the same customers as the Receivables. Certain of UBI Banca personnel may perform services with respect to the Receivables at the same time as they are performing services with respect to other lending activities with respect to the same customers as the Receivables. In such a case, the interests of UBI Banca may differ from and compete with the

interests of the Issuer with respect to the Receivables and such activities may adversely affect the amount and timing of collections on or liquidations of the Receivables.

**Eligibility of Class A Notes for Eurosystem monetary policy**

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This only means that the Class A Notes were upon issue deposited with the Monte Titoli system as a securities settlement system that fulfils the standards established by the European Central Bank and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem ("**Eurosystem Eligible Collateral**") either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as specified by the European Central Bank. If the Class A Notes do not satisfy the criteria specified by the European Central Bank, there is a risk that the Class A Notes will not be Eurosystem Eligible Collateral. The Issuer gives no representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral. Any potential investor in the Class A Notes should make their own conclusions and seek their own advice with respect to whether or not the Class A Notes constitute Eurosystem Eligible Collateral.

**Projections, Forecasts and Estimates**

Estimates of the weighted average lives of the 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 be proved correct or will vary significantly from actual results. Accordingly, the projections are only estimates. Actual results may vary from the projections, and such variations may be material.

**Regulatory Initiatives regarding Regulatory Capital Requirements 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 neither the Issuer, the Originator nor any other party makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the relevant Issue Date or at any time in the future.

In particular, in Europe, investors should be aware of Article 122a of the Capital Requirements Directive ("**Article 122a**") which applies in general to new securitisations issued on or after 1 January 2011 and, after 31 December 2014, to existing securitisations where new underlying exposures are added or substituted after 31 December 2014. Article 122a restricts an EU regulated credit institution from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an on-going 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 122a. Article 122a also requires an EU regulated credit institution to be able to demonstrate 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. Failure to comply with one or more of the requirements set out in Article 122a will result in the imposition of a penal capital charge on the notes acquired by the relevant investor.

There remains considerable uncertainty with respect to Article 122a and it is not clear what will be required to demonstrate compliance to national regulators. Investors 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 Article 122a should seek guidance from their regulator. Similar requirements to those set out in Article 122a are expected to be implemented for other EU regulated investors (such as investment firms, insurance and reinsurance undertakings and certain hedge fund managers) in the future.

Article 122a of the Capital Requirements Directive 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.

With respect to the fulfilment by the Originator of the requirements of the Article 122a please refer to Section "*Compliance with Article 122a of the CRD*".

***The Issuer believes that the risks described above are the principal risks for the Noteholders inherent in the transaction, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons. The Issuer does not represent that the above stated risk factors are exhaustive. The Issuer believes that the structural elements described elsewhere in this Prospectus go to mitigate a number of these risks for the Noteholders, nevertheless the Issuer cannot give any assurance that those will be sufficient to ensure timely payment of interest, principal or any other amounts on or in connection with the Notes to the Noteholders.***

***Further risks, of which prospective Noteholders should be aware, are evidenced in "Selected Aspects of Italian Law".***

## THE PORTFOLIO

The Initial Portfolio of Receivables described in this section has been selected in accordance with the Common Criteria and other specific criteria set out in Annex A to the Master Transfer Agreement applicable to the Initial Portfolio as of the Selection Date.

All the Receivables included in the Subsequent Portfolios will comply with the Common Criteria for Subsequent Portfolio and the additional Specific Criteria, indicated by the Originator in the relevant offer letter. Furthermore, it is a condition to the purchase of the Subsequent Receivables that no Transfer Limits will be breached as a consequence of its purchase.

The Initial Portfolio consists of Receivables deriving from payments due under Loans originated by the Originator.

As at the Cut-Off Date, the aggregate outstanding amount of the Receivables of the Initial Portfolio (net of the Receivables repurchased before the Issue Date) was equal to Euro 889,014,865.34.

The Master Transfer Agreement does not expressly allow the replacement or exchange of the Receivables comprised in the Portfolio, or for the value of the Portfolio to be increased, except that the value of the Portfolio can be increased or decreased, pursuant to the Master Transfer Agreement, in order to add receivables which complied with the Criteria at the Effective Date, but which, in error, were not transferred to the Issuer on such date or to remove receivables which did not, at the Effective Date, comply with the Criteria, but which, in error, were transferred to the Issuer on such date.

### Common Criteria

On the Selection Date, the Receivables which are part of the Initial Portfolio comply with the following Common Criteria:

The Receivables are arising from Loans:

- which have been granted to legal persons or to individuals in relation to their commercial operations within the following sectors; sector of economic activity (as defined by the Bank of Italy) codes ("**SAE Codes**"): 430 (Goods and services production companies), 431 (Private holding companies of production companies), 480 (Craft companies with 20 or more employees), 481 (Craft companies with more than 5 and less than 20 employees), 482 (Craft companies with less than 20 employees), 490 (Non-craft companies with 20 or more employees), 491 (Non-craft companies with more than 5 and less than 20 employees), 492 (Companies with less than 20 employees), 614 (Craft companies with less than 5 employees), 615 (Non-craft companies with less than 5 employees);
- which have been granted to individuals residing in Italy or to legal persons having their registered office in Italy;
- which have been granted to undertakings which employ less than 250 employees and with an annual turnover (separate and consolidated) of Euro 50 million or less or, alternatively, total assets (separate and consolidated) of Euro 43 million or less;
- which are mortgages, unsecured and/or unguaranteed loans or loans secured by way of pledge or personal guarantee;
- which, except for any initial period during which only interests are paid, provide for the payment of interest and the repayment of principal through instalments which include principal and interest;

- which provide for all payments due by the Debtor thereunder to be made in Euro;
- which provide for the payment by the Debtor of monthly, quarterly and semi-annual instalments;
- which are performing and in respect of which no instalments are due but have not been paid since more than 30 days from the relevant payment date;
- which are governed by Italian law; and
- which do not include any clauses limiting the possibility for BBS to assign the receivables arising thereunder or providing the Debtor's consent for such assignment and BBS has obtained such consent.

In any case there are not included in the transfer those Receivables that notwithstanding the fact that they fall at the Selection Date in the categories listed above, also have at least one of the following characteristics, arising from Loans:

- guaranteed by real estate mortgages on properties falling in the following cadastral categories: B/1, B/2, B/3, B/4, B/5, B/6, B/7 and C/5;
- which are registered in the Bank of Italy's procedure called ABACO (*Attivi Bancari Collateralizzati*) or which have the following characteristics:
    1. are governed by Italian law, euro-denominated and the repayment is amortized;
    2. are rated by Cerved Group S.p.A. (a recognised external credit assessment institution) ("**Cerved Group**") with a rating which is not lower of "Baa7" (i.e. equal to: "Aa1"; "Aa2"; "Aa3"; "A4"; "A5"; "A6"; "Baa7") and/or are internally rated on the Validated Corporate Perimeter to which corresponds a probability of default ("**PD**") of no more than 1 per cent. except for: (a) loans which belong to rating classes 4 and 5 for undertakings belonging to the Corporate Segment and which have been rated by the Cerved Group with a rating below "Baa 7" and (b) loans which belong to rating class 5 for undertakings belonging to the Large Corporate segment and which have been rated by the Cerved Group with a rating below "Baa7";
    3. have a residual nominal capital of not less than Euro 500,000; and
    4. have been granted to non-financial companies, public authorities or national or supranational institutions residing in the Euro zone;
- which are granted to a counterpart belonging to one of these categories: EREL (religious entities), SNR (companies or entities with tax residence out of the Republic of Italy), EPG (non-for profit private entities which have separate legal personality);
- agricultural-purpose loans;
- secured by promissory notes;
- guaranteed by pledges issued by *Cooperative di Garanzie Fidi* (*Confidi*);
- which have been renegotiated under the provisions of the standstill agreement signed on 28 February 2012 between the Ministry of Economy and Finance, the Ministry of Economic Development, the Italian Bank Association ("**ABI**") and associations representative of undertakings, which concern new credit measures for small and medium enterprises which have not yet completed the moratorium period for the repayment of principal;

- which instalment payments have been suspended, extended or renewed and which period of suspension, extension or renewal has not yet expired;
- owned by a debtor who, at the Cut-Off Date, is in default in respect of other loans held with BBS or other banks of the UBI Group;
- renegotiated pursuant to Legislative Decree n. 93 of 28 May 2008, converted into law by Law n. 126 of 24 July 2008 (the "**Tremonti 1**");
- facilitated loans, loans granted using third party funds, subordinated loans and short-term loans the purpose of which is to anticipate financial resources which will be derived from a subsequent medium-long term loan to be granted by the same bank (related to technical forms MT025; MT065; MT070; MT075; MT300; MT320; PD057; SD260; PT442);
- the contract offer of which has been conveyed through Tecnocasa Franchising S.p.A;
- granted to enterprises in order to finance real estate activities (both in relation to completed buildings and to buildings in the process of being completed) which provide for (i) a future portioned sale of the building being financed and (ii) within the respective agreement, the possibility to split the overall loan, these loans (as can be seen in the summary document sent annually to the debtor) are identifiable with denominations of MIP116 and FOI023;
- qualified as Specialised Loans
- granted to employees of the UBI Group;
- granted by a pool of banks;
- secured by mortgage which guarantees this debt and other debts towards the same bank, which do not respect the above-mentioned features.

In this section "*Common Criteria*" the following terms shall be given the meaning below:

"**Cut-Off Date**" means 1 June 2012 and, in relation to transfers of Subsequent Portfolios, the date indicated in each Transfer Offer.

"**Specialised Loans**" means, among exposures towards undertakings, the loans which have all of the following features:

a) the loan is granted to a special purpose vehicle specifically created with the purpose of financing and/or administrating real assets;

b) the terms of the loan give the lender substantial control over the assets and the income generated by these;

c) the debt is mainly repaid with income generated by the financial activities.

The following are examples of categories of specialised loans: (i) project financing, (ii) object financing; (iii) commodities financing; (iv) income producing real estate granted to undertakings which have: a) a separate or consolidated exposure equal to Euro 1 million or more, or b) an individual or consolidated size of 1.5 million or more, and c) granted to the single counterpart an amount equal to Euro 7 million or more.

"**Validated Corporate Perimeter**" indicates, jointly the following segments:

"*Small Business*": undertakings (with a SAE Activity Code different from 600, 773, 774, 775) having (a) an individual or consolidated exposure of Euro1 million or more, or b) an individual or consolidated size of Euro 1.5 million or more, (c) size, for a single counterpart up to Euro 5 million or

more and (d) a SAE Activity Code different from: 250, 278, 329, 450, 500, 501, 783, 784, 785 (non-for-profit entities);

"*Corporate*": undertakings (with a SAE Activity Code different from 600, 773, 774, 775) having (a) an individual or consolidated exposure of Euro1 million or more, or b) an individual or consolidated size of Euro 1.5 million or more, (c) size, for a single counterpart in-between Euro 5 million and Euro 150 million and (d) a SAE Activity Code different from: 250, 278, 329, 450, 500, 501, 783, 784, 785 (non-for-profit entities);

"*Large Corporate*": enterprises (with a SAE Activity Code different from 600, 773, 774, 775) having (a) an individual or consolidated exposure of Euro1 million or more, or b) an individual or consolidated size of Euro 1.5 million or more, (c) size, for a single counterpart of more than Euro 150 million and (d) a SAE Activity Code different from: 250, 278, 329, 450, 500, 501, 783, 784, 785 (non-for-profit entities).

In relation to the Initial Portfolio, the Originator will transfer to the Issuer, all debts (relating to principal, interest, including interest accruing on unpaid interest amounts, accrued and to be accrued from the Selection Date, accessories, expenses, additional damages, indemnifications, etc.) deriving from loan agreements owned at the Selection Date by the Originator and that, at the same date (unless otherwise provided), satisfied, in addition to the Common Criteria, the following specific criteria (as set out in Annex A to the Master Transfer Agreement):

- the loan has been fully drawn on 30 April 2012; and
- the capital outstanding amount of which is equal to Euro 13,000,000 or less.

**Common Criteria for Subsequent Portfolios**

On the relevant Selection Date, the Receivables which are part of any Subsequent Portfolio will comply with the Common Criteria indicated above and applicable to the Initial Portfolio and the following common criteria (the "**Common Criteria for Subsequent Portfolios**"), in addition to any additional Specific Criteria indicated by the Originator in the relevant offer letter.

The Receivables arising from Loans:

- in relation to which at least one instalment has been paid;
- which are fixed rate loans or 1 month, 3 month, 6 months Euribor indexed floating rate loans;
- which maturity date does not fall after 31 October 2045;
- which have been fully disbursed;
- which are floating rate and in relation to which no cap is contemplated;
- which do not allow for any changes in the interest rate from fixed to floating and/or vice versa;
- which have been provided for by the Originator; and
- where the debtor does not belong to the economic group as determined by NDG 2612117 where NDG is the Originator's internal code identifying the relevant economic group;
- not granted to companies belonging to UBI Banca Group.

## Portfolio Summary

The following tables reflect the position and characteristics of the principal outstanding amount of the Portfolio. The characteristics of the principal outstanding amount of the Portfolio as at the Issue Date may vary from those set out in the following tables as a result, inter alia, of prepayments of the Loans prior to the Issue Date.

| **Summary** | |
|---|---|
| Aggregate Outstanding Principal Balance (EUR) | 889,014,865.34 |
| Number of Loans | 9,948 |
| Largest Individual Loan (EUR) | 12,497,261.12 |
| Smallest Individual Loan (EUR) | 23.60 |
| Average Loan Size (EUR) | 89,366.19 |
| WA Seasoning (months) | 23.05 |
| WA Remaining Term (years) | 8.35 |
| Fixed Rate Loans - WA Interest Rate (%) | 5.19% |
| Variable Rate Loans - WA Spread (%) | 1.89% |

| **Original Balance** | **Balance (EUR)** | **% of Balance** | **# of Loans** | **% of Loans** |
|---|---|---|---|---|
| 1 - 50,000 | 92,982,326.22 | 10.46 | 5,809 | 58.39 |
| 50,001 - 100,000 | 89,433,218.04 | 10.06 | 1,877 | 18.87 |
| 100,001 - 150,000 | 60,187,401.84 | 6.77 | 701 | 7.05 |
| 150,001 - 200,000 | 59,267,010.71 | 6.67 | 476 | 4.78 |
| 200,001 - 250,000 | 36,067,701.73 | 4.06 | 222 | 2.23 |
| 250,001 - 300,000 | 38,967,479.84 | 4.38 | 199 | 2.00 |
| 300,001 - 350,000 | 19,168,932.90 | 2.16 | 75 | 0.75 |
| 350,001 - 400,000 | 25,263,049.61 | 2.84 | 88 | 0.88 |
| 400,001 - 450,000 | 10,236,349.32 | 1.15 | 33 | 0.33 |
| 450,001 - 500,000 | 45,248,273.97 | 5.09 | 129 | 1.30 |
| 500,001 - 1,000,000 | 106,460,140.70 | 11.98 | 201 | 2.02 |
| 1,000,001 - 2,000,000 | 112,809,256.12 | 12.69 | 90 | 0.90 |
| 2,000,001 - 3,000,000 | 42,122,504.27 | 4.74 | 17 | 0.17 |
| 3,000,001 - 4,000,000 | 26,542,807.17 | 2.99 | 9 | 0.09 |
| 4,000,001 - 5,000,000 | 20,292,632.43 | 2.28 | 6 | 0.06 |
| 5,000,001 - 6,000,000 | 15,187,786.29 | 1.71 | 3 | 0.03 |
| >= 6,000,001 | 88,777,994.18 | 9.99 | 13 | 0.13 |
| **Total:** | **889,014,865.34** | **100.00** | **9,948** | **100.00** |

| **Outstanding Balance** | **Balance (EUR)** | **% of Balance** | **# of Loans** | **% of Loans** |
|---|---|---|---|---|
| 1 - 50,000 | 132,449,422.79 | 14.90 | 7,067 | 71.04 |
| 50,001 - 100,000 | 92,493,318.77 | 10.40 | 1,298 | 13.05 |
| 100,001 - 150,000 | 64,681,002.29 | 7.28 | 524 | 5.27 |
| 150,001 - 200,000 | 48,717,595.08 | 5.48 | 279 | 2.80 |
| 200,001 - 250,000 | 41,239,703.42 | 4.64 | 183 | 1.84 |
| 250,001 - 300,000 | 28,937,165.31 | 3.25 | 105 | 1.06 |
| 300,001 - 350,000 | 24,675,185.55 | 2.78 | 76 | 0.76 |
| 350,001 - 400,000 | 25,794,514.29 | 2.90 | 69 | 0.69 |
| 400,001 - 450,000 | 22,749,716.64 | 2.56 | 53 | 0.53 |
| 450,001 - 500,000 | 21,579,548.40 | 2.43 | 45 | 0.45 |
| 500,001 - 1,000,000 | 97,004,527.25 | 10.91 | 135 | 1.36 |
| 1,000,001 - 2,000,000 | 99,119,387.76 | 11.15 | 70 | 0.70 |
| 2,000,001 - 3,000,000 | 50,258,313.40 | 5.65 | 20 | 0.20 |
| 3,000,001 - 4,000,000 | 27,640,418.74 | 3.11 | 8 | 0.08 |
| 4,000,001 - 5,000,000 | 18,227,662.43 | 2.05 | 4 | 0.04 |
| 5,000,001 - 6,000,000 | 23,719,094.02 | 2.67 | 4 | 0.04 |
| >= 6,000,001 | 69,728,289.20 | 7.84 | 8 | 0.08 |
| **Total:** | **889,014,865.34** | **100.00** | **9,948** | **100.00** |

| **Seasoning (months)** | **Balance (EUR)** | **% of Balance** | **# of Loans** | **% of Loans** |
|---|---|---|---|---|
| 0.1 - 4.0 | 57,642,304.82 | 6.48 | 671 | 6.75 |
| 4.1 - 8.0 | 77,722,443.56 | 8.74 | 783 | 7.87 |
| 8.1 - 12.0 | 102,620,864.53 | 11.54 | 885 | 8.90 |
| 12.1 - 16.0 | 121,960,674.64 | 13.72 | 995 | 10.00 |
| 16.1 - 20.0 | 80,977,315.35 | 9.11 | 945 | 9.50 |
| 20.1 - 24.0 | 90,535,523.70 | 10.18 | 886 | 8.91 |
| 24.1 - 28.0 | 75,114,412.25 | 8.45 | 1,163 | 11.69 |
| 28.1 - 32.0 | 73,165,691.90 | 8.23 | 881 | 8.86 |
| 32.1 - 36.0 | 74,746,986.34 | 8.41 | 813 | 8.17 |
| 36.1 - 40.0 | 49,811,712.20 | 5.60 | 821 | 8.25 |
| 40.1 - 44.0 | 14,896,488.20 | 1.68 | 257 | 2.58 |
| 44.1 - 48.0 | 15,945,069.82 | 1.79 | 129 | 1.30 |
| >= 48.1 | 53,875,378.02 | 6.06 | 719 | 7.23 |
| **Total:** | **889,014,865.34** | **100.00** | **9,948** | **100.00** |

| Remaining Term (years) | Balance (EUR) | % of Balance | # of Loans | % of Loans |
|---|---|---|---|---|
| <= 2 | 72,965,098.07 | 8.21 | 3,282 | 32.99 |
| 3 - 4 | 227,321,045.06 | 25.57 | 4,113 | 41.34 |
| 5 - 6 | 100,004,623.84 | 11.25 | 1,432 | 14.39 |
| 7 - 8 | 71,321,175.77 | 8.02 | 234 | 2.35 |
| 9 - 10 | 104,417,327.89 | 11.75 | 313 | 3.15 |
| 11 - 12 | 68,109,409.65 | 7.66 | 118 | 1.19 |
| 13 - 14 | 94,235,635.14 | 10.60 | 203 | 2.04 |
| 15 - 16 | 56,775,037.62 | 6.39 | 117 | 1.18 |
| 17 - 18 | 25,675,844.86 | 2.89 | 83 | 0.83 |
| 19 - 20 | 30,584,990.55 | 3.44 | 35 | 0.35 |
| 21 - 22 | 20,348,882.66 | 2.29 | 7 | 0.07 |
| 23 - 24 | 2,524,929.37 | 0.28 | 4 | 0.04 |
| 25 - 26 | 1,201,979.84 | 0.14 | 2 | 0.02 |
| 27 - 28 | 13,094,368.50 | 1.47 | 3 | 0.03 |
| 29 - 30 | 434,516.52 | 0.05 | 2 | 0.02 |
| **Total:** | **889,014,865.34** | **100.00** | **9,948** | **100.00** |

| Interest Rate Type | Balance (EUR) | % of Balance | # of Loans | % of Loans |
|---|---|---|---|---|
| Floating | 824,966,526.58 | 92.80 | 8,435 | 84.79 |
| Fixed | 64,048,338.76 | 7.20 | 1,513 | 15.21 |
| **Total:** | **889,014,865.34** | **100.00** | **9,948** | **100.00** |

| Sector and Industry breakdown - RAE | Balance (EUR) | % of Balance | # of Loans | % of Loans |
|---|---|---|---|---|
| Other sales and distribution services | 295,709,084.92 | 33.26 | 2,121 | 21.32 |
| Wholesale and retail trade | 145,737,080.63 | 16.39 | 2,519 | 25.32 |
| Building and construction industry | 91,099,283.18 | 10.25 | 1,306 | 13.13 |
| Agriculture, forestry, fisheries | 73,558,774.99 | 8.27 | 459 | 4.61 |
| Metal goods excluding machinery and transport | 52,642,577.53 | 5.92 | 627 | 6.30 |
| Hotels and public services | 43,385,822.97 | 4.88 | 826 | 8.30 |
| Industrial and agricultural machinery | 26,632,942.76 | 3.00 | 251 | 2.52 |
| Transportation services | 21,571,616.10 | 2.43 | 427 | 4.29 |
| Food, beverages, tobacco | 21,056,156.17 | 2.37 | 233 | 2.34 |
| Miscellaneous industrial products | 17,353,741.56 | 1.95 | 289 | 2.91 |
| Mining, minerals | 17,321,236.25 | 1.95 | 118 | 1.19 |
| Textiles, footwear, clothing | 16,640,586.46 | 1.87 | 211 | 2.12 |
| Rubber, plastics | 15,087,464.20 | 1.70 | 83 | 0.83 |
| Oil and gas | 13,078,379.62 | 1.47 | 23 | 0.23 |
| Metals | 11,570,506.60 | 1.30 | 39 | 0.39 |
| Electronics, electrical goods, EDP | 11,494,691.17 | 1.29 | 193 | 1.94 |
| Paper, printing, publishing | 6,674,213.89 | 0.75 | 122 | 1.23 |
| Transport | 4,786,823.54 | 0.54 | 41 | 0.41 |
| Chemicals | 3,380,640.46 | 0.38 | 54 | 0.54 |
| Communications | 137,443.34 | 0.02 | 3 | 0.03 |
| Non industrial | 95,798.98 | 0.01 | 3 | 0.03 |
| **Total:** | **889,014,865.34** | **100.00** | **9,948** | **100.00** |

| Borrower - Geographic Region | Balance (EUR) | % of Balance | # of Loans | % of Loans |
|---|---|---|---|---|
| Lombardia | 653,211,906.41 | 73.48 | 7,233 | 72.71 |
| Lazio | 104,913,166.58 | 11.80 | 1,223 | 12.29 |
| Veneto | 84,944,704.94 | 9.55 | 1,052 | 10.57 |
| Toscana | 17,776,042.27 | 2.00 | 26 | 0.26 |
| Friuli Venezia Giulia | 15,244,041.69 | 1.71 | 202 | 2.03 |
| Emilia Romagna | 5,815,414.70 | 0.65 | 55 | 0.55 |
| Liguria | 2,050,721.06 | 0.23 | 13 | 0.13 |
| Trentino Alto Adige | 1,273,625.37 | 0.14 | 16 | 0.16 |
| Sardegna | 872,778.05 | 0.10 | 17 | 0.17 |
| Piemonte | 835,138.05 | 0.09 | 27 | 0.27 |
| Puglia | 770,831.26 | 0.09 | 12 | 0.12 |
| Calabria | 359,453.95 | 0.04 | 11 | 0.11 |
| Sicilia | 285,717.55 | 0.03 | 22 | 0.22 |
| Umbria | 272,704.86 | 0.03 | 9 | 0.09 |
| Marche | 229,249.44 | 0.03 | 15 | 0.15 |
| Campania | 101,872.22 | 0.01 | 8 | 0.08 |
| Molise | 32,964.47 | 0.00 | 2 | 0.02 |
| Abruzzo | 19,598.73 | 0.00 | 3 | 0.03 |
| Valle D'Aosta | 4,933.74 | 0.00 | 2 | 0.02 |
| **Total:** | **889,014,865.34** | **100.00** | **9,948** | **100.00** |

## RECOVERY AND COLLECTION POLICIES

The branches of the bank and its managers are responsible for customer relationships and payment collections in relation to counterparties on time with payments.

Responsibility for the first level of monitoring of clients score lies with the relationship manager of the Branch and aims to the control of the credit risk by assessing the quality of the portfolio within its competencies by: directly supervising in a timely fashion the positions within it, evaluating any anomalies and identifying any necessary corrective actions.

The "*Unità Organizzative B. Rete - Presidio e Monitoraggio Qualità del Credito e B.Rete - Credito Anomalo*" are responsible for the second instance of the first level monitoring according to the state of the counterparty.

In relation to performing counterparties the "*B. Rete - Presidio e Monitoraggio Qualità del Credito*" shall monitor, supervise and analyse performing counterparts both in analytical terms (in conjunction with the Relationship Managers), applying an intensity and attention according to the risk and the severity of anomalies detected. In relation to defaulting positions (excluding positions in "*sofferenza"*), the second level monitoring responsibility lies with "*B.Rete - Credito Anomalo*".

In addition to the above, as part of the credit monitoring activities, the intervention of: (i) the "*Referente Qualità del Credito Territoriale*", a specialist within each specialist Territorial Direction, in order to adequately monitor the credit quality in the area and (ii) the "*Comitato di Delibera Territoriale*" (a body composed of representatives of the bank's Credit Direction and by the Territorial Director), that evaluates the quality of the credit portfolio Territorial Direction by planning and monitoring the appropriate steps to be taken to adequately supervise the credit quality and improve this, is expected.

Below the procedures for the classification and management of default positions are described. These are divided according to the commercial segment to which the counterparty towards which the bank holds an exposure falls and by indicating the maximum time of permanence in the various categories: performing client or the different types of defaulting clients.

**A. Private Clients**

The procedure described in this paragraph applies to private clients and small businesses (undertakings with a turnover of no more than Euro 300,000) that are late with their instalments' payments on loans and/or are overdrawn on their bank account. Clients that fall in the above category but: (i) are part of financial groups; (ii) fall under art. 136of the *Testo Unico Bancario* Legislative Decree N. 385/1993; (iii) are employees of the UBI Group; or (iv) have incurred loans additional to those described above, are always excluded.

Where the instalment payment has been due for up to 15 days, it is for the relevant branch of the bank to decide the best way to approach the client in order for the outstanding payments to be made.

Where the payment of such instalment remains outstanding for more than 15 days, the "*Support Morosita' Crediti"* of UBISS will undertake an activity which aims to normalise positions which show anomalies and to maintain the relationship with the client; such activity cannot last more than 75 days. As a last resort, in exceptional circumstances the head of the branch can exceptionally refer the management of the position to the branch itself. In such case the procedure described in paragraph B. below will be followed.

During this period of time, which will not last more than 90 days from the occurrence of the anomaly in the client's position, the client maintains the status of performing client. However, if the relevant conditions are met the loan can be classified as defaulting under one of the following classification categories:

1) "*Incaglio Operativo*" for up to 270 days from the date of such classification; in such period of time the position will be managed by the branch as directed by the "*Struttura di Credito Anomalo*" of the

bank. After 270 days, if the position has not been normalised, it will be automatically classified as "*Incaglio a Rientro*" for 365 days.

2) "*Incaglio a Rientro*", for up to 365 days from the date of such classification; in such period of time the position will be managed by the Manager as directed by the "*Struttura di Credito Anomalo*" of the bank. After 365 days, it will be automatically proposed to classify the position as "*Sofferenza*".

Within 30 days, the bank, by adopting a resolution of the competent bodies, has the right to reject such proposal, where it provides an adequate justification.

After 180 days from the date of the potential rejection of such classification from the bank (as indicated above), it will be automatically re-proposed the classification of the position as in "*Sofferenza*".

At the end of the activity of the *Supporto Morosità Crediti*, and, in any case, after a maximum period of 90 days (15+75 days) from the occurrence of the anomaly in the position, the client:

3) if it has normalised his position, will maintain its classification as a performing client;

4) if it overdrafts and payments are still outstanding, it will be automatically classified as "*Incaglio a Rientro*", and the management of its position will follow the procedure described in 2 above. In relation to such clients, which persist in their defaults, where the exposure equals to an amount of up to Euro 25,000, the management of the position is delegated to external debt collection companies for a period of 90 days.

Where at the end of the 90 days, the position has still not been recovered, then it will be classified as "*Sofferenza*" as described in 2 above.

The "*Servizio Sofferenze presso l'Area Credito Anomalo e Recupero Crediti UBI*" will be responsible for the management of positions classified as "*Sofferenze*".

**B. Other Clients**

Where overdrafts or late payments occur, the Manager will be required to regularise the position pursuant to the currently applicable procedures and by coordinating itself with the *Presidio Monitoraggio Qualità Credito* of the Bank.

In particular:

1) After the 90 days the performing position, which continues to have overdrafts or late payments, in accordance with the Bank of Italy's thresholds for the detection of the Past Due debts, will be automatically classified as "Past Due" debts (expired loans/ permanent overdrafts) and the management of the position, with the aim of regularising it, lies with the relationship Manager of the branch who shall coordinate itself with the "*Struttura di Credito Anomalo della Banca*". After 60 days of being classified as "Past Due", it will be proposed to classify the position as "*Incaglio Operativo*", such classification will be valid for no more than 60 days.

After the above-mentioned 60 days (from the date the "*Incaglio Operativo*" classification proposal), the position remaining within the "Past Due" classification and which still overdraws and is late in payments, will automatically be classified as "*Incaglio Operativo*" for a maximum of 270 days and, possibly, following the 270 days, could be automatically classified, where the relevant conditions are met, as "*Incaglio a Rientro*". After 365 days from being classified as "*Incaglio a Rientro*", a proposal to classify the position as "*Sofferenza*" will be made, according to the procedure described in section A2 above.

2) where the position is permanently overdrawn, although still classified as performing (because below the Past Due thresholds established by the Bank of Italy), on the 210$^{th}$ day from the occurrence

of the anomaly it will be automatically classified as "*Incaglio Operativo*", for a maximum of 270 days from the date of such classification; the management of the position in such period of time is undertaken by the relationship Manager of the branch as directed by the "*Struttura di Credito Anomalo della Banca*".

Following the 270 days, if the position has not been regularised, it will automatically be classified as "*Incaglio a Rientro*": after 365 days from the date of such classification, a proposal to classify the position as "*Sofferenza*" will be made, according to the procedure described in section A 2 above.

In addition, the competent body can resolve to classify, at any time, the position as a defaulting client (including "*Sofferenza*") in the classification it believes more appropriate. In such case the same time periods as describe above will apply in relation to the permanence in the "*Incaglio Operativo*" and "*Incaglio a Rientro*" classifications.

**Management of "Past Due", "Restructured Debts" and "*Incagli*"**

The management of counterparties classified as "Past Due" is the responsibility of the "*Banche Rete del Gruppo*".

The management of counterparties classified as "*Crediti per Cassa Ristrutturati*" or "*Incaglio Operativo*" and "*Incaglio a Rientro*" is the responsibility of the "*Banche Rete del Gruppo*". The "*Banche Rete"* have an obligation in relation to the management proposal relating to the "*Crediti per Cassa Ristrutturati*", "*Incaglio Operativo*" and "*Incaglio a Rientro*", to ask the parent company's prior opinion consistent with the Group's position on credit matters for:

(i) counterparties (single entity or group) which present an overall risk at UBI Group's level greater than Euro 1 million;

(ii) single counterparties that present at bank's level a risk greater than Euro 500,000 and up to Euro 1 million, and to which the bank itself applies analytical write-downs below the following thresholds:

- 5 % of the outstanding loan in relation to debts secured by real assets (pledge/mortgage),
- 25% of the outstanding loan in relation to unsecured debts.

**Management of "*Sofferenze*"**

As described above, the management of positions classified as "*Sofferenza*" is attributed by a specific mandate (agreed between the bank and the parent company) to the "*Servizio Sofferenze presso l'Area Credito Anomalo e Recupero Crediti UBI*" which may avail itself of external debt collection companies or external law firms.

When debt collection activities (both contentious and non) have been concluded, where the debt has been partially recovered by the bank, or if it is has not been recovered, following a resolution of the competent body, the non-recovered part of the debt will be written-down in the accounts. However, this resolution does not involve waiving any residual debts owed.

The resolutions relating to management proposals of counterparties classified as "*Sofferenze*" remain the competence of the banks and in relation to those counterparties (individual or group) which present an overall risk, at UBI Group level, of more than Euro 1 million, they are of competence of the banks following the prior opinion of the parent.

## The Originator

**Banco di Brescia S.p.A.**

***History and development***

Banco di Brescia S.p.A. ("**BBS**" or "**Banco di Brescia**") was incorporated under the laws of Italy on 31 December 1998 and, pursuant to Article 3 of its by Laws, the duration of the company is up to 31 December 2103 and may be extended by Shareholders' Meetings resolutions. Its registered office is at Corso Martiri della Libertà 13, Brescia and its principal objects, as set out in Article 2 of its by Laws, are deposit taking and the carrying out of all forms of lending activities. For such purposes, it may, subject to compliance with legislation in force and obtaining the required authorisations, perform any transactions or banking or financial services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects, including the issue of bonds in accordance with laws and regulation.

***Areas of activity – general***

Banco di Brescia is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in the key geographical areas in which it operates (namely in Lombardy and Veneto in Northern Italy and Latium in Central Italy) and has a distinctive capability in understanding and serving the requirements of the local economy in those areas. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Corporate and Private. Because of the wide range of product companies within the UBI Group, Banco di Brescia is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

***Lending***

***Types of loans***

| **Figures in thousands of Euro** | **31.12.2011** | **%** | **31.12.2010** | **%** |
|---|---|---|---|---|
| Current accounts | 2,200,401 | 16.23 | 2,597,815 | 17.23 |
| Mortgage loans and other medium to long-term financing | 9,098,176 | 67.09 | 8,927,611 | 59.21 |
| Credit cards, personal loans and salary-backed loans | 84,164 | 0.62 | 98,280 | 0.65 |
| Other transactions | 2,170,732 | 16.01 | 3,446,472 | 22.86 |
| Debt securities | 7,637 | 0.06 | 8,026 | 0.05 |
| **TOTAL** | **13,561,110** | **100.00** | **15,078,204** | **100.00** |

***Defaulted and problem loans***

The following table shows a breakdown of Banco di Brescia's loans as at 31 December 2011 and 2010.

| Loans to customers as at 31 December 2011<br>Figures in thousands of Euro | Gross exposure | % | Total net impairment losses | Net exposure | % |
|---|---|---|---|---|---|
| **Deteriorated loans** | **1,040,285** | **7.52** | **(202,149)** | **838,136** | **6.18** |
| Non-performing loans | 370,436 | 2.68 | (150,211) | 220,225 | 1.62 |
| Impaired loans | 417,357 | 3.02 | (32,457) | 384,900 | 2.84 |
| Restructured loans | 213,397 | 1.54 | (18,661) | 194,736 | 1.44 |
| Past due loans | 39,095 | 0.28 | (820) | 38,275 | 0.28 |
| **Performing loans** | **12,787,825** | **92.48** | **(64,851)** | **12,722,974** | **93.82** |
| **TOTAL** | **13,828,110** | **100.00** | **(267,000)** | **13,561,110** | **100.00** |

| Loans to customers as at 31 December 2010<br>Figures in thousands of Euro | Gross exposure | % | Total net impairment losses | Net exposure | % |
|---|---|---|---|---|---|
| **Deteriorated loans** | **955,262** | **6.22** | **(209,162)** | **746,100** | **4.95** |
| Non-performing loans | 346,843 | 2.26 | (161,931) | 184,912 | 1.23 |
| Impaired loans | 351,197 | 2.29 | (32,529) | 318,668 | 2.11 |
| Restructured loans | 214,801 | 1.40 | (13,302) | 201,499 | 1.34 |
| Past due loans | 42,421 | 0.27 | (1,400) | 41,021 | 0.27 |
| **Performing loans** | **14,399,556** | **93.78** | **(67,452)** | **14,332,104** | **95.05** |
| **TOTAL** | **15,354,818** | **100.00** | **(276,614)** | **15,078,204** | **100.00** |

***Funding***

Banco di Brescia's principal sources of funding are as follows.

**Direct funding from customers**

| Figures in thousands of Euro | 31.12.2011 | % | 31.12.2010 | % |
|---|---|---|---|---|
| Due to customers | 9,163,705 | 71.97 | 8,885,718 | 73.32 |
| Securities in issue | 3,569,010 | 28.03 | 3,233,256 | 26.68 |
| **TOTAL** | **12,732,715** | **100.00** | **12,118,974** | **100.00** |

Detail of Amounts due to customers

| Figures in thousands of Euro | 31.12.2011 | % | 31.12.2010 | % |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Current accounts and deposits | 8,578,286 | 93.61 | 8,244,905 | 92.79 |
| Time deposits | 178,930 | 1.95 | 28,159 | 0.32 |
| Financing | 281,344 | 3.07 | 505,573 | 5.68 |
| *Negative Repurchase agreement* | *281,135* | *3.07* | *505,161* | *5.68* |
| *Others* | *209* | *0.00* | *412* | *0.00* |
| Other payables | 125,145 | 1.37 | 107,081 | 1.21 |
| **TOTAL** | **9,163,705** | **100.00** | **8,885,718** | **100.00** |

***Management***

Banco di Brescia is managed by the Board of Directors, appointed by the general meeting of shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the By-laws of Banco di Brescia, the Board of Directors has also set up an Executive Committee, to which it can delegate certain powers. In addition, Banco di Brescia is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

***Board of Directors***

The Board of Directors of Banco di Brescia consists of between fifteen and nineteen members and is currently composed of the following persons:

| **Name** | **Position** |
|---|---|
| Franco Polotti (*) | Chairman |
| Pierfrancesco Rampinelli Rota (*) | Deputy Chairman |
| Costantino Vitali (*) | Deputy Chairman |
| Francesco Bettoni | Director |
| Franco Bossoni(*) | Director and Secretary of the Board |
| Gaudenzio Cattaneo(*) | Director |
| Stefano Gianotti | Director |
| Andrea Gibellini | Director |
| Victor Massiah | Director |
| Giambattista Montini | Director |
| Francesco Passerini Glazel | Director |
| Flavio Pizzini(*) | Director |
| Gianfederico Soncini | Director |

(*)Member of Executive Committee.

The present Board of Directors has been appointed for the 2011, 2012 and 2013 financial years.

***Board of Statutory Auditors***

The following table sets out the composition of the Board of Statutory Auditors.

| Name | Position |
|---|---|
| Paolo Golia | Chairman |
| Eugenio Ballerio | Acting Auditor |
| Alessandro Masetti Zannini | Acting Auditor |
| Primo Cancarini | Alternate Auditor |
| Guido Piccinelli | Alternate Auditor |

***General Management***

The following table sets out the composition of the General Management..

| Name | Position |
|---|---|
| Roberto Tonizzo | General Manager |
| Sergio Passoni | Deputy General Manager |

***Auditors***

The current independent auditors of Banco di Brescia are Reconta Ernst & Young S.p.A., who have been appointed by the General Meeting of Shareholders of 11 April 2007 to audit the bank's annual financial statements up to the year ending 31 December 2012.

***Subsidiaries and associated companies***

As at 31 December 2011, Banco di Brescia has an 8.716 per cent. shareholding in Banca di Valle Camonica S.p.A., a 5.85 per cent. shareholding in UBI Banca International S.A. and a 2.96 per cent shareholding in UBI Sistemi e Servizi S.c.p.A. All the aforementioned companies belong to UBI Banca Group. Banco di Brescia has no subsidiaries and no other significant shareholdings in other companies.

***Share capital and shareholders***

As at 31 December 2011, Banco di Brescia has an issued and fully paid-up share capital of Euro 615,632,231 consisting of 905,341,516 ordinary shares with a nominal value of Euro 0.68 each.

Banco di Brescia's shares are unlisted and are wholly owned by UBI Banca (as at 31 December 2011).

***Employees***

As at 31 December 2011, Banco di Brescia has 2,584 employees actually in service ("*Dipendenti effettivi in servizio*"), compared to 2,632 employees actually in service as at the previous year end.

**Compliance with Article 122A of the CRD**

To the extent that the provisions of Article 122a(1)(d) of Directives 2006/48/EC and 2006/49/EC, as amended by Directive 2009/111/EC as the same may be amended from time to time (which does not take into account any implementing rules of such Directives) (hereinafter the "**Capital Requirements Directive**" or the "**CRD**") apply, the Originator has pursuant to the Notes Subscription Agreement and in the Intercreditor Agreement undertaken to the Issuer and the Representative of the Noteholders that it will retain at the origination and maintain on an on-going basis a material net economic interest of at least 5% in the Transaction in accordance with option (d) of Article 122a of the CRD or any permitted alternative method thereafter and provide adequate disclosure to the Noteholders in accordance with such Article 122a of the CRD.

For such purpose, the Originator has undertaken to retain the Class B Notes with effect from the Issue Date and to disclose that it continues to fulfil the obligation to maintain the net economic interest in the Transaction in accordance with option (d) of Article 122a of the CRD and to give relevant information to the Noteholders in this respect on a quarterly basis through the Investors Report.

Furthermore, in the Intercreditor Agreement and in the Notes Subscription Agreement, the Originator has undertaken to ensure that prospective investors have readily available access to all information as it would be necessary to conduct comprehensive and well informed stress tests and to fulfil their monitoring and due diligence duties in accordance with Article 122a of the CRD.

In the light of the above, the Originator has made available on or about the date of this Prospectus, and will make available on a quarterly basis, the information required under Article 122a of the CRD, which does not form part of this Prospectus as at the Issue Date but may be of assistance to certain categories of prospective investors before investing and which is specified under the terms of the Intercreditor Agreement.

In particular, in accordance with the Intercreditor Agreement and the Notes Subscription Agreement, the Originator has undertaken that any of such information:

(a) on the Issue Date, will be included in the following sections of this Prospectus "*The Portfolio and the Recovery and Collection Policies*", "*Risk Factors*", "*Transaction Summary*", "*Servicing Agreement*", "*Warranty and Indemnity Agreement*";

(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 Calculation Agent, which will (a) contain, *inter alia*, (i) statistics on prepayments, Delinquent Receivables, Defaulted Receivables, Late Payments 30 Receivables, Late Payments 60 Receivables and Late Payments 90 Receivables; (ii) details (provided, where relevant by the Cash Manager) 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 (iii) information on the material net economic interest (of at least 5%) in the Transaction maintained by the Originator in accordance with option (d) of Article 122a of the CRD or any permitted alternative method thereafter; (b) be generally made available to the Noteholders and prospective investors by the Calculation Agent upon request via email to calculation.agent@ubibanca.it;

(ii) with reference to loan by loan information regarding each Loan included in the Portfolio, be made available upon request via email to calculation.agent@ubibanca.it;

(iii) with reference to the further information which from time to time may be deemed necessary under Article 122a of the CRD in accordance with the market practice and not covered under points (i) and (ii) above, appear on web site of the Originator.

Under the Intercreditor and the Notes Subscription 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 Article 122a of the CRD.

## The Servicer

### Unione di Banche Italiane S.c.p.A.

Unione di Banche Italiane S.c.p.A. is the entity that emerged on 1 April 2007 from the merger by incorporation of Banca Lombarda e Piemontese S.p.A. into Banche Popolari Unite S.c.p.A.. Banche Popolari Unite S.c.p.A. subsequently changed its name to its current denomination.

### Duration and registered office

UBI Banca has been established until 31 December 2100 and such duration can be prolonged. The registered office of UBI Banca is located at the Piazza Vittorio Veneto, 8, 24122 Bergamo, Italy.

### Accounting Period

The financial year corresponds to the calendar year.

### Rating

UBI Banca is a bank listed on the Italian stock exchange and parent company of the UBI Banca Group. As of 30 October 2012, the ratings for its long-term unsecured debt as assigned are, respectively, BBB+ (negative outlook) from Fitch Italia Società Italiana per il Rating S.p.A, Baa2 (negative outlook) from Moody's Italia S.r.l. and BBB (negative outlook) from Standard & Poor's Credit Market Services Italy S.r.l. and for its short-term unsecured debt F2 from Fitch Italia Società Italiana per il Rating S.p.A, P-2 from Moody's Italia S.r.l. and A-2 from Standard & Poor's Credit Market Services Italy S.r.l.

Each of Fitch Italia Società Italiana per il Rating S.p.A., Moody's Italia S.r.l. and Standard & Poor's Credit Market Services Italy S.r.l. is established in the European Union and has been registered under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**"). In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

### Key Data

The consolidated figures as at 31December 2011 were as follows:

- a domestic network of 1,875 branches (the fifth largest network in Italy with a domestic market share of approximately 6 per cent.);
- 19,405 employees actually in service ("*Dipendenti effettivi in servizio*");
- approximately 4 million customers;
- direct funding from customers of Euro 102.8 billion (ranking fourth in Italy, and first among Italian co-operative banks);
- loans to customers of Euro 99.7 billion (ranking fourth in Italy and first among Italian co-operative banks);
- assets under management of Euro 36.9 billion;
- total assets of Euro 129.8 billion (ranking fifth in Italy and second among Italian co-operative banks); and
- sound capital ratios: Core Tier 1 of 8.56 per cent., Tier 1 of 9.09 per cent., Total Capital Ratio of 13.50 per cent.

Pursuant to the Sub-Servicing Agreement BBS has been appointed by the Servicer as Sub-Servicer under the Securitisation.

## The Issuer

### Introduction

The Issuer was incorporated on 19 April 2012 in the Republic of Italy pursuant to the Securitizations Law as a limited liability company. The registered office of the Issuer is in Foro Bonaparte 70, 20121 Milano, Italy, (telephone number +39 02 861914), the fiscal code and enrolment number with the Companies' register of Milan is 07827970968. The Issuer is also registered in the general list (*elenco generale*) of special purpose vehicles held by the Bank of Italy pursuant to Decision of 29 April 2011 under No. 35022.3.

The Issuer has no employees.

The Issuer is a limited liability company (*società a responsabilità limitata*) and its equity capital is represented by quotas. The authorised, issued and fully paid in equity capital of the Issuer is Euro 10,000 divided as follows:

- UBI Banca holds a *quota* with a nominal value of Euro 1,000;
- Stichting holds a *quota* with a nominal value of Euro 9,000.

On or about the Issue Date, UBI Banca, Stichting and the Issuer will enter into a Quotaholders' Agreement in relation to the Issuer pursuant to which call options will be granted in favour of UBI Banca to purchase from Stichting (i) a quota equal to 90% of Issuer quota capital, if any Receivable comprised in the Portfolio becomes a Defaulted Receivable; and (ii) within six months after the redemption in full of the Class A Notes, a quota equal to 90% of the quota capital of the Issuer; and a put option will be granted in favour of Stichting to sell to UBI Banca (or another company designated by UBI Banca), within six months after redemption in full of the Class A Notes, a quota equal to 90% of the quota capital of the Issuer.

The Quotaholders' Agreement will contain provisions in relation to the management of the Issuer as well as an undertaking of UBI Banca (in such capacity, the "**Quotaholder**") to indemnify the Issuer from, or make available to the Issuer the moneys required to pay, any damages, losses, claims, liabilities, costs and expenses incurred by the Issuer in relation to:

(a) any amount of direct or indirect tax and other fiscal charges of the Issuer;

(b) any costs or expenses of the directors, statutory auditors and external auditors of the Issuer and any other costs or expenses in relation to the corporate existence of the Issuer;

(c) any other cost, expenses or liability of the Issuer, other than those referred to in (b) above and other than the Securitisation Expenses, including, without limitation, any costs or charges in respect of regulatory or supervisory liens and charges resulting from changes of law or regulations applying to the Issuer.

In addition, the Quotaholder will agree to take all reasonable actions to ensure that the Issuer is not, as a result of any such damages, losses, claims, liabilities, costs and expenses, subject to insolvency proceedings or otherwise subject to winding-up by reason of a reduction of the Issuer's capital below the minimum required by Italian law or regulations from time to time in force.

### Issuer Principal Activities

The principal corporate objectives of the Issuer, as are set out in Article 2 of its by-laws (*statuto*), are to acquire monetary claims for the purposes of securitisation transactions.

So long as any of the Class A Notes remain outstanding, the Issuer shall not, without the consent of the Representative of the Noteholders, incur any other indebtedness for borrowed moneys or engage

in any business (other than acquiring and holding the Receivables and any other assets on which the Class A Notes are secured, 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 other person or convey or transfer its property or assets to any person (except as contemplated in the Terms and Conditions of the Class A Notes or the Intercreditor Agreement) or issue any quota.

The Issuer will covenant to observe, *inter alia*, those restrictions which are detailed in Condition 3 (*Covenants*) of the Conditions.

**Directors of the Issuer**

The directors of the Issuer were appointed on 19 April 2012 and are:

| | |
|---|---|
| Chairman | Renzo Parisotto |
| Director | Giuseppe Sciarotta |
| Director | Andrea Di Cola |

The address of the directors is at Foro Buonaparte 70, 20121 Milan, Italy.

**Capitalisation and Indebtedness Statement**

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

***Quota capital***

| | |
|---|---|
| A quota capital of Euro 10,000 (fully paid up) ..... | Euro 10,000 |

***Loan Capital***

| | |
|---|---|
| Class A Euro 644,600,000 Asset Backed Floating Rate Notes due October 2057 | Euro 644,600,000 |
| Class B Euro 244,400,000 Asset Backed Variable Rate Notes due October 2057 | Euro 244,400,000 |
| **Total Loan Capital** ..... | **Euro** 889,000,000 |
| **Total Capitalisation** ..... | **Euro** 10,000 |
| **Total Capitalisation and Indebtedness** ..... | **Euro** 889,010,000 |

Save for the foregoing, at the date of this document, the Issuer has no other 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.

**Financial Statements**

The financial year of the Issuer ends on 31 December of each calendar year. The Issuer has been incorporated on 19 April 2012 and it will close the first financial year on 31 December 2012, no financial statements have, therefore, been published so far. Since its 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 financial statements of the Issuer will be prepared in accordance with IFRS.

**Home Member State for the purpose of the Transparency Directive and the Prospectus Directive**

The Issuer has elected 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**") and the Prospectus Directive.

Pursuant to the CAMPA: (i) The Bank of New York Mellon, London branch, shall act as English Account Bank and Cash Manager, (ii) The Bank of New York Mellon (Luxembourg) S.A., Italian Branch, shall act as Paying Agent and (iii) The Bank of New York Mellon (Ireland) Limited shall act as Irish Paying Agent.

## 1. The Bank of New York Mellon

The Bank of New York Mellon (formerly The Bank of New York), a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situate at One Wall Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

The Bank of New York Mellon's corporate trust business services $12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralized debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than $23 trillion in assets under custody and administration and more than $1.1 trillion in assets under management. Additional information is available at www.bnymellon.com[1].

## 2. The Bank of New York Mellon (Luxembourg) S.A.

The Bank of New York Mellon (Luxembourg) S.A. was incorporated in the Grand Duchy of Luxembourg as a société anonyme on 15 December 1998 under the Luxembourg Law of 10 August 1915 on commercial companies, as amended, and has its registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg. It is an indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation.

On 20 January 1999 The Bank of New York Mellon (Luxembourg) S.A. received its banking licence in accordance with the Luxembourg Law of 5 April 1993 on the financial sector, as amended, and has engaged in banking activities since then. On 19 October 2006 The Bank of New York Mellon (Luxembourg) S.A. has enhanced its banking licence to cover as well the activities of administrative agent of the financial sector.

The Bank of New York Mellon (Luxembourg) S.A. is supervised by the Luxembourg financial regulator, the Commission de Surveillance du Secteur Financier

## 3. The Bank of New York Mellon (Ireland) Limited

The Bank of New York Mellon (Ireland) Limited is registered as a limited liability company, with registration number 426049, having its registered office at 4th Floor, Hanover Building, Windmill

[1] Please note, the information included in this website does not form part of this Prospectus.

Lane, Dublin 4. The Bank of New York Mellon (Ireland) Limited is regulated as a credit institution by the Central Bank of Ireland. In October 2009, The Bank of New York Mellon received approval from the Central Bank of Ireland to establish a new banking entity in Ireland.

## Use of Proceeds

The proceeds arising out of the subscription of the Notes, being approximately Euro 889,000,000, will be applied by the Issuer to pay the Purchase Price of the Initial Portfolio (net of the receivables repurchased by the Originator before the Issue Date) on the Issue Date pursuant to the Master Transfer Agreement.

## Description of the main Transaction Documents

*The description of the Transaction Documents set out below is a summary of certain features of such agreements and is qualified by reference to the detailed provisions of the terms and conditions of the relevant Transaction Document. All defined terms herein bear the same meaning ascribed thereto, respectively, in each relevant Transaction Document. Noteholders may inspect a copy of each Transaction Document upon request at the registered office of each of the Representative of the Noteholders and (if, and so long as, the Class A Notes are listed on the Irish Stock Exchange and provided the rules of the Irish Stock Exchange so require) the Listing Agent.*

### The Master Transfer Agreement

On 26 June 2012, the Originator and the Issuer have entered into the Master Transfer Agreement pursuant to which the Originator has assigned without recourse (*pro soluto*) and in bulk (*in blocco*) to the Issuer the Initial Portfolio of Initial Receivables and has undertaken to purchase, subject to the terms and conditions indicated therein, Subsequent Portfolios of Subsequent Receivables, selected in accordance with certain criteria set out in Annex A of the Master Transfer Agreement in order to satisfy the provisions set forth under Articles 1 and 4 of the Securitisation Law and under Article 58 of the Consolidated Banking Act.

The economic effects of the transfer of the Portfolio from the Originator to the Issuer became effective on the Effective Date. Pursuant to the terms of the Master Transfer Agreement, on the Effective Date, the Originator has assigned and transferred the Receivables which, as of the Selection Date, comply with the Criteria.

The Receivables have been and will be selected by the Originator on the basis of Common Criteria, which are set out in Annex A, Section 1, to the Master Transfer Agreement. See "*The Portfolio and the Recovery and Collection Policies*".

The Initial Portfolio of Receivables has been selected in accordance with the Common Criteria and the Specific Criteria applicable to the Initial Portfolio. All the Receivables included in the Subsequent Portfolios will comply with the Common Criteria for Subsequent Portfolios and with the additional Specific Criteria. The Specific Criteria in respect of the Initial Portfolio are indicated in the Master Transfer Agreement, while the Specific Criteria in respect of each Subsequent Portfolio will be indicated by the Originator in the relevant Transfer Offer.

The purchase of a Subsequent Portfolio is conditional upon, *inter alia*:

- the availability, on the Payment Date falling on, or immediately following the Revolving Assignment Date, or the date indicated in the relevant offer letter, of sufficient Issuer Available Funds to effect any payment within the applicable Priority of Payment;
- no Purchase Termination Event having occurred;
- no Transfer Limits will being breached as a consequence of the purchase of the Subsequent Receivables;
- the delivery by the Originator of a transfer offer, together with the following documents dated on or about the date of the Transfer Offer: (i) the solvency certificate relating to the Originator, (ii) the certificate of effectiveness issued by the competent Chamber of Commerce, (iii) the copy of the certificate issued by the bankruptcy division of the competent tribunal issued at least five days before the Transfer Offer confirming that no bankruptcy proceedings were pending, started or resolved.

The Master Transfer Agreement provides that if, after the Effective Date, with respect to the Receivables, it transpires that any of the Receivables do not meet the Criteria, such Receivables will

be deemed not to have been assigned and transferred to the Issuer pursuant to the Master Transfer Agreement. If, after the Effective Date, with respect to the Receivables, it transpires that any Receivable which meets the Criteria has not been included in the Portfolio, such Receivable shall be deemed to have been assigned and transferred to the Issuer by the Originator on the Effective Date.

Thereafter, the Purchase Price shall be adjusted accordingly. The Master Transfer Agreement also contains a number of undertakings by the Originator in respect of its activities relating to the Receivables. The Originator undertakes until the publication of a notice of the assignment of each Portfolio in the Official Gazette, *inter alia*, not to assign or transfer the Receivables comprised thereunder to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of such Receivables, in whole or in part, and to refrain from any action which could cause the invalidity of any of such Receivables or of the relevant collateral security.

The Master Transfer Agreement furthermore contains a Portfolio Call Option in favour of the Originator, to be exercised, on any Payment Date starting from the Revolving Period Termination Date, to repurchase (in whole, but not in part) the Portfolio from the Issuer provided that:

(i) the Originator shall have delivered to the Issuer (a) a solvency certificate signed by a duly empowered representative of it; (b) a certificate of good standing (*certificato di vigenza*) issued by the competent Chamber of Commerce (*Camera di Commercio*) declaring that no insolvency proceedings are pending against the Originator and (c) a certificate issued by the competent bankruptcy court of the Originator dated not earlier than 5 (five) Business Days prior to the relevant Payment Date, confirming that no insolvency procedures have been started in relation to the Originator;

(ii) the Originator shall have obtained the authorisations, as prescribed by law and regulations (if any) to exercise the Portfolio Call Option;

(iii) the purchase price payable by the Originator to the Issuer for the repurchase of the Portfolio shall be calculated: (i) in respect of Receivables *in bonis*, as the principal amount outstanding of such Receivables plus any accrued and unpaid interest; (ii) in respect of all the Receivables not qualified as *in bonis*, as the market price of such Receivables, as determined with equity (*in via equitativa*) by the Servicer;

the purchase price payable by the Originator to the Issuer for the repurchase of the Portfolio shall not be lower than the sum of the principal amount outstanding of the Class A Notes and the accrued and unpaid interest as calculated on the respective date plus any amount to be paid in priority thereto as of such relevant Payment Date, pursuant to the relevant Priority of Payment, less the Issuer Available Funds which as of such relevant Payment Date will be used for such purposes.The amount due for the purchase of the Portfolio shall be credited, at the same time of the transfer of the Portfolio, at least 3 Business Days prior to the relevant Payment Date, through a bank transfer in favour of the Issuer with compensate value.

All the duties due under the Master Transfer Agreement and any transfer of any Receivable and of the relevant guarantees shall be paid by the Originator.

The Master Transfer Agreement is governed by Italian law and any disputes arising in respect of the Master Transfer Agreement shall be settled pursuant to the National Arbitration Rules of the Chamber of National and International Arbitration of Milan.

**The Warranty and Indemnity Agreement**

On 26 June 2012, the Issuer and BBS, in its capacity as Originator, have entered into the Warranty and Indemnity Agreement pursuant to which the Originator has given certain representations and warranties in favour of the Issuer.

The Warranty and Indemnity Agreement contains representations and warranties by the Originator in respect of, *inter alia*, the following categories:

(i) the Loans;

(ii) the Receivables;

(iii) the Assets;

(iv) the Guarantees;

(v) transmission of data;

(vi) the Securitisation Law and Article 58 of the Consolidated Banking Act; and

(vii) various declarations.

Clause 4 of the Warranty and Indemnity Agreement contains an undertaking by the Originator to indemnify the Issuer or any of its permitted assignees from and against any and all damages, losses, claims, liabilities, costs and expenses awarded against (including, but not limited to, legal fees and disbursement included any value added tax) or incurred by the Issuer or any of its permitted assignees arising from (a) any obligation of the Originator under the Warranty and Indemnity Agreement being breached, (b) any representations and/or warranties made by the Originator thereunder, being false, incomplete or incorrect and (c) the failure to collect payments in respect of the receivables due to (i) exceptions (including set-off exceptions or pursuant to article 1283 of the Italian Civil Code) raised by the Debtors or (ii) claw back actions undertaken against the Debtors or (iii) declaration of infectiveness pursuant to article 65 of Bankruptcy Law in respect of payments received by the Originator before the effective date *vis-à-vis* the Originator, from any Debtor and/or any Guarantor and/or any receiver (as the case may be).

Alternatively to the indemnity obligation, pursuant to Clause 6 of the Warranty and Indemnity Agreement, the Originator shall repurchase the Receivables in respect to which any of the event listed above has occurred.

The Issuer has given certain representations and warranties to the Originator in relation to its due incorporation, solvency as well as due authorisation, execution and delivery of the Warranty and Indemnity Agreement and the Master Transfer Agreement.

Clause 6 of the Warranty and Indemnity Agreement contains an undertaking by the Issuer to indemnify the Originator or any of its permitted assignees from and against any and all damages, losses, claims, liabilities, costs and expenses awarded against (including, but not limited to, legal fees and disbursement included any value added tax) or incurred by the Issuer or any of its permitted assignees arising from any representations and/or warranties made by the Issuer thereunder, being false, incomplete or incorrect.

The Issuer is entitled to contest any indemnity claim requested by the Originator and any dispute in relation thereto shall be settled in accordance with the National Arbitration Rules of the Chamber of National and International Arbitration of Milan.

The Warranty and Indemnity Agreement provides that the obligations of the Issuer to make any payments thereunder, including the indemnity obligations of the Issuer under Clause 6 of the

Warranty and Indemnity Agreement afterwards the Issue Date, shall be limited to the lesser of the nominal amount thereof and the amount which may be applied by the Issuer in making such payment in accordance with the applicable Priority of Payments. The Originator acknowledges that the obligations of the Issuer contained in the Warranty and Indemnity Agreement will be limited to such sums as aforesaid and that it will have no further recourse to the Issuer in respect of such obligations.

The Warranty and Indemnity Agreement is governed by Italian law and any disputes arising in respect of the Warranty and Indemnity Agreement shall be settled pursuant to the National Arbitration Rules of the Chamber of National and International Arbitration of Milan.

**The Servicing Agreement**

On 26 June 2012, the Issuer and UBI Banca, in its capacity as Servicer, have entered into the Servicing Agreement pursuant to which the Issuer, also in the interest of the Representative of the Noteholders, has instructed the Servicer to carry on, on behalf of the Issuer, certain activities relating to the administration, collection of payments and recovery of the Receivables, pursuant to the terms and condition of the Servicing Agreement and the Securitisation Law.

Pursuant to the terms of the Servicing Agreement, the Servicer, *inter alia*, has agreed to:

(i) manage the Receivables pursuant to the Collection Policy and carry out all activities necessary for the administration and collection of such Receivables with due diligence and in compliance with all applicable laws;

(ii) manage the Collections pursuant to the provisions set forth under the Servicing Agreement;

(iii) ensure the segregation of the collections arising out of the Receivables pursuant to Clause 7 of the Servicing Agreement and the CAMPA;

(iv) whether a Debtor should not pay the amount due under the relevant Loan Agreement, carry on any and all the relevant actions for the purpose of recovery the Receivables, pursuant to the Collection Policy;

(v) exercise, on behalf of the Issuer, all the rights and faculties of the lenders, *vis-à-vis* the Debtors, pursuant to Loan Agreements and the relevant documents thereto;

(vi) negotiate, finalise and carry on any act, even of a compromise nature, in relation to any of the Receivables, or part of them, grant moratorium or payment delays in relation to the Receivables, waive to any of the Receivables and execute any other agreement in relation to any of the Receivables pursuant to the Collection Policy;

(vii) where necessary, manage on behalf of the Issuer an adequate surveillance notifications system in relation to the Receivables, and an adequate management system of the information database (*archivio informatico*) pursuant to the relevant provisions of law;

(viii) ensure the whole respect of the applicable provisions of law in relation to the payment received by the Debtors;

(ix) keep an effective accounting and monitoring system to ensure compliance with its obligations under the Servicing Agreement.

The receipt of cash collections in respect of the Receivables is the responsibility of the Servicer who will be the *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento, della gestione dei procedimenti giudiziali*, pursuant to the Securitisation Law. In its capacity as Servicer, UBI Banca is also responsible for ensuring that such operations comply with the provisions of Article 2, paragraph 3, letter c, of the Securitisation Law.

Under the terms of the Servicing Agreement, the Servicer is expressly authorised by the Issuer to delegate to BBS, in its capacity as Sub-Servicer, activities in relation to the administration, management and recovery of the Receivables, custody and updating of electronic data, the filing on magnetic support of all data and information in relation to the Receivables, including the Collections, adopting all appropriate system and back-up measures in order to guarantee an efficient and accurate management of the Receivables as well as administrative and back-office activities.

The Servicer represented to the Issuer that BBS possesses all necessary skills and organisation in order to perform all the activities delegated to it under the terms of the Servicing Agreement and that it has the software, hardware, information technology and human resources necessary to comply with the efficiency standard required by the Servicing Agreement. The Servicer shall bear all costs and expenses incurred in connection with any activities performed by BBS.

Under the terms of the Servicing Agreement, starting from the Effective Date, the Servicer shall prepare and submit to the Issuer, with a copy to the Calculation Agent, the Representative of the Noteholders and the Rating Agencies, within any the Business Day falling on 27 March, 27 June, 27 September and 27 December of each calendar year (the "**Quarterly Report Date**" and each quarter, a "**Quarterly Collection Period**") a report (the "**Servicer's Report**").

For the entire duration of the Servicing Agreement, the Servicer shall collect the Receivables on behalf of the Issuer and shall pay any such Collections into the Collection Account for value on each Business Day succeeding such Collection. The Servicer will also inform the Issuer of any potential or actual loss in respect of the Receivables on a quarterly basis.

The Issuer and/or the Representative of the Noteholders are entitled to inspect and take copies of the documentation and records relating to the Receivables in order to monitor the activities performed by the Servicer pursuant to the Servicing Agreement, subject to reasonable notice being given to the Servicer.

Pursuant to, and subject to, Clause 20 of the Servicing Agreement, the Servicer may, in compliance with the Collection Policy and within the limits set forth under Annex C to the Servicing Agreement, re-negotiate or otherwise amend the due dates under the Loan Agreements.

The Issuer may terminate, at its own discretion, or in case set out under point (i) below, is obliged to terminate the Servicer's appointment and appoint, also in the interest of the Representative of the Noteholders, a successor servicer (the "**Successor Servicer**") if one of the following events takes place:

(i) an order is made by any competent judicial authority providing for a *liquidazione coatta amministrativa* of the Servicer or in the event that the Servicer is admitted to any insolvency proceedings or a resolution is passed by the Servicer for the admission of the Servicer to insolvency proceedings;

(ii) failure on the part of the Servicer, to comply with or perform any obligation under the Servicing Agreement such as to materially prejudice the management and collection of the Receivables, including non-delivery or delay delivery of the Servicer's Report;

(iii) the Issuer and the Calculation Agent do not receive the documentation deposited with the Servicer within 5 (five) Business Days from the date on which such documentation need to be delivered in accordance with the Servicing Agreement as a result of the negligence (*colpa*) or wilful default (*dolo*) of the Servicer;

(iv) material breach by the Servicer of the representations and warranties given by it under the Servicing Agreement; and

(v) the breach by the Servicer of any of its obligations to credit any amount received in relation to the Receivables to the Collection Account and such breach continues for more than 5 (five) Business Days.

The Servicer has agreed that any claim for payment of sums due from the Issuer under the Servicing Agreement afterwards the Issue Date shall be limited to the lesser between the nominal amount of such claim and the amount which may be applied by the Issuer in making such payment in accordance with the applicable Priority of Payments. Any amount which remains unpaid following the completion of all procedures undertaken for the recovery of the Receivables or, in any event, on the Final Maturity Date, shall be deemed to be waived by the Servicer and cancelled.

The Servicing Agreement is governed by Italian law. Any disputes arising out of or in connection with the Servicing Agreement will be settled pursuant to the National Arbitration Rules of the Chamber of National and International Arbitration of Milan.

**The CAMPA**

On or about the Issue Date, the Issuer will enter into the CAMPA with the Italian Account Bank, the Cash Manager, the Servicer, the Sub-Servicer, the Originator, the Representative of the Noteholders, the Expenses Account Bank, the English Account Bank, the Calculation Agent, the Paying Agent and the Irish Paying Agent.

Pursuant to the CAMPA:

(i) the Italian Account Bank agrees to provide the Issuer with certain reporting services together with account handling services in relation to the monies from time to time standing to the credit of the Collection Account;

(ii) the English Account Bank agrees to provide the Issuer with certain reporting services together with account handling services in relation to the monies from time to time standing to the credit of the Interest Investment Account and the Principal Investment Account;

(iii) the Expenses Account Bank agrees to provide the Issuer with certain reporting services together with account handling services in relation to the monies from time to time standing to the credit of the Expenses Account;

(iv) the Cash Manager agrees to provide the Issuer with certain reporting services together with account handling services in relation to securities from time to time standing to the credit of the Investment Accounts and the Securities Accounts and certain management services in relation to the monies and securities, as the case may be, standing to the credit of the Accounts;

(v) the Calculation Agent agrees to provide the Issuer with certain reporting services together with certain calculation services; and

(vi) the Paying Agent will agree to provide the Issuer with payment services to the Noteholders services together with account handling services in relation to the monies from time to time standing to the credit of the Payment Account.

The Accounts will be opened in the name of the Issuer and, in the case of the Collection Account shall be operated by the Italian Account Bank; in the case of the Interest Investment Account, the Principal Investment Account and the Securities Accounts, by the English Account Bank; in the case of the Expenses Account by the Expenses Account Bank; and in the case of the Payment Account, by the Payment Agent. The amounts and securities, as the case may be, standing to the credit of the Accounts shall be debited and credited in accordance with the provisions of the CAMPA.

The Italian Account Bank shall transfer all sums standing to the credit of the Collection Account to, respectively, the Interest Investment Account and the Principal Investment Account at the end of the Business Day immediately following the Business Day on which any such amounts were credited to the Collection Account. Interest accrued on the Accounts (other than the Payment Account) will be credited to the Interest Investment Account.

On the third Business Day of each calendar month, (a) the Italian Account Bank shall deliver to the Issuer, the Representative of the Noteholders, the Administrative Services Provider, the Cash Manager, the English Account Bank, the Calculation Agent, the Servicer, the Sub-Servicer, the Paying Agent and the Rating Agencies a report (the "**Italian Account Bank Report**") which shall contain details of the balance of the Account held with the Italian Account Bank and interest accrued thereon; and (b) the English Account Bank shall deliver to the Issuer, the Representative of the Noteholders, the Servicer, the Sub-Servicer, the Administrative Services Provider, the Cash Manager, the Calculation Agent, the Paying Agent, the Italian Account Bank and the Rating Agencies a report (the "**English Account Bank Report**") which shall contain details of the balance of each of the Accounts held with the English Account Bank and interest accrued thereon.

On or prior to each Report Date (a) the Paying Agent shall deliver to the Issuer, the Representative of the Noteholders, the Administrative Services Provider, the Cash Manager, the English Account Bank, the Calculation Agent, the Servicer, the Sub-Servicer and the Italian Account Bank a report (the "**Paying Agent Report**"), which shall include details of the balance of the Account held with the Paying Agent and interest accrued thereon and (b) the Expenses Account Bank shall deliver to the Issuer, the Representative of the Noteholders, the Paying Agent, the Italian Account Bank, the Cash Manager, the Rating Agencies, the English Account Bank, the Servicer, the Sub-Servicer, the Administrative Services Provider and the Calculation Agent a report (the "**Expenses Account Bank Report**"), which shall contain details of the balance of the Account held with the Expenses Account Bank and interest accrued thereon.

Funds standing from time to time to the credit of the Investment Accounts will be invested by the Cash Manager on behalf of the Issuer in Eligible Investments upon direction by the Cash Manager pursuant to the terms of the Investment Letter by the Issuer.

On or prior to each Report Date, the Cash Manager shall deliver to the Issuer, the Representative of the Noteholders, the English Account Bank, the Paying Agents, the Italian Account Bank, the Expenses Account Bank, the Servicer, the Sub-Servicer, the Administrative Services Provider and the Calculation Agent a report (the "**Cash Manager Report**") which shall contain details of the Eligible Investments made.

Subject to receipt by it from the Servicer of the Servicer's Quarterly Report (see "*Description of the Servicing Agreement*"), the Cash Manager Report, the Italian Account Bank Report, the English Account Bank Report, the Paying Agent and the Expenses Account Bank referring to the preceding Collection Period, the Calculation Agent will prepare a Payments Report with respect to such Collection Period, setting out, *inter alia*, payments to be made in accordance with the applicable Priority of Payments set out in the Intercreditor Agreement. The Calculation Agent shall, no later than the close of business on the Calculation Date, deliver a copy of the Payments Report to, *inter alia*, the Issuer, the Representative of the Noteholders, the Cash Manager, the Paying Agent and the English Account Bank.

In the event that the Servicer's Report is not being provided as and when due in accordance with the terms of the Servicing Agreement, the Calculation Agent shall be entitled to consider all funds standing to the credit of the Accounts as Issuer Available Funds relating to the immediately preceding Collection Period and shall prepare the Payments Report. For this purpose all such amounts will

considered as Interest Available Funds up to the amount necessary to make payment under the Pre-Enforcement Interest Priority of Payments under items (i) to (v) and item (viii) and the Principal Available Funds will be considered equal to zero for such Payment Date.

Under the terms of the CAMPA, the English Account Bank shall transfer to the Payment Account from the Interest Investment Account and from the Principal Investment Account such amount of the Issuer Available Funds available to pay the amounts due on each Payment Date in accordance with the Payments Report. Such sums will be credited to the Payment Account on the Business Day prior to the relevant Payment Date. The Paying Agent shall withdraw from the Payment Account such amounts due and payable as indicated by the Payments Report.

The Italian Account Bank, the English Account Bank and the Expenses Account Bank shall, on behalf of the Issuer, maintain or procure the maintenance of records in respect of such Accounts held by each of them and such records will, on each Calculation Date, show separately all payments paid to, and all payments made from, each of such Accounts and will record these receipts and payments on a basis which is consistent with the principles set out in the CAMPA (including the Payments Report) and the Intercreditor Agreement.

The CAMPA will contain representations and warranties of the Issuer, the Cash Manager, the Italian Account Bank, the English Account Bank, the Calculation Agent and the Paying Agent in respect of, *inter alia*, their status, powers and authorisations, non violation and delivery of the CAMPA.

None of the Italian Account Bank, the Expenses Account Bank, the Cash Manager, the Calculation Agent, the English Account Bank and the Paying Agent shall be liable in respect of any loss, liability, claim, expense or damage suffered or incurred by any other party hereto as a result of the performance of its obligations under the CAMPA save where such loss, liability, claim, expense or damage is suffered or incurred as a result of any fraud, gross negligence or wilful default of the Italian Account Bank, the Expenses Account Bank, the Cash Manager, the English Account Bank, the Calculation Agent or the Paying Agents, as the case may be, or any of their respective agents, delegates or representatives.

Upon the occurrence of any of the termination events set out in the CAMPA, the Issuer may terminate the appointment of the Cash Manager, the Italian Account Bank, the English Account Bank, the Expenses Account Bank, the Calculation Agent and/or the Paying Agents, as the case may be.

Any of the Italian Account Bank, the Expenses Account Bank, the Cash Manager, the English Account Bank, the Calculation Agent, the Paying Agent or the Irish Paying Agent, as the case may be, in certain circumstances, may resign from their appointment under the CAMPA upon giving not less than two months prior written notice (or such shorter period as the Representative of the Noteholders may agree) of termination to the Representative of the Noteholders, the Issuer and the other parties thereto.

The Issuer may, subject to the prior written approval of the Representative of the Noteholders pursuant to the terms of the CAMPA, terminate the appointment of any of the Cash Manager, the Italian Account Bank, the English Account Bank, the Expenses Account Bank, the Calculation Agent and the Paying Agent under the CAMPA in any circumstances by giving three months prior written notice of such termination to the Cash Manager, the Italian Account Bank, the English Account Bank, the Expenses Account Bank, the Calculation Agent and the Paying Agent and the other parties thereto. Such termination will be subject to and conditional upon a substitute Italian Account Bank, English Account Bank, the Expenses Account Bank, Cash Manager, Calculation Agent, Paying Agent (as the case may be) being appointed, with the prior written consent of the Representative of the Noteholders, on substantially the same terms as those set out in this Agreement, it being understood that such substitute may be identified by the Italian Account Bank, the English Account Bank, the

Expenses Account Bank, the Cash Manager, the Calculation Agent, the Paying Agent, as the case may be, should the Issuer fail to do so. The Italian Account Bank, the English Account Bank, the Expenses Account Bank, the Cash Manager, the Calculation Agent, the Paying Agent (as the case may be) will not be released from their obligations under this Agreement until such substitute has entered into such new agreement.In the event that any of the English Account Bank and the Paying Agent ceases to be an Eligible Institution, the relevant Accounts will be transferred within 30 days from the occurrence of such event, to a bank which qualifies as an Eligible Institution.

The CAMPA will be governed by Italian law. The Courts of Milan shall have exclusive jurisdiction in respect to any and all disputes arising between the Parties out of or in connection with the CAMPA.

**The Intercreditor Agreement**

On or about the Issue Date, the Issuer, the Other Issuer Creditors and the Representative of the Noteholders for itself and on behalf of the Noteholders will enter into the Intercreditor Agreement which sets out, *inter alia*, the Priority of Payments to be followed in the distribution of the Issuer Available Funds.

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

Under the terms of the Intercreditor Agreement, the Issuer undertakes, upon the occurrence of an Enforcement Event, to comply with all directions of the Representative of the Noteholders in relation to the management and administration of the Receivables. The Noteholders and the Other Issuer Creditors have irrevocably appointed the Representative of the Noteholders to act as their exclusive agent in relation to the Security Documents and authorise the Representative of the Noteholders to apply all cash deriving from time to time from the subject matter of the Security Documents as well as all proceeds upon the enforcement thereof to satisfy amounts payable to each of them in accordance with the applicable Priority of Payments.

The Intercreditor Agreement furthermore will provide that following the service of an Enforcement Notice, the Representative of the Noteholders, shall be entitled, in accordance with the provisions set out in the Intercreditor Agreement and Condition 6.2 (*Mandatory pro rata Redemption*), or Condition 10 (*Enforcement Events*), to direct the sale of one or more Receivables comprised in the Portfolio provided that a sufficient amount would be realised to allow the discharge in full of all amounts owing to the Class A Noteholders and amounts ranking in priority thereto or *pari passu* therewith.

In addition to the above, pursuant to Condition 6.3 (*Portfolio Call Option*) the Originator may, on any Payment Date (included) falling after the Revolving Period Termination Date, exercise the option to repurchase (in whole, but not in part) the Portfolio from the Issuer, subject to the provisions set forth therein.

The Intercreditor Agreement will be governed by Italian law. The Courts of Milan shall have exclusive jurisdiction in respect to any and all disputes arising between the Parties out of or in connection with the Intercreditor Agreement.

**The Security Documents**

On or about the Issue Date, the Issuer will execute the Deed of Pledge pursuant to which the Issuer will grant, in favour of the Representative of the Noteholders and the Other Issuer Creditors a first priority pledge over (a) all monetary claims and rights and all the amounts (including payment for

claims, indemnities, damages, credits and guarantees) to which the Issuer is entitled pursuant to the Transaction Documents (other than the Security Documents) to which the Issuer is a party; (b) any existing or future pecuniary claim and right and any sum credited from time to time to the Collection Account and the Expenses Account. The Pledge on the credit balances of the Accounts which are pledged has been created, *inter alia*, pursuant to the provisions of Italian Legislative Decree No. 170 of 21 May 2004, implementing Directive 2002/47/EC on financial collateral securities.

On or about the Issue Date, the Issuer shall execute the Deed of Charge pursuant to which the Issuer will create in favour of the Representative of the Noteholders acting for itself and for the Other Issuer Creditors pursuant to its appointment under the Intercreditor Agreement, a first fixed security over (a) the Investment Accounts and all and any sums standing to the credit thereof, and (b) any existing or future pecuniary claim and right to the Investment Accounts and the Securities Accounts.

Under the terms of the Intercreditor Agreement, the Noteholders and the Other Issuer Creditors will appoint the Representative of the Noteholders to act as their agent in relation to the Security Documents and will agree that the cash deriving from time to time from the subject matter of the Security Documents as well as all proceeds upon the enforcement thereof shall be applied to satisfy amounts due to each of them in accordance with the applicable Priority of Payments.

The Deed of Pledge will be governed by Italian law and the Deed of Charge will be governed by the laws of England and Wales. The Courts of Milan shall have exclusive jurisdiction in respect to any and all disputes arising between the Parties out of or in connection with the Deed of Pledge. The courts of England shall have exclusive jurisdiction to settle any disputes arising out of, or connected with the Deed of Charge.

**The Mandate Agreement**

On or about the Issue Date, the Issuer will enter into the Mandate Agreement, pursuant to which the Representative of the Noteholders is authorised to exercise, in the name and on behalf of the Issuer, (a) subject to the occurrence of an Enforcement Event and the subsequent delivery of an Enforcement Notice, all the Issuer's rights arising out of the Transaction Documents (other than the right to collect and recover Receivables under the Servicing Agreement) to which the Issuer is a party and the Issuer's rights in respect of the Receivables and (b) upon failure by the Issuer to exercise its rights under any of the Transaction Documents, as a consequence of a counterparty default and if, notwithstanding the service of notice by the Representative of the Noteholders to the Issuer to perform such rights, such failure persists 30 (thirty) days after the service of such notice, to exercise all the rights of the Issuer deriving from the Receivables and/or the Transaction Documents.

The Mandate Agreement will be governed by Italian law. The Courts of Milan shall have exclusive jurisdiction in respect to any and all disputes arising between the Parties out of or in connection with the Mandate Agreement.

**The Subordinated Loan Agreement**

Pursuant to a Subordinated Loan Agreement entered into on or about the Issue Date between the Issuer and the Subordinated Loan Provider, the Subordinated Loan will provide a credit facility to the Issuer aimed at financing the Cash Reserve.

The Subordinated Loan Agreement will be governed by Italian law. The Courts of Milan shall have exclusive jurisdiction in respect to any and all disputes arising between the Parties out of or in connection with the Subordinated Loan Agreement.

**The Set-Off Subordinated Loan Agreement**

Pursuant to a Set-Off Subordinated Loan Agreement entered into on or about the Issue Date between the Issuer and the Set-Off Subordinated Loan Provider, the Set-Off Subordinated Loan will provide a credit facility to the Issuer aimed at covering the Set-Off Reserve Required Amount, following the occurrence of any Set-Off Reserve Accumulation Event.

The Set-Off Subordinated Loan Agreement will be goverened by Italian law. The Courts of Milan shall have exclusive jurisdiction in respect to any and all disputes arising between the Parties out of or in connection with the Subordinated Loan Agreement.

**Accounts**

Pursuant to the terms of the CAMPA, the Issuer has directed the following Euro denominated accounts to be established and maintained as follows:

(a) with the Italian Account Bank the **Collection Account**

(b) with the Expenses Account Bank the **Expenses Account**;

(c) with the English Account Bank:

(i) the **Interest Investment Account**;

(ii) the **Principal Investment Account**;

(iii) the **Principal Securities Account**; and

(iv) the **Interest Securities Account**.

(d) with the Paying Agent the **Payment Account**.

The **Collection Account** under the title "*Conto Incassi*" being a Euro denominated account

*to which* all Collections and Recoveries under the Receivables shall be paid by the Servicer or the Sub-Servicer on a daily basis;

*out of which*

all amounts standing to the credit of the Collection Account will be transferred to, respectively, the Interest Investment Account and the Principal Investment Account, in accordance with the provisions set forth under the CAMPA at the end of the Business Day immediately following the Business Day on which any such amounts were credited to the Collection Account.

The **Interest Investment Account** being a Euro denominated account

*to which* (a) at the end of each Business Day, the amounts in respect of interest (including, premiums, penalty interests and prepayment fees) standing to the credit of the Collection Account will be credited; (b) at the end of each Business Day, any other amount (to the extent such amounts do not relate to principal) received by the Issuer under the Transaction Documents standing to the credit of the Payment Account will be credited; (c) two Business Days prior to any Payment Date, any interest accrued on any of the Accounts (other than the Payment Account) during the preceding Collection Period shall be credited; (d) any net proceeds and distributions deriving from the Eligible Investments purchased using funds standing to the credit of the Interest Investment Account and liquidation or disinvestment thereof will be credited; and (e) on the Issue Date, the Cash Reserve will be credited according to the Subordinated Loan Agreement and on each Payment Date the Cash Reserve will be replenished in accordance with the Pre-Enforcement Interest Priority of Payment, and

*out of which* (a) in accordance with the instructions set out in the Investment Letter, the sums standing to the credit of the Interest Investment Account for the purposes of making the Eligible Investments shall be invested; and (b) one Business Day prior to each Payment Date any amount so identified in the Payments Report to be necessary in order to effect payment in accordance with the applicable Priority of Payments will be credited to the Payment Account.

The **Principal Investment Account** being a Euro denominated account

*to which* (a) at the end of each Business Day, the amounts in respect of principal standing to the credit of the Collection Account will be credited; (b) any net proceeds and distributions deriving from the Eligible Investments purchased using funds standing to the credit of the Principal Investment Account and liquidation or disinvestment thereof will be credited; (c) any Purchase Price Accumulation

Amount (if any) will be credited on any Payment Date; (d) any amount drawn under the PDL Subordinated Loan Agreement will be credited; (e) any amount drawn under the Set-Off Subordinated Loan Agreement shall be credited in accordance with the terms thereof, and

*out of which* (a) in accordance with the instructions set out in the Investment Letter, the sums standing to the credit of the Principal Investment Account for the purposes of making the Eligible Investments shall be invested; (b) one Business Day prior to each Payment Date any amount so identified in the Payments Report to be necessary in order to effect payment in accordance with the applicable Priority of Payments will be credited to the Payment Account; and (c) on the date on which the Purchase Price of a Subsequent Portfolio has to be paid in accordance with the Master Transfer Agreement and with the instruction given by the Calculation Agent, the relevant Purchase Price will be paid to the Originator.

The **Payment Account** being a Euro denominated account

*to which* (a) one Business Day prior to each Payment Date, any amount so identified in Payments Report to be necessary in order to make payment in accordance with the applicable Priority of Payment will be credited from the Investment Accounts; (b) two Business Days prior to any Payment Date, any interest accrued on the Payment Account during the preceding Collection Period shall be credited; (c) one Business Day prior the Payment Date on which the Notes will be redeemed in full or otherwise cancelled, all funds then standing to the balance of the Expenses Account will be credited; and (d) any amounts received by the Issuer under the Transaction Documents shall be credited, and

*out of which* on each Payment Date, all payments due to be made by the Issuer to the Noteholders and the Other Issuer Creditors in accordance with the Payments Report will be made out of the Issuer Available Funds under the applicable Priority of Payments.

The **Expenses Account** being a Euro denominated account

*to which* (a) on the Issue Date by the Originator the Retention Amount shall be credited; and (b) on any Payment Date out of the Issuer Available Funds and in accordance with the applicable Priority of Payment, the Replenishment Amount will be credited, and

*out of which* (a) on any Business Day the Expenses to be paid on any date other than a Payment Date shall be paid when due; and (b) one Business Day prior the Payment Date on which the Notes will be redeemed in full or otherwise cancelled, all funds then standing to the balance of the Expenses Account will be credited on the Payment Account.

The "**Principal Securities Account**" being a Euro denominated account for the deposit of such Eligible Investments in form of debt securities or other financial instruments deriving from funds standing to the balance of the Principal Investment Account in accordance with the instructions set out in the Investment Letter, to the extent such Eligible Investments are capable of being deposited into such an account.

The "**Interest Securities Account**" (together with the Interest Securities Account, the "**Securities Accounts**") being a Euro denominated account for the deposit of such Eligible Investments in form of debt securities or other financial instruments deriving from funds standing to the balance of the Interest Investment Account in accordance with the instructions set out in the Investment Letter, to the extent such Eligible Investments are capable of being deposited into such an account.

Except for the aforementioned accounts, the account with Monte Titoli to which the Class A Notes will be initially credited on the Issue Date upon their issue and any other account contemplated in the Transaction Documents, the Issuer shall not open or maintain a bank account with any person, in relation to monies deriving from the collection of the Receivables or to monies or securities in any

way connected with the securitisation of the Portfolio, without the prior written consent of the Representative of the Noteholders.

**Estimated Average Life of the Class A Notes and Assumptions**

The average life of the Class A Notes cannot be predicted, as the actual rate at which the Receivables will be repaid and a number of other relevant factors are unknown.

Calculations of the estimated average life of the Class A Notes can be made thanks to certain assumptions. These estimates have inherent limitations. No representations are made that such estimates are accurate, that all assumptions relating to such estimates have been considered or stated or that such estimates will be realised.

The actual characteristics and performance of the Receivables will differ from the assumptions used in constructing the tables set forth below. The tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, in reality, it is unlikely that the Receivables will prepay at a constant rate until maturity, that all of the Receivables will prepay at the same rate or that there will be no delinquencies or losses on the Receivables. Moreover the diverse remaining terms to maturity of the Receivables could produce slower or faster principal distributions than indicated in the tables at the various percentages of constant annual rate of prepayment ("**CPR**") specified, even if the weighted average remaining term to maturity of the Receivables is as assumed. Any difference between such assumptions and the actual characteristics and performance of the Receivables, or actual prepayment or loss experience, will affect the percentages of the initial amount outstanding over time and the weighted average lives of the Notes.

The following tables are prepared on the basis of certain assumptions, as described below, regarding the weighted average characteristics of the Receivables and the performance thereof. The table assumes, among other things, that:

(i) no Event of Default occurs in respect of the Notes;

(ii) there will be no Delinquent Receivables and no Defaulted Receivables in the Portfolio;

(iii) until the Revolving Period Termination Date, the Principal Collections accumulated during the Revolving Period are used by the Issuer to purchase and transfer additional loans into the Portfolio;

(iv) all Receivables comprised in the Portfolio will, on and after the Issue Date, have the same payment profile, interest rate type, yield, life and duration;

(v) terms of the Receivables will not be changed during the life of the transaction;

(vi) 3 Months Euribor is equal to 0.50 per cent. and remains constant throughout the life of the of the Notes;

(vii) the Class A Notes receive a coupon of 3 Months EURIBOR plus 45 basis points;

(viii) servicing fees are equal to 0.5 per cent per annum on the outstanding balance of the Portfolio;

(ix) interest and expenses are calculated on an ACT/360 basis;

(x) the First Payment Date falls on 8 April 2013 and, thereafter, the Payment Dates falls quarterly on the 7th calendar day of July, October, January and April of each year (or, if any such day is not a Business Day, the immediately succeeding Business Day);

(xi) the First Amortisation Payment Date falls on July 2014;

(xii) the Cash Reserve Balance at the end of the Revolving Period is equal to Euro 22,958,200.

**The average life of the Class A Notes is also subject to factors outside the control of the Issuer and, consequently, no assurance can be given that the assumptions and estimates above will**

**prove in any way to be realistic and they are, therefore, purely illustrative and do not represent the full range of possibilities for constant prepayment rate. In this light, the weighted average life of the Class A Notes must be viewed with considerable caution.**

Subject to the foregoing discussion and assumptions, the following tables indicate the approximate weighted average lives and the percentages of the Class A Notes, at various assumed rates of prepayment of the Receivables, would be as follows:

| **CPR (constant annual rate of prepayment) assumption (years)** | **Weighted Average Life** |
|---|---|
| Class A Notes 0.0 per cent. | 3.80 yrs |

**Terms and Conditions of the Notes**

*The following is the text of the terms and conditions of the Notes (the "**Terms and Conditions**" or the "**Conditions**"). In these Conditions, references to the "**holder**" of a Note, or to the Noteholders, are to the ultimate owners of the Notes, as the case may be, issued in bearer form and dematerialised and evidenced as book entries with Monte Titoli S.p.A. ("**Monte Titoli**") in accordance with the provisions of (i) Article 83-bis of Italian Legislative Decree No. 58 of 24 February 1998 and (ii) the joint regulation of CONSOB and the Bank of Italy dated 22 February 2008 and published in the Official Gazette No. 54 of 4 March 2008, as subsequently amended and supplemented from time to time. 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 the Noteholders (as defined below).*

*All capitalised words and expressions used herein shall have the same meaning as set forth below. Each initial and subsequent purchaser of the Notes will be deemed, by its subscription or purchase of such Notes, to have agreed and accepted the terms and conditions of the Notes and, in particular, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof in accordance with any applicable laws.*

The Class A Euro 644,600,000 Asset Backed Floating Rate Notes due October 2057 (the "**Class A Notes**") and the Class B Euro 244,400,000 Asset Backed Variable Rate Notes due October 2057 (the "**Class B Notes**" and, together with the Class A Notes, the "**Notes**") have been issued by UBI SPV BBS 2012 S.r.l. (the "**Issuer**") on 30 October 2012 or such other date indicated in the Prospectus (the "**Issue Date**") to finance the purchase from Banco di Brescia S.p.A. ("**BBS**" or the "**Originator**") of portfolios of receivables and connected rights (the "**Receivables**") deriving from certain Loans (the "**Loans**") entered into between the Originator and the debtors thereunder (the "**Debtors**").

The Issuer is a company incorporated with limited liability under the laws of the Republic of Italy under Article 3 of Italian law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the "**Securitisation Law**"), whose registered office is at Foro Bonaparte 70, 20121 Milan, Italy. The Issuer is registered for the purposes of issuing asset backed securities and registered in the general list (*elenco generale*) of special purpose vehicles held by the Bank of Italy pursuant to Decision of 29 April 2011 under No. 35022.3, registered with the Register of Companies of Milan and Tax Code No. 07827970968.

Any reference in these Conditions to (i) a "**Class**" of Notes or a "**Class**" of holders of Notes ("**Noteholders**") shall be construed as a reference to the Class A Notes or the Class B Notes, as the case may be, or to the respective holders thereof and (ii) any agreement or document shall be construed as a reference to such agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented.

The principal source of payment of interest and of repayment of principal on the Notes will be collections and recoveries made in respect of performing receivables and connected rights (the "**Receivables**") deriving from payments due under a portfolio (the "**Portfolio**") of loan agreements (the "**Loans**") between BBS and the debtors thereunder (the "**Debtors**") purchased and to be purchased from time to time by the Issuer from BBS pursuant to the terms of a master transfer agreement dated 26 June 2012 (the "**Master Transfer Agreement**"). Pursuant to the Master Transfer Agreement, during the Revolving Period, BBS may offer for sale to the Issuer, on a quarterly basis, Subsequent Receivables arising from a Subsequent Portfolio. The Issuer will pay to BBS the purchase price for the Subsequent Receivables (if any) on each Payment Date during the Revolving Period, according to the Priority of Payments.

The Portfolio will be segregated from all other assets of the Issuer by operation of the Securitisation Law and amounts deriving therefrom will be available, both before and after a winding-up of the

Issuer, to satisfy the obligations of the Issuer to the Noteholders, to pay amounts due to the Issuer's creditors under the Transaction Documents (as defined below) and to pay any other creditor of the Issuer in respect of costs, fees or expenses of, and any other amount payable by, the Issuer to such other creditor in relation to the securitisation of the Receivables made by the Issuer through the issuance of the Notes (the "**Securitisation**"). Amounts deriving from the Portfolio will not be available to any other creditor of the Issuer.

By a subscription agreement entered into on or about the Issue Date (the "**Notes Subscription Agreement**") between the Issuer, the Originator, in its capacity as originator and notes subscriber, and the Representative of the Noteholders, the Originator has agreed to subscribe for the Notes.

By a warranty and indemnity agreement entered into on 26 June 2012 (the "**Warranty and Indemnity Agreement**") between the Issuer and the Originator, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Portfolio and certain other matters and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio.

By a servicing agreement entered into on 26 June 2012 (the "**Servicing Agreement**") between the Issuer and UBI Banca (in such capacity, the "**Servicer**"), UBI Banca, as *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*, has agreed to administer and service the Portfolio and to collect any amounts in respect of the Portfolios in the name and on behalf of the Issuer.

Pursuant to the terms of a sub-servicing agreement entered into on 26 June 2012 (hereinafter, the "**Sub-Servicing Agreement**") between the Servicer and BBS, BBS has been appointed as Sub-Servicer in order to administer, service and collect amounts in respect of the Portfolio on behalf of the Issuer.

By an administrative services agreement entered into on 26 June 2012 (the "**Administrative Services Agreement**") between the Issuer and TMF (in such capacity, the "**Administrative Services Provider**"), the Administrative Services Provider has agreed to provide to the Issuer certain administrative services for so long as any Note is outstanding.

By a cash allocation management payment and agency agreement entered into on or about the Issue Date (the "**CAMPA**") between the Issuer, UBI Banca S.p.c.a. as Italian account bank (the "**Italian Account Bank**"),The Bank of New York Mellon, (Luxembourg) S.A., Italian Branch, as paying agent (the "**Paying Agent**"), The Bank of New York Mellon, London Branch, as English account bank (the "**English Account Bank**"), Banco di Brescia S.p.A. as expenses account bank (the "**Expenses Account Bank**"), UBI Banca S.p.c.a. as calculation agent (the "**Calculation Agent**"), The Bank of New York Mellon, London Branch, as cash manager (the "**Cash Manager**"), BNY Mellon Corporate Trustee Services Limited as representative of the Noteholders (the "**Representative of the Noteholders**"), the Cash Manager, the Italian Account Bank, the English Account Bank, the Expenses Account Bank, the Calculation Agent and the Paying Agent have agreed to provide the Issuer with certain calculation, notification and reporting services together with account handling, cash management and payment services in relation to moneys or securities from time to time standing to the credit of the Collection Account, the Interest Investment Account, the Principal Investment Account, the Securities Accounts, the Payment Account and the Expenses Account (each as defined below and together, the "**Accounts**").

By an intercreditor agreement entered into on or about the Issue Date (the "**Intercreditor Agreement**") between the Issuer, the Originator, the Representative of the Noteholders (for itself and on behalf of the Noteholders), the Administrative Services Provider, the Servicer, the Sub-Servicer (as defined below), the Cash Manager, the Italian Account Bank, the English Account Bank, the

Expenses Account Bank, the Calculation Agent, the Paying Agent, the Quotaholders (as defined below) and the Stichting Corporate Services Provider (as defined below), provision is made as to the application of the proceeds of the Issuer Available Funds (as defined below) and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio.

By a deed of pledge executed by the Issuer on or about the Issue Date (the "**Deed of Pledge**" (together with the Deed of Charge referred to below, the "**Security Documents**")) the Issuer has granted, in favour of the Representative of the Noteholders acting in its capacity as agent of the Noteholders and the Other Issuer Creditors, a first priority pledge over: (i) all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, credits and guarantees) to which the Issuer is entitled pursuant to the Transaction Documents (other than the Security Documents) to which the Issuer is a party; (ii) any existing or future pecuniary claim and right and any sum credited from time to time to the Collection Account and the Expenses Account.

By a charge agreement executed by the Issuer on or about the Issue Date (the "**Deed of Charge**") the Issuer has granted, in favour of the Representative of the Noteholders acting in its capacity as agent for the Noteholders and the Other Issuer Creditors, a first priority charge over (i) any sums standing to the credit of the Investment Accounts; and (ii) Eligible Investments credited to the Securities Accounts and all dividends, interest and other monies payable in respect thereof and all other rights, benefits and proceeds deriving therefrom.

By a mandate agreement entered into on or about the Issue Date (the "**Mandate Agreement**") between the Issuer and the Representative of the Noteholders, the Representative of the Noteholders is authorised to exercise, in the name of and on behalf of the Issuer, (a) subject to an Enforcement Notice being served upon the Issuer following the occurrence of an Enforcement Event (each such term as defined in Condition 10 (*Enforcement Events*) below), all the Issuer's rights arising out of the Transaction Documents (other than the right to collect and recover Receivables under the Servicing Agreement) to which the Issuer is a party and the Issuer's rights in respect of the Receivables, including the right to direct the sale (in whole or in part) of the Portfolio, provided that a sufficient amount will be realised to allow the discharge in full of all amounts due and payable to the Class A Noteholders and the amounts ranking in priority thereto or *pari passu* therewith; and (b) upon any unjustified failure by the Issuer to exercise its rights under the Transaction Documents against any defaulting party to procure the remedy of such default, all the Issuer's rights arising under such Transaction Documents against the defaulting counterparty.

By a quotaholders' agreement entered into on or about the Issue Date (the "**Quotaholders' Agreement**") between UBI Banca, Stichting and the Issuer, certain rules have been set forth, *inter alia*, in relation to the corporate management of the Issuer, call/put options have been granted by UBI Banca to Stichting and by Stichting to UBI Banca, and UBI Banca (in such capacity, the "**Quotaholder**" and, jointly with Stichting, the "**Quotaholders**") has undertaken certain indemnification obligations in favour of the Issuer.

By a subordinated loan agreement entered into (the "**Subordinated Loan Agreement**") between the Issuer and the Subordinated Loan Provider on or about the Issue Date, the Subordinated Loan Provider provides a credit facility to the Issuer aimed at financing the Cash Reserve.

By a PDL subordinated loan agreement entered into (the "**PDL Subordinated Loan Agreement**") between the Issuer and the PDL Subordinated Loan Provider on or about any Assignment Revolving Date, the PDL Subordinated Loan Provider provides a credit facility to the Issuer aimed at balancing any shortfall of the PDL prior to the drawing by the Issuer of any amount in accordance to such agreement, in order to ensure compliance with the Transfer Limits.

These Conditions include summaries of, and are subject to, the detailed provisions of the Intercreditor Agreement, the Master Transfer Agreement, the Warranty and Indemnity Agreement, the Administrative Services Agreement, the Servicing Agreement the Notes Subscription Agreement, the CAMPA, the Mandate Agreement, the Security Documents, the Subordinated Loan Agreement, the PDL Subordinated Loan Agreement, the Master Definitions Agreement and the Quotaholders' Agreement (together, the "**Transaction Documents**").

Copies of the Transaction Documents are available in electronic format for inspection during normal business hours at the office for the time being of the Representative of the Noteholders, being, as at the Issue Date, BNY Mellon Corporate Trustee Services Limited and (if, and so long as, the Class A Notes are listed on the Irish Stock Exchange and provided the rules of the Irish Stock Exchange so require) at the registered office of the Irish Paying Agent, being, at the Issue Date, with respect to the Irish Paying Agent.

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 which are applicable to them. In particular, each Noteholder, by reason of holding one or more Notes, recognises the Representative of the Noteholders as its representative, acting in its name and on its behalf, and agrees to be bound by the terms of the Transaction Documents to which the Representative of the Noteholders is a party as if such Noteholder was itself a signatory thereto.

The rights and powers of the Class A Noteholders and the Class B 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**") which form an integral and substantive part of these Conditions. A copy of the Rules of the Organisation of the Noteholders may be inspected upon request at the registered offices of respectively the Issuer, the Representative of the Noteholders and (if, and so long as, the Class A Notes are listed on the Irish Stock Exchange and provided the rules of the Irish Stock Exchange so require) the Listing Agent and the Irish Paying Agent.

The Recitals hereof and the Exhibits hereto constitute an integral and essential part of these Conditions.

Unless the context otherwise requires, any reference in these Conditions to (a) any agreement and/or other document shall be construed as a reference to such agreement and/or document, and any relevant ancillary documents and/or supplements thereto, as from time to time replaced, supplemented, extended, amended, varied, novated, supplemented or superseded, (b) any law, statutory provision or legislative enactment shall be deemed also to refer to any re-enactment, modification or replacement thereof and any statutory instrument, order or regulation made thereunder or under any such re-enactment, (c) a person acting in a specified capacity shall include references to that person's permitted successors and/or assignees and/or transferees and/or any further or other person and all persons deriving title under or through it and/or for the time being acting in such capacity and, (d) save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

Headings used in these Conditions are for ease of reference only and shall not affect their interpretation.

In these Conditions (including the Recitals), capitalised terms not otherwise defined herein shall, unless the context otherwise requires, have the following meaning:

"**1 Month EURIBOR**" means, on the reference date, the 1 month Euro Interbank Offered Rate for Euro denominated deposits determined by the Euribor Committee as of 11:00 (Brussels time) of each Business Day and published on the Reuters Screen EURIBOR01.

"**3 Months EURIBOR**" means, on the reference date, the 3 months Euro Interbank Offered Rate for Euro denominated deposits determined by the Euribor Committee as of 11:00 (Brussels time) of each Business Day and published on the Reuters Screen EURIBOR03.

"5 **Months EURIBOR**" means, on the reference date, the 5 months Euro Interbank Offered Rate for Euro denominated deposits determined by the Euribor Committee as of 11:00 (Brussels time) of each Business Day and published on the Reuters Screen EURIBOR05.

"**6 Months EURIBOR**" means, on the reference date, the 6 months Euro Interbank Offered Rate for Euro denominated deposits determined by the Euribor Committee as of 11:00 (Brussels time) of each Business Day and published on the Reuters Screen EURIBOR06.

"**Accounts**" means each of the Collection Account, the Expenses Account, the Payment Account, the Interest Investment Account, the Principal Investment Account, the Principal Securities Account, the Interest Securities Account, or such other accounts opened, or to be opened, in the name of the Issuer with the Italian Account Bank, the Expenses Account Bank, the English Account Bank, the Paying Agent or any other Eligible Institution.

"**Administrative Services Agreement**" means the administrative services agreement entered into on 26 June 2012 between the Issuer and the Administrative Services Provider.

"**Administrative Services Provider**" means TMF in its capacity as administrative service provider under the Administrative Services Agreement and any successor thereof appointed in accordance with the Administrative Services Agreement.

"**Amortizing Plan**" means the amortizing plan provided by a Loan Agreement, as amended form time to time.

"**Applicable Rate**" means, on any given day, the rate of interest applicable from time to time to a Loan.

"**Asset**" means any Real Estate Assets and any registered and unregistered movable properties which is the object of any Guarantee.

"**ATECO Code**" means the classification codes of economic activities ATECO 2007, adopted by ISTAT on 1 January 2008.

"**Authorised Person**" means any person who is designated in writing by the Issuer from time to time to give Instructions to any of the other Party to the Transaction Documents under the terms of the Transaction Documents.

"**Bankruptcy Law**" means the Royal Decree no. 267 of 16 March 1942, as amended and supplemented from time to time.

"**Block Voting Instruction**" means, in relation to any Meeting, a document:

(i) certifying that certain specified Notes (the "Blocked Notes") have been blocked in an account with a clearing system or the depository, as the case may be, and will not be released until the conclusion of the Meeting;

(ii) certifying that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the relevant Agent that the votes attributable to such Blocked Note are to be cast in a

particular way on each resolution to be put to the Meeting and that, during the period of 48 hours before the time fixed for the Meeting, such instructions may not be amended or revoked;

(iii) listing the total number of the Blocked Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and

(iv) authorising a named individual or individuals to vote in respect of the Blocked Notes in accordance with such instructions.

"**BoI Regulations**" means the supervisory instructions the "*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*" (Circolare No. 263 of 27 December 2006) issued by the Bank of Italy, as amended and supplemented from time to time.

"**Borrower**" means each beneficiary of the loan granted by the Originator under the Loan Agreements.

"**Business Day**" means a day on which TARGET2 (or any successor thereto) is open for settlements of payments in Euro, and banks are generally open for business in Milan and London.

"**Calculation Agent**" means UBI Banca in its capacity as calculation agent under the CAMPA and any successor thereof appointed in accordance with the CAMPA.

"**Calculation Date**" means the Business Day which falls within 5 Business Days immediately preceding a Payment Date.

"**Cancellation Date**" means the earlier of:

(a) the date on which the Notes have been redeemed in full;

(b) the Final Maturity Date;

(c) the later of the date on which (i) the Representative of the Noteholders, upon notice from the Servicer, has certified to the Issuer that all the Collections due in respect of all the Receivables comprised in the Portfolio have been received or recovered and that all judicial enforcement procedures in respect of the Portfolio have been exhausted; and (ii) the last of those Collections are applied in accordance with the applicable Priority of Payments; and

(d) the date on which all the Receivables comprised in the Portfolio have been sold and the relevant Issuer Available Funds have been received and applied in accordance with the applicable Priority of Payments.

"**CAMPA**" means the cash allocation management payment and agency agreement entered into on or about the Issue Date between, *inter alios*, the Issuer, the Representative of the Noteholders, the Italian Account Bank and the Cash Manager.

"**Cash Manager**" means The Bank of New York Mellon, London Branch in its capacity as cash manager under the CAMPA and any successor thereof appointed in accordance with the CAMPA.

"**Cash Reserve**" means the cash reserve standing to the credit of the Interest Investment Account from time to time, as created by the Issuer at the Issue Date and replenished on each Payment Date in accordance with the Pre-Enforcement Interest Priority of Payment.

"**Cash Reserve Percentage"** means, at the Issue Date and, in respect of each Payment Date, the following percentage:

| | |
|---|---|
| Issue date | 1.7% |
| Payment Dates falling in 2013 | 1.7% |

| | |
|---|---|
| Payment Dates falling in 2014 | 1.7% |
| Payment Dates falling in 2015 | 2.4% |
| Payment Dates falling in 2016 | 3.0% |
| Payment Dates falling in 2017 | 3.5% |
| Payment Dates falling in 2018 | 4.0% |
| Payment Dates falling after 2018 | 5.0% |

"**Class A Notes**" means Class A issued by the Issuer in the context of the Securitisation.

"**Class A Interest Amount Arrears**" has the meaning ascribed to it in Condition 5.4.

"**Class A Noteholders**" means the holders of the Class A Notes from time to time.

"**Class B Notes**" means Class B issued by the Issuer in the context of the Securitisation.

"**Class B Noteholders**" means the holders of the Class B Notes from time to time.

"**Class B Principal Repayment Amount**" means, on each Payment Date up to (but excluding) the Cancellation Date: (i) if the Class A Notes will not be redeemed in full on such Payment Date, zero; and (ii) if the Class A Notes have already been or will be, on such Payment Date, redeemed in full, the then Principal Amount Outstanding of the Class B Notes minus the aggregate Outstanding Principal of the Receivables as of the last day of the immediately preceding Collection Period.

"**Clearstream**" means Clearstream Banking, S.A., a company incorporated under the laws of the Grand Duchy of Luxembourg providing domestic and cross-border clearing and settlement services.

"**Collections**" means the amounts received by UBI, in its capacity as Servicer, as payments of the Receivables.

"**Collection Account**" means the account opened with the Italian Account Bank, in the name of the Issuer, denominated *Collection Account* and operating in accordance with the CAMPA.

"**Collection Date**" means the last day of each Collection Period. The first Collection Date will be 28 February 2013.

"**Collection Period**" means each quarterly period starting from the first calendar day (including) of March, June, September and December of each calendar year and ending on the last calendar day of May, August, November and February of each calendar year. The first Collection Period shall start on the Effective Date with reference to the Initial Portfolio (included) and shall end on 28 February 2013 (included).

"**Collection Policy**" means the collection policies set out in Annex "A" to the Servicing Agreement and set out in the section "*Portfolio and the Recovery and Collection Policy*".

"**Collections Received**" means any Collection received by the Servicer and credited to the Collection Account.

"**Concentration Limits**" means, following the purchase of any Subsequent Portfolio, the compliance of the Portfolio or, where indicated below, of the Subsequent Portfolio with the following criteria:

(a) the Outstanding Principal of Receivables comprised in the Portfolio and drawn by each single Debtor, taking also in consideration the possible relevant economic group of which the debtor is part, as defined by the Bank of Italy, will not exceed €12,500,000 (with the exception of the Economic Group NDG 2612117);

(b) the Outstanding Principal of Receivables comprised in the Portfolio and drawn by the first 10 Debtors, taking also in consideration the possible relevant economic group of which the debtor is part, as defined by the Bank of Italy, will not exceed 11% of the Outstanding Principal of the Portfolio;

(c) the Outstanding Principal of Receivables comprised in the Portfolio and drawn by the first 50 Debtors, taking also in consideration the possible relevant economic group of which the debtor is part, as defined by the Bank of Italy, will not exceed 27% of the Outstanding Principal of the Portfolio;

(d) an amount not exceeding 10% of the Outstanding Principal of Receivables comprised in the Portfolio is concentrated in each of the other sector according to ATECO Codes;

(e) an amount not exceeding 13% of the Outstanding Principal of Receivables comprised in the Portfolio is concentrated in the sector defined "*Affitto e gestione di immobili di proprietà o in leasing*", as classified according to ATECO Codes;

(f) an amount not exceeding 20% of the Outstanding Principal of Receivables comprised in the Portfolio is concentrated in the aggregate of sectors defined "*Costruzione Abitazioni*", "*Servizi della Locazione di Immobili*" e "*Costruzioni di Fabbricati non Residenziali*", as classified according to the RAE Codes;

(g) the Outstanding Principal of Receivables comprised in the Portfolio reclassified for Economic Sector as defined under the RAE Table does not exceed the following Concentration Limits: (a) 39% for the first Economic Sector; (b) 55% for the first two Economic Sectors; and (c) 65% for the first three Economic Sectors;

(h) the Weighted Average Probability of Default of the Portfolio does not exceed 2.5%;

(i) the percentage of Outstanding Principal of Receivables comprised in the Subsequent Portfolio with Probability of Default equal to 8 and 9 does not exceed, respectively, 5.5% and 2%;

(j) at least 40% of the Outstanding Principal of Receivables comprised in the Portfolio is composed by Loan Agreements guaranteed by an Economic First Ranked Mortgage;

(k) at least 45% of the Outstanding Principal of Receivables comprised in the Portfolio is composed by Loan Agreements not guaranteed by a Mortgage;

(l) at least 26% of the Outstanding Principal of Receivables comprised in the Portfolio is composed by Loan Agreements that are classified as *fondiari*;

(m) at least 83% of Outstanding Principal of Receivables that are guaranteed by a Mortgage, classified as *non fondiario*, included in the Portfolio, classified as *non fondiari*, the relevant Mortgage shall not be subject to revocation in bankruptcy;

(n) the Weighted Average Margin of the Portfolio is not lower than 1.8%;

(o) at least 66% of the Outstanding Principal of Receivables comprised in the Portfolio is composed by Loan Agreements index-linked to Euribor 3 months with a periodical reset from monthly to quarterly;

(p) an amount not higher than 10% of the Outstanding Principal of Receivables is represented by Loan Agreements with fixed interest rate;

(q) the Weighted Average Fixed Interest Rate of fixed interest rate Loan Agreements included in the Portfolio is not lower than 5%;

(r) an amount not exceeding 78% of the Outstanding Principal of Receivables comprised in the Portfolio is represented by Loan Agreements granted to Debtors with their registered office in the Lombardia Region;

(s) an amount not exceeding 14% of the Outstanding Principal of Receivables comprised in the Portfolio is represented by Loan Agreements granted to Debtors with their registered office in the Lazio Region;

(t) an amount not exceeding 12% of the Outstanding Principal of Receivables comprised in the Portfolio is represented by Loan Agreements granted to Debtors with their registered office in a single Italian Region (other than Lombardia and Lazio);

(u) the Weighted Average Life (WAL) of the Portfolio will not exceed 5 years;

(v) the Outstanding Principal of Receivables comprised in the Portfolio that are in pre-amortisation is not higher than 5%;

(w) the Outstanding Principal of Receivables comprised in each Subsequent Portfolio with constant amortisation plan (French Amortisation system) is at least 93%;

(x) in Loan Agreements, with monthly and quarterly amortisation intervals shall represent, together, at least 81% of the Outstanding Principal of Receivables comprised in each Subsequent Portfolio; and

(y) an amount not exceeding 7% of Outstanding Principal of Receivables of each Subsequent Portfolio may be represented by Loan Agreements guaranteed by a Mortgage over land.

"**Condition**" means any of the conditions set out in the Terms and Conditions of the Notes.

"**Consolidated Banking Act**" means Italian Legislative Decree No. 385 of 1 September 1993, as amended and integrated from time to time.

"**Common Criteria**" means the common criteria set out in Annex A, Section I of to the Master Transfer Agreement, which includes the Common Criteria and the Common Criteria for Subsequent Portfolio.

"**Common Criteria for Subsequent Portfolio**" means the common criteria for any Subsequent Portfolio set out in Annex A, Section I of to the Master Transfer Agreement.

**"Corporate Services Agreement**" means the corporate services agreement entered into on 26 June 2012 between the Issuer and the Corporate Services Provider.

**"Corporate Services Provider**" means TMF in quality of corporate services provider under the Corporate Services Agreement.

"**Criteria**" means collectively the Common Criteria and the Specific Criteria.

"**Cumulative Default Ratio**" means, as at any Calculation Date, the ratio between:

(i) the aggregate of Defaulted Amounts with respect to all the Collections Periods preceding such Calculation Date; and

(ii) the aggregate of the Purchase Price for Initial Portfolio and the Purchase Price for Subsequent Portfolio for each Subsequent Portfolio purchased by the Issuer before such Calculation Date.

"**Cut-Off Date**" means, (i) in relation to the assignment of the Initial Portfolio 1 June 2012, and (ii) in relation to the assignment of any Subsequent Portfolio, the date specified as such in the *Offerta di Cessione* (with the meaning ascribed to such expression under Clause 6 of the Master Transfer Agreement), which shall fall no later than six weeks after the Selection Date.

"**DBRS**" means DBRS Ratings Limited.

"**Debtor**" means any person in its capacity as Borrower under a Loan Agreement originated by, and included in the Portfolio assigned by, the Originator;

"**Decree 239 Deduction**" means any withholding or deduction for or on account of "*imposta sostitutiva*" under Italian Legislative Decree (*Decreto Legislativo*) No. 239 of 1 April 1996 as subsequently amended.

"**Deed of Charge**" means the deed of charge governed by English law entered into on or about the Issue Date between the Issuer and the Other Issuer Creditors acting through the Representative of the Noteholders.

"**Deed of Pledge**" means the deed of pledge governed by Italian law to be entered into on or about the Issue Date among the Issuer, the Noteholders and the Other Issuer Creditors, acting through the Representative of the Noteholders.

"**Defaulted Amount**" means, with respect to any Collection Period, the Outstanding Principal of all the Receivables that became Defaulted Receivables during such Collection Period.

"**Defaulted Receivables**" means the Receivables which (i) have not been paid for more than 180 days or (ii) have been classified as "*crediti ad incaglio*", "*crediti in sofferenza*" or "*crediti ristrutturati*" under the BoI Instructions and the Collection Policies.

"**Default Trigger**" means:

(i) in respect of any Payment Date falling before and including the Payment Date falling in 7 October 2013: 6%; or

(ii) in respect of any Payment Date falling from the Payment Date falling on 7 October 2013 (excluded) to the Payment Date falling in April 2014 (included): 9%.

"**Delinquency Ratio**" means, as at any Calculation Date, the ratio between:

(i) the Delinquent Amounts; and

(ii) the Outstanding Principal of all Receivables that are not classified as Defaulted Receivables as of the last day of the Collection Period immediately preceding the relevant Calculation Date.

"**Delinquency Trigger**" means, in respect of any Payment Date, 6%.

"**Delinquent Amount**" means, with respect to the last day of any Collection Period, the Outstanding Principal of all the Receivables that are classified as Delinquent Receivables.

"**Delinquent Receivables**" means the Receivables, which have not been classified as Defaulted Receivables, in relation to which one or more Instalment have not been paid by the relevant Borrower for at least 30 (thirty) days after the relevant due date.

"**Due Interests**" means, as at any date, the amount of the interests accrued and due in respect of a Receivable under the relevant Loan Agreement.

"**Economic First Ranked Mortgage**" means the economic first ranked Mortgage, including (a) a first ranked Mortgage or (b) a second or other ranked Mortgage in respect of which the first ranked creditor is the Originator and the secured obligations guaranteed by a superior ranked mortgage have been satisfied.

"**Economic Sector**" means the sector of economic activities to which different RAE codes are associated according to RAE Table.

"**Effective Date**" means (i) with reference to the Initial Portfolio, the signing date of the Master Transfer Agreement and (ii) with reference to any Subsequent Portfolio the Revolving Assignment Date as indicated in the Transfer Offer.

"**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 (1) whose issuer credit rating (in the case of S&P) and whose long-term unsecured, unsubordinated and unguaranteed debt obligations or (2) whose obligations (in the case of DBRS) under the Transaction Documents to which it is a party are guaranteed (on the basis of an unconditional, irrevocable, independent first-demand guarantee and provided that such guarantee shall not prejudice the ratings assigned to the Class A Notes) by a depository institution organised under the laws of any State which is a member of the European Union or of the United States whose issuer credit rating (in the case of S&P) and whose long-term unsecured, unsubordinated and unguaranteed debt obligations (in the case of DBRS), have at least the following ratings:

1. "BBB-" by S&P in respect of its issuer credit rating; and

2. "BBB (low)" by DBRS in respect of long-term debt public rating; or if there is no such public rating, a private rating supplied by DBRS of at least "BBB (low)". 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 following rating from at least 2 (two) of the following rating agencies (provided that if such public rating is under credit watch negative, or the equivalent, then the rating will be considered one notch below):

   (i) a long-term rating of at least "BBB-" by Fitch;

   (ii) a long-term rating of at least "BBB-" by S&P;

   (iii) a long-term rating of at least "Baa3" by Moody's.

"**Eligible Investments**" means:

a) any Euro denominated senior (unsubordinated) dematerialised debt securities or other debt instruments or time deposits provided that such investments (a) have a maturity not exceeding 3 months, (b) have a maturity not exceeding the next following Eligible Investments Maturity Date and (c) have the ratings indicated below on item (i) and (ii):

   (i) with respect to S&P's ratings:

      1. a short-term unsecured and unsubordinated rating of at least "A-3" for Eligible Investments maturing within 60 days or less, or a long-term unsecured and unsubordinated rating at least "BBB" or a short-term unsecured and unsubordinated rating at least "A-2" for investments maturing within 365 days or less, or such other rating which does not negatively affect the then current rating of the Notes, as previously communicated to the Rating Agencies; or

      2. such other rating as acceptable to S&P from time to time;

   (ii) with respect to DBRS ratings:

      1. with regard to investments having a maturity of less than one month, (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, "BBB (low)" by DBRS in respect of long-term debt or (B) if the issuer or the guarantor of such investments are not rated by DBRS, the issuer or the guarantor of such investments has the following long-term unsecured, unsubordinated and unguaranteed ratings from at least two of the following rating agencies:

         (i) a long-term rating of at least "BBB-" by Fitch;

         (ii) a long-term rating of at least "BBB-" by S&P;

(iii) a long-term rating of at least "Baa3" by Moody's; or

2. with regard to investments having a maturity between one and three months, (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, "AA (low)" by DBRS in respect of long-term debt and "R-1 (middle)" in respect of short-term debt, or (B) if the issuer or the guarantor of such investments are not rated by DBRS, the issuer or the guarantor of such investments has the following long-term unsecured, unsubordinated and unguaranteed ratings from at least two of the following rating agencies:

   (i) a long-term rating of at least "AA-" by Fitch;

   (ii) a long-term rating of at least "AA-" by S&P;

   (iii) a long-term rating of at least "Aa3" by Moody's; or

3. such other rating as acceptable to DBRS from time to time,

provided that in case of downgrade below the rating levels set out in points (1), (2) and (3) above: (a) the Issuer shall sell the securities, if it could be achieved without a loss, otherwise (b) the securities shall be allowed to mature; or

b) a Euro denominated bank account or deposit (excluding, for the avoidance of doubt, a time deposit) held in the United Kingdom or Spain with an Eligible Institution provided that (i) such investments are immediately repayable on demand, disposable without any penalty or any loss and have a maturity date falling not later than the next following Eligible Investments Maturity Date; (ii) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and (iii) within 30 calendar days from the date on which the institution ceases to be an Eligible Institution, such investment has to be transferred to another Eligible Institution at no costs for the Issuer; or

c) repurchase transactions between the Issuer and an Eligible Institution in respect of Euro denominated debt securities or other debt instruments provided that (i) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes (as confirmed by a non-qualified legal opinion by a primary standing law firm) to the Issuer and the obligations of the relevant counterparty are not related to the performance of the underlying securities, (ii) such repurchase transactions have a maturity date falling not later than the next following Eligible Investments Maturity Date and in any case shorter than 60 days, (iii) within 30 calendar days from the date on which the institution ceases to be an Eligible Institution, such investment has to be transferred to another Eligible Institution at no costs and no loss for the Issuer, and (iv) such repurchase transactions provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount),

provided that:

1. in all cases, such investments provide a fixed principal amount at maturity (or upon disposal or liquidation, as the case may be) at least equal to the principal amount invested;

2. in any event, none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of (i) credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities, or (iv) any other instrument from time to time specified in the European Central Bank monetary policy regulations applicable from time to time as being instruments in which funds underlying asset-backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested; and

3. the Eligible Investments under (a) above and any other Eligible Investments other than bank account, cash deposit or time deposit (but including without limitation, the

securities underlying repurchase transactions) above are capable of being registered on the Securities Account;

4. such Eligible Investments are held directly with the English Account Bank and/or through Euroclear or Clearstream or other clearing systems and registered in the name of the Issuer or, only to the extent registration in the name of the Issuer is not possible, in the name of the English Account Bank and in no case Eligible Investments are held through a sub-custodian.

"**Eligible Investments Maturity Date**" means in relation to Eligible Investments deriving from the investment of Issuer Available Funds to be distributed on a certain Payment Date, the day falling the Business Day immediately preceding such Payment Date.

"**Enforcement Event**" has the meaning ascribed to it in Condition 10.

"**Enforcement Notice**" has the meaning ascribed to it in Condition 10.

"**English Account Bank"** means The Bank of New York Mellon, London Branch, in its capacity as English account bank in respect of the Interest Investment Account, the Principal Investment Account and the Securities Accounts pursuant to the terms of the CAMPA, and any successor thereof appointed in accordance with the CAMPA.

"**EU Insolvency Regulation**" means the Directive 2004/109/EC of 15 December 2004, as implemented in Italy with the Legislative Decree n. 195 of 6 November 2007.

"**EU Recommendation**" means the Recommendation of the European Commission 2003/361/CE of 6 May 2003 entered into force on the first of May 2005, regarding to the definition of small and medium business (SME).

"**Euroclear**" has the meaning ascribed to it in Condition 7.1.

"**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 amended by the Treaty on European Union (signed in Maastricht on 7 February 1992);

"**Execution Date**" means, in relation to each Loan Agreement, the original date of execution of the Loan Agreement, regardless of any potential taking over of a debt, or reorganisation or splitting of the loan which has occurred afterwards such date.

"**Expenses**" means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation, and any other documented costs and expenses required to be paid in order to preserve the existence of the Issuer or to maintain it in good standing, or to comply with applicable legislation.

"**Expenses Account**" means the account opened with the Expenses Account Bank, in the name of the Issuer, denominated *Expenses Account* and operating in accordance with the CAMPA.

"**Expenses Account Bank**" means the Originator, in its capacity of Expenses Account Bank, in respect of the Expenses Account, under the CAMPA, and any successor thereof appointed in accordance with the CAMPA.

"**Extraordinary Resolution**" means a resolution of the meeting of the relevant class Noteholders, duly convened and held in accordance with the provisions of the Rules of the Organisation of Noteholders;

"**Final Maturity Date**" has the meaning ascribed to it in Condition 6.1.

"**First Payment Date**" has the meaning ascribed to it in Condition 5.1.

"**Fitch**" means Fitch Ratings Ltd. and its subsidiaries and any successor or successors thereto.

"**Guarantee**" means any personal or real guarantee (including the Pledges, the Mortgages and the Personal Guarantee) granted by a Borrower, a Guarantor or any other person in relation to the Receivables for the purpose of granting (a) the payment of the Receivables and (b) the fulfillment of the obligations under the Loan Agreements.

"**Guarantor**" means any subject and any successor or assigns, other than a Borrower, that has granted a personal or real guarantee in favour of the Originator for the purpose of granting the payment of the Receivables.

"**Individual Price**" means the amount due for the transfer of each of the Receivables as set out under Clause 3.1 of the Master Transfer Agreement.

"**Initial Interest Period**" has the meaning ascribed to it in Condition 5.1.

"**Initial Portfolio**" means the portfolio of Initial Receivables transferred by the Originator to the Issuer, consisting of receivables selected in accordance with the Common Criteria set out in Annex A, Section I, as applicable, and II of the Master Transfer Agreement.

"**Initial Principal Amount**" means, with respect to a Receivable, the aggregate Principal Amount due by a Borrower starting from the Cut-Off Date (included).

"**Initial Receivables**" means the Receivables included in the Initial Portfolio, selected in accordance with the Common Criteria set out in Annex A, Section I, as applicable, and II of the Master Transfer Agreement.

"**Insolvency Event**" means, in respect of any company or corporation, that:

(i) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, *fallimento*, *liquidazione coatta amministrativa*, *concordato preventivo* and *amministrazione straordinaria*, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or any procedure having a similar effect, unless in the opinion of the Representative of the Noteholders (who may rely on the advice of legal advisers selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

(ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders (who may rely on the advice of legal advisers selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

(iii) such company or corporation takes any action for a re-adjustment of 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, in case of the Issuer, the creditors under the Transaction Documents) 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; or

(iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation or any of the events under Article 2448 of the Italian Civil Code occurs with respect to such company or corporation (except in any such case a winding-up or other proceeding 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

(v) such company or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

"**Insolvency Proceeding**" means the bankruptcy and the other insolvency proceedings provided according to Italian Law, included, without limitation, *fallimento*, *liquidazione coatta amministrativa*, *concordato preventivo* and *amministrazione straordinaria delle grandi imprese in stato di insolvenza*.

"**Instalment**" means jointly the Reimbursement Instalment and the Payment Instalment in respect of a Loan Agreement.

"**Instructions**" means any written notices, directions or instructions received by any Party to the Transaction Documents in accordance with the relevant Transaction Documents from an Authorised Person or from a person reasonably believed by such Party to be an Authorised Person.

"**Insurance Policies**" means any insurance policy entered into by a Debtor or the Originator, in relation to, or as a condition for the entering into of, a Loan Agreement, including, but not limited to, the insurance policies for the coverage of the risks relating to the Assets entered into for the purpose of granting the reimbursement of any amount due under such Loan Agreements.

"**Intercreditor Agreement**" means the intercreditor agreement entered into on or about the Issue Date between the Issuer, the Originator, the Representative of the Noteholders (acting for itself and on behalf of the Noteholders) and the Other Issuer Creditors.

"**Interest Amount**" means the interest component of the Reimbursement Instalments or of the Payment Instalments due by a Debtor or the interest amount of any other payment due by a Debtor under the respective Loan Agreement.

"**Interest Amount Arrears**" has the meaning ascribed to it in Condition 5.4.

**"Interest Available Funds**" means, with respect to each Payment Date the sum of:

(i) all the Interest Collections received during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account (including, for the avoidance of doubt, penalties for early termination and any other sums other than principal paid by the Debtors pursuant to the relevant Loan Agreement);

(ii) the Recoveries in respect of interest received during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account;

(iii) any other amount (to the extent such amounts do not relate to principal) received by the Issuer under the Transaction Documents during the immediately preceding Collection Period (other than the Interest Collections and the Recoveries in respect of interest) and credited to the Collection Account;

(iv) any interest accrued and credited on the Accounts (other than the Expenses Account) as of the last day of the immediately preceding Collection Period and any interest, profit or proceeds generated by the Eligible Investments during the relevant Interest Period;

(v) on the Payment Date on which all the Notes will be redeemed in full or otherwise cancelled, all funds then standing to the balance of the Expenses Account;

(vi) any amount credited (and not used) in the Interest Investment Account on the previous Payment Date under item (x) of the Pre-Enforcement Interest Priority of Payments;

(vii) any amount allocated under item (i) of the Pre-Enforcement Principal Priority of Payment;

(viii) the proceeds with respect to interest arising from the sale (if any) of all or part of the Portfolio; and

(ix) the Cash Reserve.

"**Interest Collections**" means the amounts received by UBI, in its capacity as Servicer, as payments of the Receivables, other than Principal Collections.

"**Interest Determination Date**" means the second Business Day before each Payment Date, save in respect to the Initial Interest Period, in relation to which the Interest Determination Date is the second Business Day before the Issue Date.

"**Interest Investment Account**" means the account opened with the English Account Bank, in the name of the Issuer, denominated *Interest Investment Account* and operating in accordance with the CAMPA.

"**Interest Payment Amount**" has the meaning ascribed to it in Condition 5.3.

"**Interest Period**" has the meaning ascribed to it in Condition 5.1.

"**Interest Securities Account**" means the account opened with the English Account Bank, in the name of the Issuer, denominated *Interest Securities Account* and operating in accordance with the CAMPA.

"**Investment Accounts**" means the Principal Investment Account and the Interest Investment Account.

"**Investment Letter**" means the letter by the Issuer to the Cash Manager on or about the Issue Date, as amended and supplemented from time to time.

"**Investors Report**" means the report containing information relating to the Portfolio with reference to the immediately preceding Reference Period as well as the then prevailing Interest Period (if applicable) to be delivered by the Calculation Agent to the Issuer, the Representative of the Noteholders, the Servicer, the Sub-Servicer, the Administrative Services Provider and the Rating Agencies on each Investors Report Date.

"**Investors Report Date**" means the Calculation Date.

"**Irish Paying Agent**" means The Bank of New York Mellon (Ireland) Limited in its capacity as Irish paying agent under the CAMPA and any successor thereof appointed in accordance with the CAMPA.

"**Irish Stock Exchange**" means the Irish stock exchange on which application has been made for the Class A Notes to be listed to the official list and to be admitted to trading on its Regulated Market.

"**Issue Date**" means the date on which the Notes will be issued.

"**Issuer**" means UBI SPV BBS 2012 S.r.l., in his capacity as issuer of the Notes.

"**Issuer Available Funds**" shall include the Interest Available Funds and the Principal Available Funds.

"**Issuer Security**" means, collectively, any and all Security Interest created under the Security Documents.

"**Issuer's Rights**" mean the Issuer's rights and remedies under the Transaction Documents.

"**Italian Account Bank**" means UBI Banca, in its capacity as Italian account bank in respect of the Collection Account, under the CAMPA, and any successor thereof appointed in accordance with the CAMPA.

"**Junior Servicer Expenses**" means any expenses and costs (including indemnities) due to the Servicer under the Servicing Agreement other than the Senior Servicer Expenses.

"**Liquidation of the Securitisation**" means the time at which all of the Notes issued by the Issuer in the context of the Securitisation have been repaid in full.

"**Listing Agent**" means The Bank of New York Mellon (Ireland) Limited, in its capacity as listing agent pursuant to the terms of an engagement letter and any successor thereof appointed in accordance with the terms of such engagement letter.

"**Loan Agreement**" means any loan agreement entered into by and between the Originator and a Borrower together with the other agreements and documents relating to the potential Guarantees or the relationships entered into between the lenders, the Originator and a Borrower, a Guarantor and/or other lenders.

"**Losses**" means any and all claims, losses, liabilities, damages, costs, expenses and judgments (including legal fees and expenses) sustained by either party.

"**Mandate Agreement**" means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders.

"**Master Definition Agreement**" means this master definition agreement entered into by all the parties to the Transaction Documents.

"**Master Transfer Agreement**" means the master transfer agreement entered into on 26 June 2012 between the Issuer and the Originator.

"**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 its customers with Monte Titoli.

"**Moody's**" means Moody' Investors Service Ltd.

"**Mortgages**" means the mortgages entered into over the Real Estate Assets as a guarantee of the Receivables.

"**Most Senior Noteholders**" means, at any time, the most senior class of Noteholders at that time being.

"**Movable Assets**" means the movable properties which have been pledged as a guarantee of the Receivables.

"**Non-Compliant Receivables**"means the Receivables that, following the Effective Date, are no longer compliant, as of the Issue Date, with the criteria set forth under the definition of SME provided by the EU Recommendation. "**Noteholders**" means the subject that will from time to time hold the Notes.

"**Notes**" means, collectively, the Class A Notes and the Class B Notes.

"**Notes Subscription Agreement**" means the notes subscription agreement entered into on or about the Issue Date between the Issuer, the Originator and the Representative of the Noteholders, as from time to time modified and supplemented.

"**Optional Redemption**" has the meaning ascribed to it in Condition 6.3.

"**Organisation of the Noteholders**" means the association of the Noteholders created on the Issue Date.

"**Originator**" means Banco di Brescia S.p.A. acting as originator pursuant to the Master Transfer Agreement.

"**Other Issuer Creditors**" means, collectively, the Representative of the Noteholder, the Subordinated Loan Provider, the Expenses Account Bank, the Paying Agent, the Irish Paying Agent, the Originator, the Calculation Agent, the PDL Subordinated Loan Provider, the Set-Off Subordinated Loan Provider, the Administrative Services Provider, the Servicer, the Sub-Servicer, the Cash Manager, the Italian Account Bank, the English Account Bank, the Quotaholders, the Stichting Corporate Services Provider and any other of the Issuer's creditors under the Transaction Documents other than the Noteholders.

"**Outstanding Principal**" means, with respect to any Receivable, and as at any date, the aggregate of all the Principal Instalments due and payable but unpaid by the Debtor as at such date; on the Effective Date, with respect to a Portfolio, the Outstanding Principal is equal to the aggregate of the outstanding principal amount of the Receivables as at the Cut-Off Date.

"**Paying Agent**" means The Bank of New York Mellon (Luxembourg ) S.A., Italian Branch in its capacity as principal paying agent under the CAMPA and any successor thereof appointed in accordance with the CAMPA.

"**Paying Agents**" means, jointly, the Paying Agent and the Irish Paying Agent.

"**Payment Account**" means the account opened with the Paying Agent, in the name of the Issuer, denominated *Payment Account* and operating in accordance with the CAMPA.

"**Payment Date**" means the 7 $^{th}$ day of July, October, January and April in each year (or, if such day is not a Business Day, the immediately succeeding Business Day). The first Payment Date will be 8 April 2013.

"**Payment Instalment**" means the interest payment instalment due under the respective Loan Agreement.

"**Payments Report**" means the report prepared, on or prior to each Calculation Date, by the Calculation Agent pursuant to the terms and conditions of the CAMPA, containing details of amounts to be paid by the Issuer on the Payment Date succeeding the relevant Calculation Date in accordance with the applicable Priority of Payments.

"**PDL Subordinated Loan Agreement**" means a subordinated loan agreement, having the same content and features of the Subordinated Loan Agreement, that may be entered into on or about any Revolving Assignment Date between the Issuer and the PDL Subordinated Loan Provider, for the provision of a credit facility to the Issuer aimed at balancing any shortfall in the PDL prior to the drawing by the Issuer of any amount in accordance to such agreement, in order to ensure compliance with the Transfer Limits.

"**PDL Subordinated Loan Provider**" means the Originator acting as subordinated loan provider under the PDL Subordinated Loan Agreement and any successor thereof.

"**Performing Receivables**" means the Receivables that are not classified as Defaulted Receivables or Delinquent Receivables.

"**Personal Guarantees**" means the personal guarantees or the other guarantees granted by a Guarantor in relation to the Receivables.

"**Pledges**" means the pledges over the Movable Assets for the purpose of granting the Receivables.

"**Portfolio**" means, on the basis of the context in which it is used (i) the aggregate of the Initial Portfolio and any Subsequent Portfolios, or (ii) each Portfolio assigned pursuant to the Master Transfer Agreement.

"**Portfolio Call**" has the meaning ascribed to it in Condition 6.3.

"**Portfolio Yield**" means with respect to any period of time, (i) the Interest Instalments of the Portfolio accrued, whether or not actually paid; *plus* (ii) any default interest paid by any Debtor; *plus* (iii) any penalties paid by any Debtor upon early termination of the respective Loan Agreement.

"**Portfolio Call Option**" means, under the Master Transfer Agreement the right of the Originator, under certain conditions, to repurchase (in whole, but not in part) the Portfolio from the Issuer, starting from the Payment Date (included) falling after the Initial Period.

"**Post-Enforcement Priority of Payments**" has the meaning ascribed to it in Condition 4.3.

"**Pre-Enforcement Interest Priority of Payments**" has the meaning ascribed to it in Condition 4.1.

"**Pre-Enforcement Principal Priority of Payments**" has the meaning ascribed to it in Condition 4.2.

"**Principal Amount**" means the principal amount of the Reimbursement Instalments due by the Borrowers or any other principal amount due by the Borrowers under the Loan Agreements.

"**Principal Amount Outstanding**" means, on any day:

(a) with respect to each Class of Notes, the aggregate principal amount outstanding of all Notes in such Class;

(b) with respect to a Note, the principal amount of that Note upon issue, *less* the aggregate amount of all Principal Payments (as defined in Condition 6.2 (*Mandatory pro rata redemption*)) in respect of that Note that have been made on or prior to that date.

"**Principal Available Funds**" means, with respect to each Payment Date the sum of:

(i) all the Principal Collections (other than any Suspect Period Principal Collection) received during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account;

(ii) the Recoveries in respect of principal received during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account;

(iii) any other amount (to the extent such amounts do not relate to interest or amounts other than principal) received by the Issuer under the Transaction Documents during the immediately preceding Collection Period (other than the Principal Collections and the Recoveries in respect of principal) and credited to the Collection Account;

(iv) any Purchase Price Accumulation Amount not used for the payment of the Purchase Price of a Subsequent Portfolio in accordance with the Master Transfer Agreement;

(v) all amounts (if any) payable under item (vii) of the Pre-Enforcement Interest Priority of Payments on such Payment Date towards the reduction of the debt balance of the Principal Deficiency Ledger;

(vi) any amount to be paid under item (viii) of the Pre-Enforcement Interest Priority of Payments;

(vii) any amount credited (and not used) in the Principal Investment Account on the previous Payment Date under item (iii) of the Pre-Enforcement Principal Priority of Payments;

(viii) the proceeds with respect to principal arising from the sale (if any) of all or part of the Portfolio;

(ix) any amount which qualified as Suspect Period Principal Collection on the preceding Payment Dates, in respect of which the two-year term from the date of prepayment is expired;

(x) any amount drawn under the PDL Subordinated Loan Agreement; and

(xi) (I) following the occurrence of a Set-Off Accumulation Event, a portion of the Set-Off Reserve equal to the amounts that the Issuer has not received during the preceding Collection Period as a consequence of such amounts being set-off with amounts due by the Originator to the Borrower or (II) following full repayment of the Class A Notes, an amount equal to the entire Set-Off Reserve credited to the Principal Investment Account.

"**Principal Collections**" means the amounts received by UBI, in its capacity as Servicer, as payments of the Receivables, in respect of principal and in respect of the interest amount included in the calculation of the purchase price of Receivables.

"**Principal Deficiency Amount**" means, on any Calculation Date until full redemption of the Class A Notes, the arithmetic sum of:

(i) the Outstanding Principal of any Receivable which has been classified as Defaulted Receivable for the first time during the immediately preceding Collection Period; *plus*

(ii) an amount equal to the Collections lost in case of insolvency of the Servicer or of the Originator (including as the consequence of any set-off exception by the Debtors) during the immediately preceding Collection Period; *plus*

(iii) the debt balance of the Principal Deficiency Ledger before the allocation of the amounts referred under (i) and (ii) above *less*

(iv) any Recoveries in respect of principal received by the Issuer during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account;

provided that, if the result of the sum above is a negative number, the Principal Deficiency Amount will be equal to zero.

"**Principal Deficiency Ledger**" or "**PDL**" means the ledger maintained by the Calculation Agent in respect of the Class A Notes, which shall be established on behalf of the Issuer in order to record (A) as debt entry, any Principal Deficiency Amount and (B) as credit entry (a) any amounts allocated or under item (vii) of the Pre-Enforcement Interest Priority of Payment; (b) any amount drawn by the Issuer under the PDL Subordinated Loan Agreement, if any.

"**Principal Instalments**" means on any date the principal amount of the Instalments due by a Debtor as at such date or any other amount due by a Debtor under the respective Loan Agreement.

"**Principal Investment Account**" means the account opened with the English Account Bank, in the name of the Issuer, denominated *Principal Investment Account* and operating in accordance with the CAMPA.

"**Principal Payment**" has the meaning ascribed to it in Condition 6.2.

"**Principal Securities Account**" means the account opened with the English Account Bank, in the name of the Issuer, denominated Principal Securities Account and operating in accordance with the CAMPA.

"**Priority of Payments**" means, jointly, the Post-Enforcement Priority of Payments, the Pre-Enforcement Interest Priority of Payments and the Pre-Enforcement Principal Priority of Payments, and each Priority of Payments, as the case may be, as from time to time applicable under the Terms and Conditions, in accordance to which the payments due by the Issuer will be carried out.

"**Privacy Law**" means the Legislative Decree No. 196 of 30 June 2003, as subsequently amended and supplemented, together with the relevant implementation rules, as from time to time supplemented by the rules enacted by the privacy Guarantee Authority.

"**Probability of Default**" means, with reference to the Receivables, the probability of default assigned to the Debtors, calculated on an annual basis.

"**Purchase Price**" means the purchase price payable by the Issuer to the Originator in respect of the Portfolio.

"**Purchase Price Accumulation Amount**" means, on any Payment Date, an amount equal to the Purchase Price for a Subsequent Portfolio – as determined with reference to such Subsequent Portfolio under the relevant Transfer Offer – to be used for any payment of the relevant Purchase Price of any Subsequent Portfolio during the following Interest Period, after the fulfilment of the formalities provided for under the Master Transfer Agreement.

**"Purchase Price for Initial Portfolio**" means the purchase price payable by the Issuer to the Originator in respect of the Initial Portfolio, pursuant to Clause 3.2 of the Master Transfer Agreement.

**"Purchase Price for Subsequent Portfolio**" means the purchase price payable by the Issuer to the Originator in respect of a Subsequent Portfolio, pursuant to Clause 7.2 of the Master Transfer Agreement.

"**Purchase Termination Event**" means any of the following:

(a) the Cumulative Default Ratio exceeds the Default Trigger for the immediately preceding Collection Period; or

(b) the Delinquency Ratio exceeds the Delinquency Trigger for the immediately preceding Collection Period; or

(c) an Insolvency Event in respect to the Originator has occurred;

(d) other than as a result of force majeure and notwithstanding the occurrence of such circumstances in which the Servicer has used its reasonable endeavors to deliver the Quarterly Servicer Report, the Servicer fails to deliver a Quarterly Report on the due date therefor in accordance with the Servicing Agreement and such failure continues for a period of 7 (seven) Business Days;

(e) the Originator or the Servicer is in breach of any of its obligations under any of the Transaction Documents to which it is a party and such breach is not remedied in the opinion of the Issuer within 10 (ten) Business Days of notice being given by the Issuer to the Originator or the Servicer, as the case may be, in accordance with the terms of the relevant Transaction Document, provided that in case of a payment obligation (including, but not limited to, its obligations to repurchase or make payments in respect of any Receivable), the period during which such payment obligation could be remedied shall be 7 (seven) Business Days after the date on which such payment obligation was due to be performed;

(f) a representation or warranty given by the Originator in the Warranty and Indemnity Agreement has been breached and not been remedied within 10 (ten) Business Days in accordance with the terms of the Warranty and Indemnity Agreement;

(g) the revocation of the appointment of the Servicer pursuant to the Servicing Agreement;

(h) the long-term, unsecured and unsubordinated debt obligations of UBI Banca became lower than "BB-" for S&P or BB (low) by DBRS, or if there is no such public rating is available, the equivalent DBRS' private rating or if there is no private rating available, the equivalent DBRS' rating assigned by S&P;

(i) the Cash Reserve is not equal to Target Cash Reserve Amount for two consecutive Payment Dates;

(j) PDL is not equal to zero for two consecutive Payment Dates.

"**Purchase Termination Event Notice**" means the notice delivered by the Calculation Agent to the Issuer in accordance with the CAMPA stating that a Purchase Termination Event has occurred.

"**Quarterly Report"** means the report delivered by the Servicer on each Quarterly Report Date, in accordance with the provisions set forth in the *Servicing Agreement*.

"**Quarterly Report Date**" means 27 March, 27 June, 27 September and 27 December of each calendar year or if such day is not a Business Day, the next following Business Day. The first Quarterly Report Date will be 27 March 2013.

"**Quotaholders**" means the Stichting and UBI Banca.

"**Quotaholders' Agreement**" means the quotaholders' agreement entered into on or about the Issue Date between the Issuer, UBI Banca and the Stichting as Quotaholders of the Issuer, as from time to time modified and supplemented.

"**RAE Code**" means sector codes for economic activities, published by the Bank of Italy by means of Decision n. 140 of 11 February 1991, as amended and supplemented from time to time.

**"RAE Table**" means the following table where different RAE Code are associated to the respective Economic Sector:

| **RAE code** | **Economic sector** |
|---|---|
| 0 | Non industrial |
| 11, 12, 13, 14, 19, 20 | Agriculture, forestry, fisheries |
| 111, 112, 120, 130, 140, 151, 152, 161, 162, 163, 170 | Oil and gas |
| 211, 212, 221, 222-224 | Metals |
| 231, 232, 233, 239, 241-248 | Mining, minerals |
| 252, 253, 255-260 | Chemicals |
| 311-316 | Metal goods excluding machinery and transport |
| 321-328 | Industrial and agricultural machinery |
| 330, 341-347, 371-374 | Electronics, electrical goods, EDP |

| | |
|---|---|
| 351, 352, 353, 361, 362, 363, 364, 365 | Transport |
| 411 - 429 | Food, beverages, tobacco |
| 431, 432, 436, 438, 439, 441, 442, 451, 453, 455, 456 | Textiles, footwear, clothing |
| 471-474 | Paper, printing, publishing |
| 481-483 | Rubber, plastics |
| 461-467,491-495 | Miscellaneous industrial products |
| 505, 506, 507, 509 | Building and construction industry |
| 611-620, 630, 641-649, 651-656, 671-672 | Wholesale and retail trade |
| 660 | Hotels and public services |
| 710,721-725, 730, 741, 742, 750, 761-764, 771-773 | Transportation services |
| 790 | Communications |
| 830, 840, 850, 920, 930, 940, 950, 960, 970, 981-984 | Other sales and distribution services |

"**Rate of Interest**" has the meaning ascribed to it in Condition 5.2.

"**Rating Agencies**" means, jointly, S&P and DBRS.

"**Real Estate Assets**" means the real estate assets which have been mortgaged as a guarantee of the Receivables.

"**Receivable**" means the indebtedness, payable by a Debtor under a Loan Agreement, including, without limitation, with respect to principal, interest, penalties for early termination, indemnities, reimbursement of costs and expenses and damages paid under any insurance policy covering any risk, included in the Initial Portfolio or in a Subsequent Portfolio and selected in accordance with the Criteria.

"**Recoveries**" means any amounts received or recovered by the Servicer in relation to any Defaulted Receivable.

"**Redemption Amount**" has the meaning ascribed to it in Condition 6.5.

"**Reference Banks**" has the meaning ascribed to it in Condition 5.8.

"**Reference Period**" means each quarter starting on the first calendar day (included) of March, June, September and December of each year and ending, respectively, on the last calendar day (included) of May, August, November and February. The first Reference Period shall start on the Effective Date related to the Initial Portfolio (included) and shall end on 28 February 2013 (included).

"**Regulated Market**" means the regulated market of the Irish Stock Exchange to which application has been made for the Class A Notes to be admitted to trading.

"**Reimbursement Instalment**" means the principal repayment instalment (which may or may not include interests amount) due in accordance with the relevant amortizing plan under the Loan Agreement.

"**Relevant Date**" has the meaning ascribed to it in Condition 9.2.

"**Relevant Margin**" has the meaning ascribed to it in Condition 5.2.

"**Replenishment Amount**" means (A) on each Payment Date, the difference between Retention Amount and the amount standing to the balance of the Expenses Account; and (B) on the Final Maturity Date or, if earlier, the Payment Date on which the Notes will be redeemed in full, zero.

"**Report Date**" means the fifth Business Day of each calendar month.

"**Representative of the Noteholders**" means BNY Mellon Corporate Trustee Services Limited and any subject which, from time to time, will carry out the role of *representative of the Noteholders*.

"**Retention Amount**" means Euro 20,000.

"**Revolving Assignment**" means the assignment of Subsequent Receivables provided for under Clause 5 of Master Transfer Agreement.

"**Revolving Assignment Date**" means each date which falls on a Payment Date during the Revolving Period.

"**Revolving Period**" means the period starting on and including the Issue Date and ending on and including the Revolving Period Termination Date.

"**Revolving Period Termination Date**" means the earlier of (i) the Payment Date falling 18 months after the Issue Date, (ii) the day on which a Purchase Termination Event Notice is delivered to the Issuer, and (iii) the day on which an Enforcement Notice is delivered to the Issuer.

"**Rules of the Organisation of the Noteholders**" means the rules of the Organisation of the Noteholders, attached to the Conditions.

"**Securities Accounts**" means the Interest Securities Account and the Principal Securities Account.

"**Securities Act**" means the U.S. Securities Act of 1933 as amended from time to time.

"**Securitisation**" means the securitisation transaction carried out by the Issuer in relation to the Receivables pursuant to the Securitisation Law.

"**Securitisation Law**" means the Italian Law No. 130 of 30 April 1999, as subsequently amended and supplemented.

"**Security Documents**" means, together, the Deed of Charge and the Deed of Pledge.

"**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.

"**Selection Date**" means (i) in relation to the assignment of the Initial Portfolio 30 April 2012, and (ii) in relation to any Subsequent Portfolio, the date specified as such in the Transfer Offer.

"**Senior Servicer Expenses**" means any expense due to the Servicer pursuant to Clause 18.1 of the Servicing Agreement.

"**Servicer**" means UBI Banca in its capacity as servicer under the Servicing Agreement and any successor thereof appointed in accordance with the Servicing Agreement.

"**Servicing Agreement**" means the servicing agreement entered into on 26 June 2012 between the Issuer and UBI Banca in quality of Servicer.

"**Set-Off Amount**" means the amount calculated by the Servicer on each Servicer Report Date and reported in the respective Quarterly Report as the amount which may be potentially subject to set-off exceptions raised by the Debtors of Receivables included in the Portfolio.

"**Set-Off Reserve Accumulation Event**" means, any of the following events:

(a) Set-Off Reserve Rating Event;

(b) UBI Banca ceases to hold at least 51% of the shares of the Set-Off Subordinated Loan Provider.

"**Set-Off Reserve Rating Event**" means the short-term unsecured and unsubordinated debt obligations of UBI Banca ceasing to be rated at least as "BBB (low)" by DBRS, or if there is no such public rating, the DBRS private rating.

"**Set-Off Reserve Required Amount**" means:

(a) prior to the occurrence of a Set-Off Reserve Accumulation Event, zero

(b) following the occurrence of a Set-Off Reserve Accumulation Event, (A) upon the occurrence of the Set-Off Accumulation Event, 50% of the Set-Off Amount as calculated by the Servicer within 20 days following such Set-Off Accumulation Event and; (B) on each subsequent Payment Date, 50% of the then Set-Off Amount as calculated by the Servicer on the immediately preceding Calculation Date.

"**Set-Off Reserve**" means, from time to time, the amount credited on the Principal Available Funds in order to cover the set-off risk for an amount equal to the Set-Off Reserve Required Amount.

"**Set-Off Subordinated Loan Amount**" has the meaning ascribed to this expression under the Set-Off Subordinated Loan Agreement.

"**Set-Off Subordinated Loan Agreement**" means a subordinated loan agreement entered into on or about the Issue Date between the Issuer and the Set-Off Subordinated Loan Provider, for the provision of a credit facility to the Issuer aimed at covering the Set-Off Reserve Required Amount following the occurrence of a Set-Off Accumulation Event.

"**Set-Off Subordinated Loan Provider**" means the Originator or any other bank acting as subordinated loan provider under the Set-Off Subordinated Loan Agreement and any successor thereof.

"**Specific Criteria**" means, with reference to the Initial Portfolio, the criteria set out in Annex A, Section II of the Master Transfer Agreement, and with reference to the Subsequent portfolio the criteria described as such in the Transfer Offer.

"**Stichting**" means Stichting foundation incorporated under the laws of The Netherlands.

"**Stichting Corporate Services Agreement"** means a stichting corporate services agreement entered into on or about the Issue Date between, among others, the Issuer and the Stichting Corporate Services Provider.

"**Stichting Corporate Services Provider**" means TMF Management B.V.**,** a limited liability company incorporated under the laws of the Netherlands, having its registered office at Luna ArenA, Herikerbergweg 238, 1101 CM Amsterdam Zuidoost.

"**Subordinated Loan Agreement**" means a subordinated loan agreement entered into on or about the Issue Date between the Issuer and the Originator in quality of Subordinated Loan Provider, for the provision of a credit facility to the Issuer aimed at financing the Cash Reserve.

"**Subordinated Loan Amount**" has the meaning ascribed in the Subordinated Loan Agreement.

"**Subordinated Loan Junior Interest**" any amount of interest to be paid under the Subordinated Loan Agreement in excess of the Subordinated Loan Senior Interest.

"**Subordinated Loan Provider**" means the Originator in its capacity as subordinated loan provider under the Subordinated Loan Agreement and any successor thereof.

"**Subordinated Loan Senior Interest**" an amount of interest to be paid under the Subordinated Loan Agreement up to an amount equal to 0.20% p.a. calculated on the outstanding Subordinated Loan Amount.

"**Subsequent Portfolio**" means the subsequent portfolio of Subsequent Receivables transferred by the Originator to the Issuer, according to the provision set forth in Clause 5 of the Master Transfer Agreement.

"**Subsequent Receivables**" means the Receivables included in any Subsequent Portfolio and selected in accordance with the Criteria set out in Section I of Annex A of the Master Transfer Agreement.

"**Sub-Servicer**" means the Originator in its capacity as sub-servicer under the Sub-Servicing Agreement.

"**Sub-Servicing Agreement**" means the sub-servicing agreement entered into on 26 June 2012 between UBI Banca in quality of Servicer and the Sub-Servicer.

"**S&P**" means Standard & Poor's Financial Services LLC.

"**Suspect Period Principal Collections**" means any Principal Collection received by UBI in respect of prepayment made by Debtors on loans that are not classified as *fondiari* for a period of two years starting from the date of receipt of the relevant prepayment.

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer System.

"**Target Cash Reserve Amount**" means, at the Issue Date and, in respect of each Payment Date, an amount equal to the lesser of (without taking into account any principal payment to be made to the Noteholders on such Payment Date):

(a) the sum of:

  (i) Euro 12,000,000;

  (ii) the Principal Amount Outstanding of the Class A Notes as of the preceding Payment Date multiplied by the relevant Cash Reserve Percentage; and

(b) 8% of Principal Amount Outstanding of the Class A Notes as of the preceding Payment Date,

provided that in any case at the Final Maturity Date the Target Cash Reserve Amount will be equal to zero.

"**Tax**" means 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 any political sub-division thereof or any authority thereof or therein.

"**Terms and Conditions**" means the terms and conditions of the Notes, as subsequently amended and supplemented.

"**TMF**" means TMF Management Italy S.r.l., a limited liability company, whose registered office is at Foro Buonaparte, No. 74, 20121, Milan, Italy, registered with the Companies' Register of Milan, Tax Number and Fiscal Code No. 03296470960.

"**Transaction Documents**" means, collectively, the Master Transfer Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Sub-Servicing Agreement, the Administrative Services Agreement, the Intercreditor Agreement, the CAMPA, the Deed of Pledge, the Deed of Charge, the Notes Subscription Agreement, the Mandate Agreement, the Quotaholders' Agreement, the Terms and Conditions, the Subordinated Loan Agreement, the PDL Subordinated Loan Agreement, the Set-Off Subordinated Loan Agreement and the Master Definitions Agreement, including any agreement or other document expressed to be supplemental thereto and any other agreement indicated as such by the Issuer or the Originator.

"**Transfer Limits**" means , with reference to the purchase of Subsequent Portfolios, the compliance with the following conditions:

(i) no Concentration Limits is be breached; and

(ii) the PDL is equal to zero, taken into consideration (i) any drawing to be made to the PDL Subordinated Loan Agreement by the PDL Subordinated Loan Provider in order to allow the transfer of any such Subsequent Portfolio, and (ii) any payment to be made on the following Payment Date, pursuant to item (vii) of the Pre-Enforcement Interest Priority of Payment.

"**Transfer Offer**" means any document including the transfer offer of a Subsequent Portfolio, in accordance with Annex E ("*Modello di Offerta di Cessione*") of the Master Transfer Agreement.

"**UBI Banca**" means Unione di Banche Italiane S.c.p.A., a società cooperativa per azioni incorporated under the laws of the Republic of Italy, whose registered office is at Piazza Vittorio Veneto, No. 8, 24122, Bergamo, Italy, registered with the Register of Enterprises of Bergamo, Tax Number and Fiscal Code No. 03053920165, enrolled under number 3111.2 with the registers of banks and banking groups held by the Bank of Italy in accordance with, respectively, articles 13 and 64 of the Consolidated Banking Act.

"**UBI Banca Group**" means the banking group Gruppo Unione di Banche Italiane.

"**Unpaid Receivables**" means, collectively, the Delinquent Receivables or the Defaulted Receivables.

**"Usury Law**" means Italian of 7 March 1996, No. 108 as amended and supplemented from time to time.

"**V.A.T.**" means the value-added Tax.

"**Variable Return**" means in respect of each Payment Date, an amount calculated as follows by the Calculation Agent:

(a) the Portfolio Yield in respect of the Collection Period immediately preceding such Payment Date; *plus*

(b) any profit generated by or interest matured on the Eligible Investments deriving from funds standing to the credit of the Accounts in the Collection Period immediately preceding such Payment Date; *plus*

(c) any interest accrued on the balance of, and credited to, the Accounts in the Collection Period immediately preceding such Payment Date; *plus*

(d) all amounts received by the Issuer from the Originator pursuant to the Master Transfer Agreement (for the avoidance of doubt, *less* any amounts paid to the Originator under the Master Transfer Agreement) and the Warranty and Indemnity Agreement and accrued during the Collection Period immediately preceding such Payment Date; *plus*

(e) any other amount not deriving from the Receivables other than those listed in the foregoing items (a), (b), (c), or (d), accrued and received by the Issuer and deposited in the Collection Account and/or the Investment Accounts during the Collection Period immediately preceding such Payment Date; *plus*

(f) all fund standing to the credit of the Expenses Account on the Payment Date following the redemption in full of, or the cancellation of, the Class A Notes; *plus*

(g) capital gains realised from the sale of all or part of the Portfolio should such sale occur, *less*

(h) any interest accrued (a) to the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement, (b) to the PDL Subordinated Loan Provider pursuant to the PDL Subordinated Loan Agreement, and (c) to the Set-Off Subordinated Loan Provider pursuant to the Set-Off Subordinated Loan, *less*

(i) all costs, expenses, taxes and other charges which have become payable by or have accrued to the Issuer set forth under items (i) to (v) (inclusive) of the Pre-Enforcement Interest Priority of Payments and under items (i) to (v) (inclusive) of the Post Enforcement Priority of Payments; *less*

(j) an amount of interest accrued on the Class A Notes (the "**Interest Payment Amount**") during the Collection Period immediately preceding such Payment Date, (not including for the avoidance of doubt any Interest Payment Amounts not paid on their due date and remaining unpaid (the "**Interest Amount Arrears**"), if any, on such Payment Date).

"**Voting Certificate**" means, in relation to any Meeting, a certificate issued by the Monte Titoli Account Holders or by the Agent (on the basis of the Monte Titoli Account Holders certificate) and dated in which it is stated:

(i) that the Blocked Notes have been blocked in an account with a clearing system or the depository, as the case may be, and will not be released until the conclusion of the Meeting; and

(ii) that the bearer of such certificate is entitled to attend and vote at the Meeting in respect of the Blocked Notes.

"**Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered into on 26 June 2012 between the Issuer and the Originator.

"**Written Instructions**" means any written notices, directions or instructions received by any Party to the Transaction Documents in accordance with the relevant Transaction Documents from an Authorised Person or from a person reasonably believed by such Party to be an Authorised Person.

"**Weighted Average Fixed Interest Rate**" means, with reference to the portion of fixed rate Receivables included in the Portfolio, the weighted average (on the basis of the Principal Amount Outstanding) of the interest rate of such Receivables.

**"Weighted Average Life (WAL)**" means, measured in years with reference to the Receivables included in the Portfolio:

(a) the sum of the products of: (1) each Principal Amount due from the Receivables; and (2) the corresponding number of months between the Revolving Assignment Date and the relevant maturity; divided by

(b) the Outstanding Principal of the Receivables as at the Revolving Assignment Date; divided by;

(c) 12 (twelve).

The Weighted Average Life will be calculated at every Revolving Assignment Date.

"**Weighted Average Probability of Default**" means, with respect to Receivables contained in a Subsequent Portfolio, the annual probability of default attributed to the Debtors weighted in respect to the Outstanding Principal of such Debtor.

"**Weighted Average Margin**" means the weighted average margin (on the basis of the Principal Amount Outstanding) over the reference rate provided for under the relevant Loan Agreement of floating rate loans.

**1. Form, Denomination, Status and Guarantee**

1.1 The Class A Notes and the Class B Notes are in dematerialised form and will be wholly and exclusively deposited with Monte Titoli in accordance with Article 28 of Italian Legislative Decree No. 213 of 24 June 1998, through the authorised institutions listed in Article 30 of such Legislative Decree.

1.2 The Class A and the Class B Notes will be held by Monte Titoli S.p.A. on behalf of the Noteholders until redemption or cancellation 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 one or more book entries in accordance with the provisions of (i) Article 83-*bis* and following of Italian Legislative Decree No. 58 of 24 February 1998, as amended and supplemented from time to time, and (ii) the joint regulation of CONSOB and the Bank of Italy dated 22 February 2008 and published in the Official Gazette No. 54 of 4 March 2008, as amended and supplemented from time to time. No physical document of title will be issued in respect of the Class A Notes. However, the Notes may be deemed for certain regulatory and fiscal purposes to constitute "bearer" (*al portatore*) and not "registered" (*nominativi*) securities.

1.3 The Notes are issued in denominations of Euro 100,000.

1.4 Each Note is issued subject to and with the benefit of the Security Documents.

**2. Status, Priority and Segregation**

2.1 The Notes constitute secured limited recourse obligations of the Issuer. 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. 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 foregoing, any payment obligations of the Issuer under the Notes which have remained unpaid to the extent referred to above on the Cancellation Date shall be deemed extinguished and the relevant claims irrevocably relinquished, waived and surrendered, by the Noteholders to the Issuer and the Noteholders will have no further recourse to the Issuer in respect of such obligations. In addition to the above, the Noteholders accept to be bound by the non-petition provisions and limited recourse provisions set forth under Clause 18 (*Limited Recourse*) of the Intecreditor Agreement.

2.2 The Notes have the benefit of security interests created over certain assets of the Issuer pursuant to the Security Documents. By operation of Italian law, the Issuer's right, title and interest in and to the Portfolio is segregated from all other assets of the Issuer. Amounts

deriving therefrom 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 the Priority of Payments set out in Condition 4 (*Priority of Payments*) and to any third party creditors in respect of costs, fees and expenses incurred by the Issuer in the context of the Securitisation.

2.3 The Notes of each Class will rank *pari passu* and without any preference or priority among themselves.

2.4 In respect of the obligation of the Issuer to pay interest on the Class A Notes before the delivery of an Enforcement Notice, the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Class B Notes. The Class B Notes do not accrue interest but will be paid the Variable Return, if any, in accordance with the applicable Priority of Payments.

In respect of the obligation of the Issuer to repay principal on the Notes before the delivery of an Enforcement 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 and subordinated to the Class A Notes.

After the delivery of an Enforcement Notice, in respect of the obligation of the Issuer to pay interest and repay principal on the Notes,

- the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Issuer's obligation to pay interest and repay principal on the Class B Notes; and
- the Class B Notes will rank *pari passu* without preference or priority amongst themselves and subordinated to the Issuer's obligation to pay interest and repay principal on the Class A Notes.

2.5 As long as the 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 shall be entitled to determine the remedies to be exercised.

2.6 The Intercreditor Agreement and the Rules of Organisation of the Noteholders contain 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 relation to 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 holders of any Class of Notes, the Representative of the Noteholders is required to have regard only to the interests of the class of Notes ranking prior to the other, until such Class of Notes have been redeemed in full.

**3. Covenants and Undertakings**

*Covenants*

For so long as any amount remains outstanding in respect of the Notes, the Issuer shall not, save with the prior written consent of the Representative of the Noteholders (save in relation

to 3.9 (*Further Securitisation*) below) or as provided in or contemplated by any of the Transaction Documents:

3.1 *Negative pledge*

create or permit to subsist any Security Interest whatsoever over the Portfolio or any part thereof or over any of its other assets or sell, lend, part with or otherwise dispose of all or any part of the Portfolio (save for any Security Interest created in connection with any Further Securitisation and to the extent that such Security Interest is created over assets which form part of the segregated assets of such Further Securitisation); or

3.2 *Restrictions on activities*

(i) save as provided in Condition 3.9 (*Further Securitisations*), engage in any activity whatsoever which is not incidental to or necessary in connection with: (a) any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage or (b) any Further Securitisation; or

(ii) have any *società controllata* (as defined in Article 2359 of the Italian Civil Code) or any employees or premises; or

(iii) 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 Noteholders under the Transaction Documents; or

(iv) become the owner of any real estate asset; or

3.3 *Dividends or Distributions*

pay any dividend or make any other distribution or return or repay any equity capital to its quotaholders, or issue any further quotas (*quote*) or shares (*azioni*); or

3.4 *Borrowings*

incur any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of indebtedness or of any obligation of any person (save for any indebtedness to be incurred in relation to any Further Securitisation); or

3.5 *Merger*

consolidate or merge with any other person or convey or transfer all or substantially all its properties or assets to any other person; or

3.6 *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 Most Senior Noteholders; or exercise any powers of consent or waiver pursuant to the terms of any of the other Transaction Documents to which it is a party which may negatively affect the interest of the Most Senior 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 Most Senior Noteholders; or

3.7 *Bank Accounts*

have an interest in any bank account other than the Accounts and any bank account to be opened in connection with any Further Securitisation; or

3.8 *Statutory Documents*

amend, supplement or otherwise modify its by-laws (*statuto*) or constitutive documents (*atto costitutivo*), except where such amendment, supplement or modification is required by compulsory provisions of Italian law or by the competent regulatory authorities; or

*3.9 Centre of Main Interests*

transfer its "*centre of main interests*", as that term is used in Article 3(1) of the EU Insolvency Regulation, outside the Republic of Italy; or

3.10 *Further Securitisations*

carry out other securitisation transactions or, without limiting the generality of the foregoing, implement, enter into, make or execute any document, act, deed or agreement in connection with any other securitisation transaction subject to:

(a) the Issuer confirming in writing to the Representative of the Noteholders (which, for such purpose, may rely on the advice of any certificate or opinion of or any information obtained from any lawyer, accountant, banker, broker or other expert), that:

(i) the transaction documents entered into in the context of the Further Securitisation constitute valid, legally binding and enforceable obligations of the parties thereto under the relevant governing law;

(ii) in the context of the Further Securitisation the Quotaholders give undertakings in relation to the management of the Issuer, the exercise of its rights as quotaholder or the disposal of the quotas of the Issuer which are the same as or, in the sole discretion of the Representative of the Noteholders, equivalent to the undertakings provided for in the Quotaholders Agreement;

(iii) all the participants to the Further Securitisation and the holders of the notes issued in the context of such Further Securitisation will accept non-petition provisions and limited recourse provisions in every material respect equivalent to those provided in Clause 18 (*Limited Recourse*) in the Intercreditor Agreement;

(iv) the security deeds or agreements entered into in connection with such Further Securitisation do not comprise (or extend over) any of the Receivables or any of the Issuer's rights;

(v) the notes to be issued in the context of such Further Securitisation:

(A) are not cross-collateralised or cross-defaulted with the Notes or any note issued by the Issuer in the context of any other previous Further Securitisation; and

(B) include provisions which are the same as, or (in the sole discretion of the Representative of the Noteholders) equivalent to, Clause 12 (*Further Securitisation*) in the Intercreditor Agreement; and

(b) the Rating Agencies having been: (i) notified in advance of the intention of the Issuer to carry out such Further Securitisation; and (ii) provided with all the information and documents which are necessary in order to allow the Rating Agencies to assess the impact of such Further Securitisation on the rating of the Class A Notes; and

(c) S&P having confirmed in writing that any such securitisation transaction will not adversely affect the rating of any of the Class A Notes.

*Undertakings*

The Issuer undertakes to:

(i) do all things necessary to remain in existence under the laws of all applicable jurisdictions and to comply with all relevant laws and regulations applicable to it;

(ii) carry out its activity in its own name on arm's length commercial terms;

(iii) make payments by using its own stationery, invoices, and checks, identifying it as an entity separate from any other;

(iv) correct any misunderstandings, known to it, regarding its identity as an entity separate from any other; and

(v) have paid, or pay, any taxes payable in connection with the Securitisation, the execution and delivery of, or performance under, the Transaction Documents when due.

## 4. Priority of Payments

4.1 *Pre-Enforcement Interest Priority of Payments*

On each Payment Date prior to the service of an Enforcement Notice, the Interest Available Funds shall be applied in making or providing for the following payments, in the following priority of payments (the "**Pre-Enforcement Interest Priority of Payments**") (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) in or towards satisfaction of any and all taxes due and payable by the Issuer to the extent that the funds of the Expenses Account are insufficient for such purpose;

(ii) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of the fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders;

(iii) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of (a) any due and payable Expenses to the extent that the funds of the Expenses Account are insufficient for such purpose; and (b) the Replenishment Amount;

(iv) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of (a) any Senior Servicer Expenses and (b) any amounts due and payable to the Italian Account Bank, the English Account Bank, the Expenses Account Bank, the Cash Manager, the Paying Agents, the Calculation Agent, the Administrative Services Provider and any Other Issuer Creditors;

(v) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of interest due and payable in respect of the Class A Notes;

(vi) to replenish the Cash Reserve up to the Target Cash Reserve Amount;

(vii) to reduce the Principal Deficiency Amount to zero by allocating the relevant amounts to the Principal Available Funds;

(viii) to credit to the Principal Investment Account an amount equal to the amounts paid under item (i) of the Pre-Enforcement Principal Priority of Payment on any preceding Payment Date and not yet repaid under this item (viii);

(ix) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of any Subordinated Loan Senior Interest due to the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement;

(x) until the redemption in full of the Class A Notes, any amounts in excess shall be credited to the Interest Investment Account and shall form part of the Interest Available Funds on the next succeeding Payment Dates;

(xi) upon the redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of (a) any interest due to the PDL Subordinated Loan Provider pursuant to the PDL Subordinated Loan Agreement; (b) any Subordinated Loan Junior Interest due to the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement; and (c) any interest due to the Set-Off Subordinated Loan Provider pursuant to the Set-Off Subordinated Loan Agreement;

(xii) upon the redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of (a) any principal due to the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement and (b) any principal due to the PDL Subordinated Loan Provider pursuant to the PDL Subordinated Loan Agreement;

(xiii) upon redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of the Variable Return due and payable to the Class B Noteholders;

(xiv) upon redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of (a) any amounts (other than the Variable Return and to the extent not already provided under the previous items) due and payable by the Issuer pursuant to the Transaction Documents and (b) any Servicer Junior Expenses; and

(xv) on the date of redemption in full of the Class B Notes, any amount in excess will be paid as additional remuneration to the Class B Noteholders.

The Issuer shall, if necessary, make the payments set out under items (i) and (iii)(a) above also during the relevant Interest Period.

4.2 *Pre-Enforcement Principal Priority of Payments*

On each Payment Date prior to the service of an Enforcement Notice, the Principal Available Funds shall be applied in making or providing for the following payments, in the following priority of payments (the "**Pre-Enforcement Principal Priority of Payments**") (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) payment of any amount due under items (i) to (v) of the Pre-Enforcement Interest Priority of Payment, to the extent that the Interest Available Funds are not sufficient on such Payment Date to make such payments in full;

(ii) pari passu and pro rata according to the respective amounts thereof, (a) to pay any amounts of the purchase price in respect of the Initial Portfolio not paid on the Issue Date, (b) to pay the purchase price of the Receivables assigned by the Originator to the Issuer in the context of the Revolving Assignment in accordance with the provisions of the Master Transfer Agreement or any amount due to the Originator as purchase price in the context of other Revolving Assignments pursuant to the Master Transfer Agreement that was not paid on the previous Payment Date and (c) during the Revolving Period to credit to the Principal Investment

Account the Purchase Price Accumulation Amount to be available for payment of the Purchase Price of the Receivables during the following Interest Period;

(iii) during the Revolving Period, to credit any residual amount on the Principal Investment Account, to be part of the Principal Available Funds on the next Payment Date;

(iv) after the Revolving Period, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of principal due and payable in respect of the Class A Notes;

(v) upon redemption in full of the Class A Notes pari passu, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of any amount due (a) to the Originator pursuant to Clause 9.5 of the Master Transfer Agreement and (b) to the Noteholders pursuant to the Note Subscription Agreement;

(vi) upon the redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of any amount of principal due and payable (a) to the Subordinated Loan Provider to the extent that is not already paid under the Pre-Enforcement Interest Priority of Payment pursuant to the Subordinated Loan Agreement, (b) to the PDL Subordinated Loan Provider under the PDL Subordinated Loan Agreement, and (c) to the Set-Off Subordinated Loan Provider pursuant to the Set-Off Subordinated Loan Agreement;

(vii) upon the redemption in full of the Class A Notes, in or towards satisfaction of principal due and payable in respect of the Class B Notes in an amount not exceeding the Class B Principal Repayment Amount, provided that on the date of redemption in full of Class B Notes, any amount in excess will be paid as additional remuneration on the Class B Notes.

4.3 *Post-Enforcement Priority of Payments*

Following the delivery of an Enforcement Notice, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following priority of payments (the "**Post-Enforcement Priority of Payments**", and jointly with the Pre-Enforcement Interest Priority of Payments and the Pre-Enforcement Principal Priority of Payments, the "Priorities of Payments" and each a "**Priority of Payments**" ) (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) in or towards satisfaction of any and all taxes due and payable by the Issuer (to the extent that the amount then standing to the balance of the Expenses Account is insufficient to pay such taxes);

(ii) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of the fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders;

(iii) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of (a) any due and payable Expenses (to the extent that the amount then standing to the balance of the Expenses Account is insufficient to pay such Expenses), and (b) the Replenishment Amount;

(iv) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of any amounts due and payable to the Italian Account Bank, the English Account Bank, the Expenses Account Bank, the Cash Manager, the Sub-Servicer, the Paying Agents, the Calculation Agent, the Administrative Services Provider, the Servicer and any Other Issuer Creditors;

(v) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of interest due and payable in respect of the Class A Notes;

(vi) in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of principal due and payable in respect of the Class A Notes;

(vii) upon the redemption in full of the Class A Notes, in or towards satisfaction of any amount due to the Originator under the Master Transfer Agreement;

(viii) upon the redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of any amounts (other than the Variable Return, principal under the Class B Notes and to the extent not already provided under the preceding items) due and payable by the Issuer pursuant to the Transaction Documents;

(ix) upon the redemption in full of the Class A Notes, in or towards satisfaction, pari passu and pro rata according to the respective amounts thereof, of any amounts of interest and/or principal due to (a) the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement, and (b) the PDL Subordinated Loan Provider pursuant to the PDL Subordinated Loan Agreement;

(x) upon the redemption in full of the Class A Notes, in or towards satisfaction of any amount due and payable in respect of the Class B Notes, including, for avoidance of doubt, the Variable Return, provided that the principal will not exceed the Class B Principal Repayment Amount, and provided further that any amount in excess will be paid as additional remuneration on the Class B Notes.

The Issuer shall, if necessary, make the payments set out under items (i) and (iii)(a) above also during the relevant Interest Period.

**5. Interest**

5.1 *Payment Dates and Interest Periods*

The Class A Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date, payable in Euro quarterly in arrears on each Payment Date. The first Payment Date will be 8 April 2013 (the "**First Payment Date**"). The period from and including the Issue Date to but excluding the First Payment Date is referred to herein as the "**Initial Interest Period**" and each successive period from and including a Payment Date to but excluding the next Payment Date is referred to as an "**Interest Period**".

Interest shall cease to accrue on any part of the Principal Amount Outstanding of the Class A Note from (and including) the Final Maturity Date (as defined in Condition 6 (*Redemption, Purchase and Cancellation*)) unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (as well after as before judgement) at the rate from time to time applicable to the Class A Notes until whichever is the earlier of (i) the day on which all sums due in respect of the Class A Note up to that day are received by or on behalf of the relevant Class A Noteholder and (ii) the day on which all such sums have been received by the Representative of the Noteholders or the Paying Agent on behalf of the relevant Class A Noteholder and notice to that effect is given in accordance with Condition 13 (*Notices*).

5.2 *Rate of Interest*

The rate of interest payable from time to time in respect of the Class A Notes (each, a "**Rate of Interest**") will be determined by the Payment Agent on the Interest Determination Date.

The Rate of Interest applicable to the Class A Notes for each Interest Period shall be the sum of Relevant Margin and 3 Month EURIBOR as of the relevant Interest Determination Date.

For the purpose of these Conditions, the "**Relevant Margin**" shall, in respect of the Class A Notes, be 0.45% per annum.

In the case of the Initial Interest Period, (a) the Rate of Interest for the Class A Notes shall be the aggregate of (i) the Relevant Margin *plus* (ii) the 5 Month EURIBOR.

Subject to the provisions of these Conditions, each Class B Noteholder is entitled to receive on each Payment Date following the full redemption of the Class A Notes a Variable Return on the Class B Notes held by it to the extent that the Issuer Available Funds are sufficient following application of such Issuer Available Funds in accordance with the applicable Priority of Payments to make a payment with respect to a Variable Return on the Class B Notes.

The Calculation Agent shall on each Calculation Date and in respect of the relevant Collection Period determine the Variable Return for the Class B Notes (if any) due on the next Payment Date and shall specify such Variable Return in the relevant Payments Report.

5.3 *Determination of Rates of Interest and Calculation of Interest Payments*

The Payment Agent shall, on each Interest Determination Date and by reference to the immediately following Interest Period, determine and notify to the Issuer, the Calculation Agent and the Representative of the Noteholders:

(i) the Rate of Interest applicable to 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) in respect of the Class A Notes;

(ii) the Euro denominated amount (the "**Interest Payment Amount**") payable on the Class A Notes in respect of such Interest Period. The Interest Payment Amount payable in respect of any Interest Period and in respect of the Class A Notes shall be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of the Class A Notes on the Payment Date (or, in the case of the Initial Interest Period, the Issue Date) at the commencement of such Interest Period (after deducting therefrom any payment of principal due and paid on that Payment Date), multiplying the product of such calculation by the actual number of days in the Interest Period and dividing by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

5.4 *Interest Amount Arrears*

In the event that on any Payment Date, there are Interest Payment Amounts that have not been paid on their due date and remain unpaid ("**Interest Amount Arrears**") in respect of the Class A Notes (the "**Class A Interest Amount Arrears**"), the Class A Interest Amount Arrears (a) will be deferred to the next following Payment Date and (b) will be paid in accordance with the applicable Priority of Payments, (c) will be treated for the purpose of this Condition 5 (Interest) as if it were interest due (subject to this Condition 5.4) on the Class A Notes on the next succeeding Payment Date and (d) will not accrue interest during such Interest Period.

Any Class A Interest Amount Arrears shall be due and payable on the Final Maturity Date in accordance with the applicable Priority of Payments.

The deferral of any Interest Amount Arrears on the Class A Notes shall be without prejudice to the right of the Representative of the Noteholders to serve an Enforcement Notice pursuant to Condition 10(a) (*Non-payment of interest or principal*).

5.5 *Publication of the Rate of Interest, the Interest Payment Amount and the Interest Amount Arrears*

The Paying Agent will, at the Issuer's expense, cause the Rate of Interest and the Interest Payment Amount applicable to the Class A Notes for each Interest Period and the relative Payment Date in respect of such Interest Payment Amount to be notified promptly after determination to the Issuer, the Representative of the Noteholders, Monte Titoli S.p.A., the Irish Stock Exchange and any other relevant stock exchange and (if so required by the rules of the relevant stock exchange) will cause the same to be published in accordance with Condition 13 (*Notices*) on or as soon as possible after the relevant Interest Determination Date.

If the Paying Agent determines that any Class A Interest Amount Arrears will arise on a Payment Date, notice to this effect will be given to the Issuer, the Irish Paying Agent, the Representative of the Noteholders, the Irish Stock Exchange and any other relevant stock exchange and (if so required by the rules of the relevant stock exchange) will cause the same to be published in accordance with Condition 13 (*Notices*) one Business Day prior to such Payment Date.

The Paying Agent will be entitled to recalculate any Interest Payment Amount or any Interest Amount Arrears (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

5.6 *Determination or calculation by the Calculation Agent*

If the Paying Agent does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Payment Amount or, if relevant, the Interest Amount Arrears, for the Class A Notes in accordance with the foregoing provisions of this Condition 5, the Calculation Agent shall:

(i) determine the Rate of Interest for the Class A Notes at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or

(ii) calculate the Interest Payment Amount for the Class A Notes in the manner specified in Condition 5.3 above; and/or

(iii) calculate the Interest Amount Arrears for the Class A Notes in the manner specified in Condition 5.4 above,

and any such determination and/or calculation shall be deemed to have been made by the Paying Agent.

5.7 *Notifications to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5, whether by the Reference Banks (or any of them), the Paying Agent, the Calculation Agent, the Issuer or the Cash Manager shall (in the absence of wilful misconduct (*dolo*) or gross negligence (*colpa grave*)) be binding on the Reference Banks, the Calculation Agent, the Issuer, the Cash Manager, the Paying Agents, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability to the Class A Noteholders shall attach to the

Reference Banks, the Calculation Agent, the Issuer or the Cash Manager in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretion hereunder.

5.8 *Reference Banks and Calculation Agent*

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**"), a Paying Agent and a Calculation Agent. The Reference Banks shall be three major banks in the Euro-zone inter-bank market selected by the Paying Agent with the approval of the Issuer. The Paying Agent may not resign until a successor approved in writing by the Representative of the Noteholders has been appointed. If a new Paying Agent is appointed, a notice will be published in accordance with Condition 13 (*Notices*).

**6. Redemption, Purchase and Cancellation**

6.1 *Final Maturity Date*

Unless previously redeemed in full as provided in this Condition 6 (*Redemption, Purchase and Cancellation*), the Issuer shall redeem the Notes at their Principal Amount Outstanding, *plus* any accrued but unpaid interest, on the Payment Date falling on 7 October 2057 (the "**Final Maturity Date**").

All Notes will, immediately following the Final Maturity Date, be deemed to be discharged in full and any amount in respect of principal, interest or other amounts due and payable in respect of the Notes will (unless payment of any such amount is improperly withheld or refused) be finally and definitively cancelled.

6.2 *Mandatory pro rata Redemption*

(i) On each Payment Date falling after the Revolving Period Termination Date, the Issuer will apply the Issuer Available Funds on such Payment Date in or towards mandatory redemption of the Notes in accordance with the applicable Priority of Payments.

(ii) The principal amount redeemable in respect of each Note (the "**Principal Payment**") shall be a *pro rata* share of the aggregate amount determined in accordance with the provisions of this Condition 6.2 to be available for redemption of the Notes of the same Class of such Note on such date, calculated by reference to the ratio borne by the then Principal Amount Outstanding of such Note to the then Principal Amount Outstanding of all the Notes of the same Class (rounded down to the nearest cent), provided always that no such Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

6.3 *Optional Redemption - Portfolio Call Option at the option of the Originator*

Under the Master Transfer Agreement, on any Payment Date (included) falling after the Revolving Period Termination Date, the Originator may exercise the option (the "**Portfolio Call Option**") to repurchase (in whole, but not in part) the Portfolio from the Issuer (including for the avoidance of doubt all Delinquent Receivables and Defaulted Receivables comprised therein) provided that, *inter alia*:

(i) the Originator shall have delivered to the Issuer (a) a solvency certificate signed by a duly empowered representative of it; (b) a certificate of good standing (*certificato di vigenza*) issued by the competent Chamber of Commerce (*Camera di Commercio*) declaring that no insolvency proceedings are pending against the Originator and (c) a

certificate issued by the competent bankruptcy court of the Originator dated not earlier than 5 (five) Business Days prior to the relevant Payment Date, confirming that no insolvency procedures have been started in relation to the Originator;

(ii) the Originator shall have obtained the authorisations, as prescribed by law and regulations (if any) to exercise the Portfolio Call Option;

(iii) the purchase price payable by the Originator to the Issuer for the repurchase of the Portfolio shall be calculated: (i) in respect of Receivables in bonis, as the principal amount outstanding of such Receivables plus any accrued and unpaid interest; (ii) in respect of all the Receivables not qualified as in bonis, as the market price of such Receivables, as determined with equity (*in via equitativa*) by the Servicer;

(iv) the purchase price payable by the Originator to the Issuer for the repurchase of the Portfolio shall not be lower than the sum of the principal amount outstanding of the Class A Notes and the accrued and unpaid interest as calculated on the respective date plus any amount to be paid in priority thereto as of such relevant Payment Date, pursuant to the relevant Priority of Payment, less the Issuer Available Funds which as of such relevant Payment Date will be used for such purposes.

The Issuer shall apply the proceeds deriving from such sale of the Portfolio in or towards redemption of all the Notes outstanding in accordance with the relevant Priority of Payment and give not less than 25 days' prior written notice to the Representative of the Noteholders and to the Noteholders in accordance with Condition 13 (*Notices*).

6.4 *Redemption for taxation*

If, at any time, the Issuer confirms to the Representative of the Noteholders that, on the next Payment Date, the Issuer would be required to deduct or withhold (other than in respect of a Decree 239 Deduction (as defined below) any amount from any payment of principal or interest on the Notes of any Class for or on account of any present or future taxes, duties, assessments or governmental charges by the Republic of Italy or any political sub-division thereof or any authority thereof or therein, and the Issuer certifies to the Representative of the Noteholders (by way of a certificate signed by the chairman of the board or the sole director of the Issuer) and produces evidence acceptable to the Representative of the Noteholders that the Issuer will have the necessary funds, free of any interest of any other person, to discharge all its outstanding liabilities in respect of the relevant Class of Notes and any amounts required under the relevant Conditions to be paid in priority to or *pari passu* with such Notes, then following receipt of a written notice from the Representative of the Noteholders authorising the redemption, the Issuer may, at its option, redeem on the next succeeding Payment Date the Notes (in whole but not in part, or in the case of the Class B Notes, such Notes in whole or in part) at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Payment Date, having given not more than 60 days' and not less than 30 days' notice in writing to the Representative of the Noteholders and to the holders of such Notes, in accordance with Condition 13 (*Notices*).

6.5 *Principal Payments, Redemption Amounts and Principal Amount Outstanding*

On each Calculation Date, the Issuer shall procure that the Calculation Agent determines:

(i) the Principal Payment (if any) due on each Note on the next following Payment Date; and

(ii) the Principal Amount Outstanding of each Note and on the Notes of each Class on the next following Payment Date (after deducting any Principal Payment due to be made on that Payment Date).

Each determination on behalf of the Issuer of the Redemption Amount of each Class, the Principal Payment on each Note and the Principal Amount Outstanding of each Note shall in each case (in the absence of wilful misconduct (*dolo*) or gross negligence (*colpa grave*)) be final and binding on all persons.

The Issuer will, no later than the Calculation Date immediately preceding the relevant Payment Date, cause each determination of a Principal Payment on each Note (if any) and Principal Amount Outstanding on each Note and on the Notes of each Class to be notified by the Calculation Agent to the Paying Agents. The Paying Agent will subsequently notify the Issuer, the Representative of the Noteholders, Monte Titoli, the Irish Stock Exchange and any other applicable stock exchange and (if so required by the rules of the relevant stock exchange) shall cause notice thereof to be published in accordance with Condition 13 (*Notices*). If no Principal Payment is due to be made on any Class of Notes on a Payment Date, a notice to this effect will be given by or on behalf of the Issuer to the Noteholders of such Class in accordance with Condition 13 (*Notices*).

If no Redemption Amount of each Class, Principal Payment on each Note or Principal Amount Outstanding of each Note is determined by the Calculation Agent in accordance with the preceding provisions of this paragraph, such Redemption Amount, Principal Payment or, as the case may be, Principal Amount Outstanding, shall be determined by the Cash Manager in accordance with the provisions of this Condition 6.5 and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

6.6 *Notice of Redemption*

Any such notice as is referred to in Condition 6.2 (*Mandatory pro rata redemption*), Condition 6.3 (*Optional Redemption*) and Condition 6.4 (*Redemption for Taxation*) shall be made pursuant to Condition 13 (*Notices*) in accordance with, in the case of mandatory *pro rata* redemption, Condition 6.5 (*Principal Payments, Redemption Amounts and Principal Amount Outstanding*) and, in the case of optional redemption or redemption for taxation reasons, Condition 6.3 (*Optional Redemption*) and Condition 6.4 (*Redemption for Taxation*), with notice to the Irish Stock Exchange indicating the Principal Amount Outstanding of the relevant Class of Notes and all accrued but unpaid interest thereon up to and including the relevant Payment Date. Such notices shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6 (*Redemption, Purchase and Cancellation*).

6.7 *No purchase by Issuer*

The Issuer shall not purchase any of the Notes.

**7. Payments**

7.1 Payment of principal and interest in respect of the Class A Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent on behalf of the Issuer to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Class A Notes and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Class A Notes or through Euroclear and Clearstream to the accounts with Euroclear and

Clearstream of the beneficial owners of those Class A Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, as the case may be.

7.2 Payments of principal and interest in respect of the Class A Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

7.3 The Issuer reserves the right, subject to the prior written approval of the Representative of the Noteholders, at any time to vary or terminate the appointment of the Cash Manager and to appoint another cash manager. The Issuer will cause at least 30 days' notice of any replacement of the Cash Manager to be given in accordance with Condition 13 (Notices).

7.4 The Issuer reserves the right, subject to the prior written approval of the Representative of the Noteholders, at any time to vary or terminate the appointment of the Paying Agents and to appoint another listing agent or paying agent, *provided that* (for 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 an agent with a Specified Office in Ireland.

**8. Taxation**

All payments in respect of 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 Decree 239 Deduction or any other withholding or deduction required to be made by applicable law. The Issuer shall not be obliged to pay any additional amount to any holder of Notes on account of such withholding or deduction.

**9. Prescription**

9.1 Claims against the Issuer for payments in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the Relevant Date in respect thereof.

9.2 In this Condition 9, the "**Relevant Date**", in respect of a Note, is the date on which a payment in respect thereof first becomes due and payable or (if the full amount of the moneys payable in respect of all the Notes and accrued on or before that date has not been duly received by the Paying Agent or the Representative of the Noteholders on or prior to such date) the date on which notice that the full amount of such moneys has been received is duly given to the Noteholders in accordance with Condition 13 (*Notices*).

**10. Enforcement Events**

10.1 If any of the following events occur:

(a) *Non-payment of interest and principal*

Interest or principal due on any Class A Note on a Payment Date is not paid on the due date or within a period of 3 (three) Business Days following the due date thereof irrespective of the existence of Issuer Available Funds applicable to that purpose; or

(b) *Breach of Obligations*

The Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation specified in (a) above) which is, in the Representative of the Noteholders' reasonable opinion, materially prejudicial to the interests of the Noteholders and such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the breach to be remedied (except where, in the reasonable opinion of the

Representative of the Noteholders, such default is not capable of remedy in which case no term of 30 days will be given); or

(c) *Breach of Representations and Warranties by the Issuer*:

Any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is party, is, when made or deemed to be made, incorrect or erroneous in any material respect and such misrepresentation remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the breach to be remedied (except where, in the reasonable opinion of the Representative of the Noteholders, such misrepresentation is not capable of remedy in which case no 30 days' notice will be required); or

(d) *Insolvency etc.* An Insolvency Event occurs in respect of the Issuer.

(e) *Unlawfulness*

It is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any Transaction Document to which it is a party,

(each an "**Enforcement Event**"),

the Representative of the Noteholders shall:

(1) in the case of an Enforcement Event under (a) and (d) above; and/or

(2) in the case of an Enforcement Event under (b) and (c) above, if so directed by an Extraordinary Resolution of the Class A Noteholders; and/or

(3) in the case of an Enforcement Event under (e) above, may at its sole discretion or, if so directed by an Extraordinary Resolution of the Class A Noteholders,

serve a notice (an "**Enforcement Notice**") on the Issuer; such notice shall be in writing but may otherwise take any form deemed to be most appropriate by the Representative of the Noteholders (e.g., letter, facsimile, e-mail and a registered letter is not required) and shall be deemed to have been duly delivered on the day it is received by the Issuer.

Upon the service of an Enforcement Notice, the Issuer Available Funds shall be applied in accordance with the Post-Enforcement Priority of Payments.

10.2 Following the delivery of an Enforcement Notice, the Issuer may (subject to the consent of the Representative of the Noteholders) or the Representative of the Noteholders may direct to the Issuer (or shall, if so requested by an Extraordinary Resolution of the Class A Noteholders), dispose of the Portfolio, subject to the terms and conditions of the Intercreditor Agreement.

**11. Enforcement**

11.1 At any time after an Enforcement Notice has been served, the Representative of the Noteholders may and shall, if so requested or authorised by an extraordinary resolution of the Class A Noteholders or, upon the redemption in full of the Class A Notes, the Class B Noteholders, 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 accrued interest thereon.

11.2 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 10 (*Enforcement Events*) or this Condition 11 by the Representative of the Noteholders shall (in the absence of wilful

misconduct (*dolo*) or gross negligence (*colpa grave*)) be binding on the Issuer and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders or the Issuer shall attach to the Representative of the Noteholders in connection with the exercise or non-exercise by it of its powers, duties and discretion hereunder.

11.3 In the event that the Representative of the Noteholders takes action to enforce rights of the Noteholders of any Class in respect of the Portfolio and the Issuer's Rights and after payment of all other claims ranking in priority to the Notes under the Conditions and the Intercreditor Agreement, if the remaining proceeds of such enforcement (the Representative of the Noteholders having taken action to enforce the Noteholders' rights in respect of the entire Portfolio and all the Issuer's Rights) are insufficient to pay in full all principal and interest and other amounts howsoever due in respect of the Notes of any Class and all other claims ranking *pari passu* therewith, then the Noteholders' claims against the Issuer in respect of such Notes will be limited to the extent of their respective *pro rata* share of such remaining proceeds (if any) and the obligations of the Issuer to such Noteholders under the relevant Class of Notes will be deemed discharged in full and any amount in respect of principal, interest or other amounts due under such Class of Notes will be finally and definitively cancelled.

**12. Appointment and removal of the Representative of the Noteholders**

12.1 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.

12.2 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. 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.

12.3 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 which shall be:

(i) 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

(ii) a company or financial institution registered under article 107 of the Consolidated banking Act; or

(iii) any other entity which may be permitted by any 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.

12.4 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 Representative of the Noteholders to be indemnified 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.

**13. Notices**

13.1 So long as the Class A Notes are held on behalf of the beneficial owners thereof by Monte Titoli S.p.A., notices to the Class A Noteholders may be given through the systems of Monte Titoli S.p.A. 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 regarding the Class A Notes of such Class to such Noteholders shall be deemed to have been duly given if published in a leading newspaper having general circulation in Dublin or on the website of the Irish Stock Exchange (www.ise.ie). 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 as referred to above.

13.2 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.

**14. Governing Law**

14.1 The Conditions and the Notes are governed by Italian law.

14.2 The Transaction Documents, except for the Deed of Charge, are governed by Italian law. The Deed of Charge are governed by English law.

14.3 The courts of Milan have exclusive competence for the resolution of any dispute that may arise in relation to the Notes and the Conditions or their validity, interpretation or performance.

**15. Miscellaneous**

The holding of a Note by any person constitutes the full acceptance by such person of all the provisions set out in, referred to and/or incorporated by reference in these Conditions including, without limitation, the mandate given to the Representative of the Noteholders under the Intercreditor Agreement.

**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. The contents of these Rules are considered included in each Note issued by the Issuer.

### Article 2

Definitions

In these Rules, the following expressions have the following meanings:

"**Agent**" means the Paying Agent, in respect of the Notes;

"**Basic Terms Modification**" means:

(a) the modification of the date of maturity of the relevant Class of Notes;

(b) a modification which would have the effect of postponing any day for payment of interest thereon;

(c) a modification which would (i) have the effect of reducing or cancelling the amount of principal payable in respect of the relevant Class of Notes or the rate of interest applicable in respect of the relevant Class of Notes; or (ii) alter the method of calculation of any amounts due for payment in respect to the Notes of the relevant Class on redemption or maturity;

(d) 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;

(e) 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 priority of redemption of the relevant Class of Notes;

(f) a modification which would have the effect of altering the authorisation or consent by the Class A Noteholders to applications of funds as provided for in the Transaction Documents;

(g) the appointment and removal the Representative of the Noteholders; and

(i) an amendment of this definition;

"**Block Voting Instruction**" means, in relation to any Meeting, a document:

(a) certifying that certain specified Notes (the "**Blocked Notes**") have been blocked in an account with a clearing system or the depository, as the case may be, and will not be released until the conclusion of the Meeting;

(b) certifying that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the relevant Agent that the votes attributable to such Blocked Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 hours before the time fixed for the Meeting, such instructions may not be amended or revoked;

(c) listing the total number of the Blocked Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and

(d) authorising a named individual or individuals to vote in respect of the Blocked Notes in accordance with such instructions;

"**business**" means, in relation to any Meeting, the matters to be proposed to a vote of the Noteholders at the Meeting;

"**Chairman**" means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 of these Rules;

"**Class A Noteholders**" means the holders of the Class A Notes;

"**Class B Noteholders**" means the holders of the Class B Notes;

"**Class of Notes**" means the Class A Notes or the Class B Notes;

"**Board of Directors**" means the Board of Directors of the Issuer;

"**Extraordinary Resolution**" means a resolution of the Meeting of the Relevant Class Noteholders, duly convened and held in accordance with the provisions of these Rules;

"**Issuer**" means UBI SPV BBS 2012 S.r.l.;

"**Meeting**" means the meeting of the Noteholders (whether originally convened or resumed following an adjournment);

"**Notes**" and "**Noteholders**" shall mean:

(a) in connection with a Meeting of Class A Noteholders, Class A Notes and Class A Noteholders respectively;

(b) in connection with a Meeting of Class B Noteholders, Class B Notes and Class B Noteholders respectively;

"**Proxy**" means, in relation to any Meeting, a person appointed to vote under a Block Voting Instruction;

"**Relevant Class Noteholders**" means the Class A Noteholders or the Class B Noteholders, as the context may require;

"**Relevant Fraction**" means:

(a) or all business other than voting on an Extraordinary Resolution, one-twentieth of the Principal Amount Outstanding of the outstanding Notes in that class;

(b) for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification, two-thirds of the Principal Amount Outstanding of the outstanding Notes in that class (in case of a meeting of a particular class of the Notes) or two thirds of the Principal Amount Outstanding of the outstanding Notes of such classes (in case of a joint meeting of more than one class of Notes); and

(c) 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:

(a) for all business other than voting on an Extraordinary Resolution relating to a Basic Terms Modification, more than one third of the Principal Amount Outstanding of the outstanding Notes in that class or, in case of a joint meeting of more than one class of Notes, classes; and

(b) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each class of Noteholders), more than 50% of the Principal Amount Outstanding of the outstanding Notes in that class;

"**Rules**" means these Rules of the Organisation of the Noteholders;

"**Specified Office**" means, in the case of the Class A Notes, with respect to the Agent, the office located at Via Carducci, 31, 20123 Milan, Italy and, with respect to the Irish Paying Agent, the office located at 4 Floor, Hanover Building, Windmill Lane, Dublin 2, Republic of Ireland .

"**Voter**" means, in relation to any Meeting, the holder of a Blocked Note;

"**Voting Certificate**" means, in relation to any Meeting, a certificate requested by the interested Noteholder and issued by the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian, as the case may be, and dated, stating:

(a) that the Blocked Notes have been blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian and will not be released until the earlier of (i) the conclusion of the Meeting and (ii) the surrender of the certificate to the clearing system or the Monte Titoli Account Holder or the relevant custodian who issued the same;

(b) details of the Meeting concerned and the number of the Blocked Notes; and

(c) that the bearer of such certificate is entitled to attend and vote at the Meeting in respect of the Blocked Notes.

"**Written Resolution**" means a resolution in writing signed by or on behalf of all holders of Notes 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 holders of the Notes;

"**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 of the Relevant Class Noteholders is to be held and in each of the places where the Agent has its Specified Offices (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; and

"**48 hours**" means 2 consecutive periods of 24 hours.

**Article 3**

Organisation purpose

Each holder of Class A Notes and Class B Notes is a member of the Organisation of Noteholders.

The purpose of the Organisation of Noteholders is to co-ordinate 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.

## *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 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 and, in each case, 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; subject to as provided below, if any such resolution approves a modification to the Conditions of the relevant Class of Notes, such modification shall be deemed to be approved by all the Relevant classes of Noteholders.

Notice of the result of every vote on a resolution duly considered by the Noteholders shall be published, at the expense of the Issuer, in accordance with the Conditions and given to the Agent (with a copy to the Board of Directors 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 and the Class B Noteholders may be held to consider the same resolution and/or, as the case may be, the same Extraordinary Resolution 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 Noteholders of such Notes;

(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) the preceding paragraphs of these Rules shall be applied as if references to the Notes and the Noteholders were to the Notes of the relevant class of Notes and to the Noteholders of such Notes.

In this paragraph "**business**" includes (without limitation) the passing or rejection of any resolution.

### Article 5

Issue of Voting Certificates and Block Voting Instructions

Noteholders may obtain a Voting Certificate from the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian, as the case may be, or require the Paying Agent to arrange

for the issuance of a Block Voting Instruction by the relevant Monte Titoli Account Holder or the relevant custodian by arranging for their Notes to be blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian at least 48 Hours before the time fixed for the Meeting of the holders of the Relevant Class(es) of Notes, providing to the Paying Agent, where appropriate, evidence that the Notes are so blocked. In the case of the Class A Notes or the Class B Notes, Noteholders may obtain such evidence by requesting their Monte Titoli Account Holders to release a certificate in accordance with Article 22 of Bank of Italy and CONSOB Rules governing central depositories, settlement services, guarantee systems and related management companies (adopted by The Bank of Italy and Consob on 22nd February 2008, as amended and supplemented). A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates. So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the holder of the Blocked Notes to which it relates for all purposes in connection with the Meeting. A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

**Article 6**

Validity of Block Voting Instructions

A Block Voting Instruction shall be valid only if it is deposited at the Specified Office of the Agent, or at some other place approved by the Representative of the Noteholders, at least 24 hours before the time fixed for the Meeting of the Relevant Class Noteholders and if not deposited before such deadline, the Block Voting Instruction shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Representative of the Noteholders requires, a notarised copy of each Block Voting Instruction and satisfactory proof of the identity of each Proxy named therein shall be produced at the Meeting, but the Representative of the Noteholders shall not be obliged to investigate the validity of any Block Voting Instruction or the authority of any Proxy.

**Article 7**

Convening of Meeting

The Board of Directors of the Issuer (the "**Board of Directors**") and/or 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.

Whenever the Board of Directors 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 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting of the Relevant Class Noteholders is to be held) specifying the date, time and place of the Meeting shall be given to the Noteholders and the Agent (with a copy to the Board of Directors and to the Representative of the Noteholders), and published in accordance with Condition 14 (Notices) of the Terms and Conditions of the relevant class of the Notes at least 15 days before the date of the meeting. The notice shall set out the full text of any resolutions to be proposed and shall state that the

Notes may be deposited with, or to the order of, the Agent for the purpose of obtaining Voting Certificates or appointing Proxies not later than 48 hours before the time fixed for 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 Board of Directors 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 co-ordinates matters to be transacted at the Meeting and monitors the fairness of the Meeting's proceedings.

**Article 10**

Quorum

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 of the outstanding Notes.

**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 by resolution of Meeting that represents less than a Relevant Fraction applicable in the case of Meetings which have been resumed after adjournment. Notice shall be published in accordance with Condition 14 (Notices) of the Terms and Conditions of the relevant class of the 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 7 shall apply to any Meeting which is to be resumed after adjournment save that:

(a) 10 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 out 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 Directors and other representatives of the Issuer and the Agent;

(c) the financial advisers to the Issuer;

(d) the legal counsel to the Issuer, the Representative of the Noteholders and the Agent;

(e) the Representative of the Noteholders; and

(f) such other person as may 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 10 (ten) 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 of the Relevant Class Noteholders for any other business as the Chairman directs.

**Article 17**

Votes

Every Voter shall have:

(i) on a show of hands, one vote; and

(ii) on a poll, one vote in respect of each Euro 100,000 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 Block Voting Instruction 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 Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it was given has been amended or revoked, provided that the Agent has not been notified in writing of such amendment or revocation not less than 24 hours before the time fixed for the Meeting of the Relevant Class Noteholders.

Unless revoked, any appointment of a Proxy under a Block Voting Instruction 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 in relation to a Meeting originally convened which has been adjourned for want of a quorum. Any person appointed to vote at such a Meeting must be reappointed under a Block Voting Instruction Proxy to vote at the Meeting when it is resumed.

**Article 19**

Exclusive Powers of the Meeting

The Meeting shall have exclusive powers:

(a) to approve any Basic Terms Modification;

(b) in the event that Article 28(b) hereof does not apply, to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of any of the Conditions 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 authorise the Representative of the Noteholders to serve an Enforcement Notice, as a consequence of an Enforcement Event under Condition 10 of the Terms and Conditions of the Class A Notes;

(e) 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 an Enforcement Event under the Notes;

(f) to authorise the Representative of the Noteholders to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Written Resolution;

(g) 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;

(h) to appoint and remove the Representative of the Noteholders.

**Article 20**

Powers exercisable by Extraordinary Resolution

A Meeting of the Noteholders of any Class of Notes shall, in addition to the powers herein given, have the following powers exercisable by Extraordinary Resolution:

(i) 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;

(ii) power to sanction any scheme or proposal for the exchange or substitution or sale of any of the Notes of any Class of Notes for, or the conversion of any of the Class of Notes into, or the cancellation of any of the Class of Notes, 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;

(iii) power to assent to any alteration of the provisions contained in these Rules, the Notes of any Class of Notes, the Intercreditor Agreement, the CAMPA or any other Transaction Document which shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto;

(iv) 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 of any Class of Notes or any other Transaction Document;

(v) power to give any authority, direction or sanction which under the provisions of these Rules or the Notes of any Class of Notes, is required to be given by Extraordinary Resolution;

(vi) power to authorise and sanction the actions, in compliance with these Rules, of the Representative of the Noteholders under the terms of the Intel-creditor Agreement and any other Transaction Documents and in particular power to sanction the release of the Issuer by the Representative of the Noteholders;

(vii) following the service of an Enforcement Notice, power to resolve on the sale of one or more Receivable(s) comprised in the Portfolios,

*Provided that:*

(i) no Extraordinary Resolution involving a Basic Terms Modification passed by the Class B Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Class A Noteholders (to the extent that the Class A Notes are then outstanding);

(ii) 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 may 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 and (or) dissenting can challenge Resolutions which are not passed in conformity under the provisions of these Rules.

**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 of Noteholders 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 of his/her intention;

(b) the Representative of the Noteholders will, without delay, call for the Meeting of Noteholders, in accordance with these Rules;

(c) if the Meeting of Noteholders 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 of Noteholders 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 of Noteholders 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 on the Issue Date.

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 Italian branch or through a branch situated in a European Union country; or

(2) a company or financial institution registered under article 107 of the Consolidated Banking Act; or

(3) any other entity which may be permitted to act in such capacity by any 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.

The Representative of the Noteholders shall be appointed until full redemption or cancellation of all the Notes 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 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.

Directors, auditors, employees of Issuer and those who fall within the conditions indicated in Article 2399 of the Italian Civil Code cannot be appointed Representative of the Noteholders, and, if appointed, shall be automatically removed from the appointment.

The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders as from the date hereof, such fee as agreed in a separate side letter, it being understood that the Representative of the Noteholders shall be entitled to receive additional fees for its services following any event of default and with respect to any other events which follow outside the scope of the Representative of the Noteholders daily activities. The above fees and remuneration shall accrue from day to day and shall be payable in accordance with the applicable Priority of Payments up to (and including) the date when the Notes have been repaid in full or cancelled in accordance with the Terms and Conditions of the Class A Notes.

**Article 26**

Duties and Powers

The Representative of the Noteholders is the legal representative of the Organisation of Noteholders and has the power to exercise the rights conferred to it pursuant to the Transaction Documents.

The Representative of the Noteholders shall not assume any obligation or responsibility in addition to those provided herein and in the Transaction Documents.

The Representative of the Noteholders is responsible for implementing the decisions of the Meeting of the Noteholders and for protecting their common interests vis-à-vis the Issuer. The Representative of the Noteholders has the right to attend Meetings of Noteholders (together with its advisers). The Representative of the Noteholders may convene a Meeting of Noteholders to obtain instructions from the Relevant Class Noteholders on 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 in the interests of the Noteholders *provided that:* (a) the Representative of the Noteholders shall use due care in the selection of the sub-agent, sub-contractor or representative and (b) the sub-agent, subcontractor 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 not, other than in the normal course of its business, be bound to supervise the

proceedings and shall not in any way or to any extent be responsible for any loss, costs, expenses, damages or liabilities whatsoever occasioned in respect 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 be authorised to represent the Organisation of Noteholders in judicial proceedings, including in proceedings involving the Issuer in court supervised administration (*amministrazione straordinaria*), creditors' agreement (*concordato preventivo*), forced liquidation (*fallimento*) or compulsory administrative liquidation (*liquidazione coatta amministrativa*).

**Article 27**

Resignation of 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 without assigning any reason therefor and without being responsible for any costs, expenses, damage, liabilities whatsoever or actions occasioned in respect of such resignation. The resignation of the Representative of the Noteholders shall not become effective until the Meeting of Noteholders has appointed a new representative of the noteholders. If a new representative of the noteholders is not appointed by the Meeting of Noteholders sixty days after such notice of resignation, the resigning Representative of the Noteholders will be entitled to appoint its own successor, 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.

(a) Without limiting the generality of the foregoing, the Representative of the Noteholders:

(i) shall not be under obligation to take any steps to ascertain whether an Enforcement 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 Enforcement Event or any other event mentioned above has occurred;

(ii) shall not be under obligation to monitor or supervise the observance and performance by the Issuer or any of the other parties to the these Rules or the Transaction Documents of their obligations hereunder and 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 these Rules or any Transaction Document is observing and performing all the obligations on its part contained herein and therein;

(iii) shall not be under 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) shall not be responsible for or for investigating the legality, validity, effectiveness, enforceability, 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 or to request and/or obtain any legal opinion in connection therewith, and (without prejudice to the generality of the foregoing), it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for (a) the nature, status, creditworthiness or solvency of the Issuer, (b) the existence, accuracy or sufficiency of any legal or other opinions (if any), searches, reports, certificates, valuations or investigations delivered or obtained by any party to the Transaction Documents or required to be delivered or obtained at any time in connection herewith; (c) 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 licence, consent or other authority in connection with the purchase or administration of the Portfolios; (d) any accounts, books, records or files maintained by the Issuer, the Servicer and the Agent or any other person in respect of the Portfolios;

(v) shall not be 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;

(vi) shall have no responsibility 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;

(vii) shall not be 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;

(viii) shall not be 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 Portfolios 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 or remedy or not;

(ix) shall not be 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;

(x) shall not be responsible (save as otherwise provided in the Conditions) for making or verifying any determination or calculation in respect of the Notes, the Portfolio and any Transaction Document;

(xi) shall not be under any obligation to insure the Portfolios or any part thereof;

(xii) shall not be obliged to have regard to the consequences of any modification of these Rules or any of the Transaction Documents for individual 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) shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any Other Issuer Creditor 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 no Noteholder, the Noteholders, the Other Issuer Creditors or any other party shall be entitled to take any action to obtain from the Representative of the Noteholders any such information.

(b) The Representative of the Noteholders:

(i) may agree 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) may agree 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 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, the Class B Noteholders;

(iii) may conclusively rely 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, the Representative of the Noteholders or otherwise and shall not, in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss, expenses, damages or liabilities whatsoever occasioned by so acting. Any such advice, opinion or information may be sent or obtained by letter, telex, email, telegram, facsimile transmission or cable and, in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting in reliance on any advice, opinion or information contained in or purported to be conveyed by any such letter, telex, email, telegram, facsimile transmission or cable notwithstanding any error contained therein or the non-authenticity of the same;

(iv) may call for and shall be at liberty to accept as 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 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, expenses, damages or liabilities whatsoever that may be occasioned by the Representative of the Noteholders acting on such certificate;

(v) save as expressly otherwise provided herein, shall 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 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 fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*);

(vi) shall be at liberty to hold or to 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) in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, the Representative of the Noteholders is entitled to convene a Meeting of the Noteholders of any Class of Notes 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;

(viii) in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting upon any resolution purporting to have been passed at any Meeting of the Noteholders of the relevant Class of Notes in respect whereof minutes have been made and signed even though 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;

(ix) may call for and shall be at liberty to 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;

(x) may certify whether or not an Enforcement Event is in its opinion materially prejudicial to the interests of the Noteholders and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other relevant person;

(xi) may 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;

(xii) may assume without enquiry that no Notes are for the time being held by or for the benefit of the Issuer;

(xiii) shall be entitled to call for at the expenses of the Issuer and to conclusively 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 Issuer Creditor or any rating agency in respect of every matter and circumstance for which a certificate is expressly provided for hereunder or any other Transaction Document or in respect of the rating of the Class A Notes 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;

(xiv) may, in determining whether any event, matter or thing will not materially affect the interest of the Noteholders and the other Secured Creditors, have regard, along with any other relevant factors, to whether the Rating Agencies have confirmed that such event, matter or thing will not result in the withdrawal, reduction or entail any other adverse action with respect to the then current rating of any Class of Notes or otherwise give their consent;

(xv) if it deems it necessary, in order properly to exercise its rights or fulfil its obligations, to obtain the views of the Rating Agencies as to how a specific act would affect any outstanding rating of the Notes or any Class thereof, the Representative of the Noteholders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the Noteholders or the Representative of the Noteholders may seek and obtain such views itself at the cost of the Issuer;

(xvi) when in the Rules or any Transaction Document the Representative of the Noteholders is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Noteholders, it shall have regard to the interests of the Noteholders as a Class and shall not be obliged to have regarded to the consequences of such exercise for any individual Noteholder resulting from his or its being for any purpose domiciled, resident in or otherwise connected with or subject to the jurisdiction of any particular territory or taxing authority;

(xvii) shall, as regards at the powers, trusts, authorities and discretions vested in it by the Transaction Documents, except where expressly provided therein, have regard to the interests of both the Noteholders and the other Issuer Creditors but if, in the opinion of the Representative of the Noteholders, there is a conflict between their interests the Representative of the Noteholders will have regard solely to the interest of the Noteholders;

(xviii) where the Representative is required to consider the interests of the Noteholders and, in its opinion, there is a conflict between the interests of the Holders of different Classes of Notes, the Representative of the Noteholders will consider only the interests of the Holders of the Most Senior Class of Notes;

(xix) may refrain from taking any action or exercising any right, power, authority or discretion vested in it under the Rules or any Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all liabilities which might be brought or made against or suffered, incurred or sustained by it as a result. Nothing contained in the Rules or any of the other Transaction Documents shall require the Representative of the Noteholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise

of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

The Representative of the Noteholders, in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any Monte Titoli Account Holder in accordance with CONSOB and Bank of Italy Rules 22 February 2008, as amended from time to time, which certificates are to be conclusive proof of the matters certified therein.

The Representative of the Noteholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of any clearing system as the Representative of the Noteholders considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Notes.

The Representative of the Noteholders shall have the right to call for or require the Issuer to call for and to rely on written certificates issued by one of the parties to the Intercreditor Agreement, or by any Other Issuer Creditor, as to any matter or fact *prima facie* within the knowledge of such party or as to such party's opinion with respect to any matter and the Representative of the Noteholders shall not be required to seek additional evidence in respect of the relevant fact, matter or issue and shall not be held responsible for any loss, liability, cost, damage, expense, or charge incurred as a result of having failed to do so.

The Representative of the Noteholders shall not be responsible for reviewing or investigating any auditors' report or certificate and may rely on the contents of any such report or certificate.

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 thinks fit and notwithstanding anything to the contrary contained herein, or in other Transaction Document, such consent or approval may be given retrospectively.

No provision of these Rules 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 shall be entitled to exercise all the rights granted by the Issuer in favour of the Noteholders and the Other Issuer Creditors under the Security Documents. The Deed of Pledge, the Luxembourg Deed of Pledge and the Deed of Charge are referred to herein as the "**Security Documents**" and the beneficiaries of the Security Documents are referred to herein as the "**Secured Noteholders**".

The Representative of the Noteholders, acting on behalf of the Secured Parties, may:

(a) appoint and entrust the Issuer to collect, on 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) acknowledge that the account(s) to which payments have been made in respect of the pledged claims shall be deposit accounts for the purpose of Article 2803 of the Italian Civil Code and agrees that such account(s) shall be operated in compliance with the provisions of the CAMPA and the Intercreditor Agreement. For such purposes and until an Enforcement Notice has been served, the Representative of the Noteholders, acting on behalf of the Secured Parties, may appoint and entrust the Issuer to operate the Expenses Account in accordance with the CAMPA;

(c) agree that all funds credited to the relevant Accounts from time to time shall be applied in accordance with the CAMPA and the Intercreditor Agreement and that available funds standing to the credit of the Investment Accounts may be used for investments in Eligible Investments;

(d) agree that cash deriving from time to time from the pledged claims and the amounts standing to the credit of the relevant Accounts shall be applied in and towards satisfaction not only of amounts due to the Secured Noteholders, but also of such amounts due and payable to any other parties that rank prior to the Secured Noteholders, according to the applicable Priority of Payments and, to the extent that all amounts due and payable to the Secured Noteholders have been paid in full, also towards satisfaction of amounts due to any other parties that rank below the Secured Noteholders. The Secured Noteholders irrevocably waive 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.

The Representative of the Noteholders, on behalf of the Secured Parties, acknowledges and agrees that the sums credited to the Investment Accounts as subscription price of the Notes will be applied in and towards satisfaction of the Purchase Price of the Portfolio, to credit the Replenishment Amount to the Expenses Account and to credit such amounts to the Payment Account to pay the Closing Costs.

**Article 30**

Indemnity

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Notes 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 costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demand (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 by any persons appointed by it to whom any power, authority or discretion may be delegated by it, in relation to the preparation and execution of, the 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 legal and travelling expenses and any 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 because of the fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Noteholders.

## *TITLE IV*

## *THE ORGANISATION OF NOTEHOLDERS UPON A SERVICE OF AN ENFORCEMENT NOTICE*

### Article 31

Powers

It is hereby acknowledged that, upon service of an Enforcement Notice, the Representative of the Noteholders shall, pursuant to the Mandate Agreement, be entitled, in its capacity as legal representative of the Organisation of the Noteholders, also in the interest and for the benefits of the Other Issuer Creditors, pursuant to Articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Portfolios pursuant to the Transaction Documents and in particular, to dispose of the Portfolios in accordance with Condition 10.2. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Issuer 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 Receivable(s) comprised in the Portfolios, the Representative of the Noteholders may, but shall not be obliged to, convene a Meeting of the Noteholders in accordance with the provisions set out in these Rules to resolve on the proposed sale.

## *TITLE V*

## *ALTERNATIVE DISPUTES RESOLUTIONS*

### Article 32

These Rules are governed by, and will be construed in accordance with, the laws of Italy.

The courts of Milan have exclusive competence for the resolution of any dispute arising out of the present Rules, including those concerning its validity, interpretation, performance and termination.

## Selected Aspects of Italian Law Relevant to the Portfolio and the Transfer of the Portfolio

### The Securitisation Law

The Securitisation Law 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 the "true" sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with Article 3 of the Securitisation Law and all amounts paid by the assigned debtors are to be used by the relevant company exclusively to meet its obligations under notes issued to fund the purchase of such receivables and costs and expenses associated with the securitisation transaction.

### The Assignment

The assignment of monetary claims under the Securitisation Law is governed by Article 58, paragraphs 2, 3 and 4 of the Consolidated Banking Act (referred to by Article 4 of the Securitisation Law), whereby, according to the prevailing interpretation, the assignment can be perfected against the relevant originator, assigned debtors and third party creditors by way of: (i) publication of a notice of the assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) (the "**Official Gazette**"); and (ii) deposit for the registration (*iscrizione*) of such notice with the competent Companies' Register (*Registro delle Imprese*), being that of the place of incorporation of the relevant purchaser. As at the date of publication and registration of such notice, 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, commenced enforcement proceedings in respect of the relevant claims;

(b) the liquidator or 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 the Bankruptcy Law); and

(c) other assignees of the Originator who have not perfected their assignment prior to the date of publication and registration.

The notice of transfer of the Initial Portfolio from the Originator to the Issuer was published in the Official Gazette No. 88 of 28 July 2012 and deposited for the registration with the Companies' Register of Brescia, Italy on even date thereof.

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned monetary claims is automatically transferred to and perfected with the same priority in favour of the assignor, without the need of any formality or annotation.

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under Article 67 of the Bankruptcy Law but only in the event that the securitisation transaction is entered into within three months of the adjudication in bankruptcy of the relevant party or in cases where paragraph 1 of Article 67 applies (if the transaction is deemed to be at an undervalue), within six months of the adjudication in bankruptcy.

### Ring-Fencing of the Assets

Under the terms of Article 3 of the Securitisation Law, the receivables 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 receivable (including for the avoidance of doubt, any other portfolio

purchased by the Issuer pursuant to the Securitisation Law). 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 receivables 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. However, under Italian law, any creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

**Claw Back of the Sale of the Receivables**

The sale of the portfolio of receivables by the Originator to the Issuer may be clawed back by a receiver of the Originator under Article 67 of the Bankruptcy Law but only in the event that the Originator was insolvent when the assignment was entered into and its execution was made within three months of 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 of Article 67 applies, within six months of the admission to compulsory liquidation.

**Claw-Back action against payments made to companies incorporated under the Securitisation Law**

According to Article 4 of the Securitisation Law, 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 one year suspect 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. The relevant payment will be set aside and clawed back if the receiver gives evidence that the recipient of the payments had knowledge of the state of insolvency when the payments were made. The question as to whether or not the Issuer had actual or constructive knowledge of the state of insolvency at the time of the payment is a question of fact with respect to which a court may in its discretion consider all relevant circumstances.

**Ineffectiveness of prepayments**

Pursuant to Article 65 of the Insolvency Law, payments of receivables made in the two years preceding the payor's declaration of insolvency are ineffective as against the payor's creditors (including a receiver in the payor's insolvency) provided that the relevant payment with respect to such receivable falls due only on or after the payor's insolvency declaration.

Whilst Article 4 of the Securitisation Law expressly rules that no claw-back under Article 67 of the Insolvency Law applies to payments made to the Issuer by the borrowers of the underlying loans, the application of Article 65 of the Insolvency Law with respect to such payments has not been excluded by any provision of the Securitisation Law. Therefore it cannot be excluded that, in principle, prepayments made to the Issuer by any debtor with respect to any of the underlying purchased receivables who may be subject to insolvency proceedings (i.e. corporate entities and private individuals carrying out certain business activities), if any, may in certain circumstances be subject to claw-back under Article 65 of the Insolvency Law, with the consequence that the Issuer would be required to pay back to the receiver of such debtor, with priority to any payment due by the Issuer under the Notes, the amount so prepaid by such debtor in the two years preceding the date such debtor has been declared insolvent unless the relevant payment matured during such a two year period.

***Mutui Fondiari***

The Loan Agreements include *inter alia* loans secured by Mortages qualifying as *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*. 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 30 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 Loan Agreement 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 Loan Agreement 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).

***Mutui fondiari* enforcement proceedings**

The Loan Agreements include *inter alia* loans secured by Mortages 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 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, 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.

***Certain Aspects of Italian Law relevant to Mortgage Loans***

Italian Law Decree number 7 of 31 January 2007, as converted into law by Italian Law number 40 of 2 April 2007 (the "**Bersani Decree**") and amended by Italian Law number 244 of 24 December 2007 (the "**2008 Budget Law**"), provides for certain new measures for the protection of consumers' rights and the promotion of the competition in, *inter alia*, the Italian mortgage loan market. The new provisions of law facilitate the exercise by the borrowers of their right to the substitution (*portabilità*) of a mortgage loan with another mortgage loan and/or subrogation of a new bank into the rights of their creditors in accordance with article 1202 (*surrogazione per volontà del debitore*) of the Italian civil code, by eliminating the limits and costs previously borne by the borrowers for the exercise of such right. The recent Law Decree number 78 of 1 July 2009 (as converted into law by the Italian Law number 102 of 3 August 2009) provides, *inter alia*, that if the subrogation has not been executed within 30 days from the date of the assignee bank's request of the interbank collaboration procedures, the original bank shall indemnify the mortgage debtor an amount equal to 1 per cent. of the mortgage value for each month or part of a month of delay. In the event the delay is due to circumstances ascribed to the assignee bank, the original bank shall be entitled to recover from the assignee bank an amount equal to the indemnity paid to the mortgage debtor.

Furthermore, Italian Law Decree number 39 of 28 April 2009, as converted into law by the Italian Law number 77 of 24 June 2009 "*Interventi urgenti in favore delle popolazioni colpite dagli eventi sismici nella regione Abruzzo nel mese di aprile 2009 e ulteriori interventi urgenti di protezione civile*" (the "**Abruzzo Decree**") provides, inter alia, for the establishment of a fund entitled "*Fondo antisismico*" and suspension of payments of instalments due under the relevant mortgage loans in favour of individuals, companies and institutions, as the case may be, resident, incorporated or located in the municipalities affected by the earthquake events as of 6 April 2009. In addition, the Abruzzo Decree provides that the Italian state will subrogate the relevant Debtor, and make payments on his behalf, (i) in case of destruction or collapse of the relevant real estate properties securing mortgage loan agreements granted by banks and financial intermediaries enrolled in the general and special registers held by the Bank of Italy pursuant to articles 106 and 107 of the Consolidated Banking Act, and (ii) provided that the amount disbursed by the Italian state will not exceed the sums necessary for the rebuilding or repairing of such real estate properties.

The convention between ABI and the Ministry of Economic and Finance of 3 August 2009 (the "**PMI Moratorium**") provides, *inter alia*, for a suspension of payments of instalments in respect of the principal of mortgage loans granted to small and medium enterprises ("**PMI**") for a period of 12 months. The suspension applies on the condition that the instalments (i) are timely paid or in case of late payments, the relevant instalment has not been outstanding for more than 180 days from the date of request of the suspension. As further requirements, (i) the PMI must bear positive economic perspectives and be able to guarantee a business continuity or, in any case, be under "temporary" financial difficulties; (ii) that, on 30 September 2008, their positions were classified by the bank as performing; and (iii) that, at the time of the request of the suspension, they had no positions which could be classified as suffering and defaulting and no enforcement procedures were commenced. The Ministry of Economics and Finance's communication dated 13 January 2010 clarified that such

suspension could be requested up to 30 June 2010. The agreement dated 15 June 2010 named "*Avviso commune per la sospensione dei debiti delle piccole e medie imprese verso il settore creditizio – Proroga dei termini*" between, among others, ABI and the Ministry of Economic and Finance further extended the terms for the request of the suspension up to 31 January 2011. ABI communication dated 14 January 2010 "*Integrazione all'Avviso Comune per la Sospensione dei Debiti delle PMI verso il settore creditizio*" and ABI communication of 12 February 2010 provide for certain further integrations and clarifications of the PMI Moratorium and, in particular, extended the applicability of the objective to mortgage loans assisted by public benefits, where expressly resolved upon by the lender.

In addition, the benefit of the PMI Moratorium has been integrated and prolonged by the agreement named "*Accordo per il credito alle piccole e medie imprese*" (the "**PMI Financing Convention**") dated 16 February 2011 between, among others, ABI and the Ministry of Economic and Finance establishing, *inter alia*, (i) only for the PMI which had not the benefit of the PMI Moratorium, a further postponement of the terms for the request of the suspension up to 31 July 2011; and (ii) also in respect of the PMI already enjoying the effects of the PMI Moratorium, an extension of the availability period referred to medium and long term loan agreements, for a maximum of 2 years, in respect of non-secured loans, and 3 years, in respect of secured loans. Such extension may be requested only upon expiry of the suspension period granted pursuant to the PMI Moratorium and, in any case, within 6 months thereof. Finally, the PMI requesting the extension of the availability period can voluntarily enter into hedging agreements with the lenders.

Lastly, on 28 February 2012 a new convention was entered into by, among others, ABI and the Ministry of Economic Development called "Nuove misure per il credito alle PMI" (the "**New PMI Moratorium**") which provides for *inter alia*:

(i) a suspension of payments of instalments of the principal of mortgage loans granted to PMI *provided however that* the borrowers have not benefited of the suspension provided by the PMI Moratorium and the instalments are not due more than 90 days; and

(ii) extension of the loan agreements for a maximum of 270 days with respect to short-term loan agreements to deal with cash-flow needs in relation to the pre-payment of certain and eligible receivables and for a maximum of 120 days with respect to agricultural operating loans. Such extension may be requested with respect to the loans which have not enjoyed the effect of the PMI Financing Convention and the loans suspended at the end of the suspension period.

All the PMIs which have fewer than 250 persons and whose annual turnover does not exceed EUR 50 million or whose annual balance-sheet total do not exceed EUR 43 million may benefit from the effects provided by the New PMI Moratorium provided however that the borrowers, at the time of the submission of the application, are solvent, i.e. they do not have any non-performing, impaired, restructured, past or due credit exposures towards the banks of more than 90 days.

The convention between ABI and the consumers' associations (the "**Piano Famiglie**"), stipulated on 18 December 2009 and consumers' associations on, respectively, 26 January 2011, 25 July 2011 and 31 January 2012 provides for a 12 month period suspension of payment of instalments relating to mortgage loans, where requested by the relevant Debtor during the period from 1 February 2010 to 31 July 2012. The suspension is allowed only where the following events ("**Relevant Events**") have occurred: (i) termination of employment relationship; (ii) termination of employment relationships regulated under article 409 n. 3 of the Italian Civil Procedure Code; (iii) death or the occurrence of conditions pertaining to non-self sufficiency; and/or (iv) suspension from work or reduced working hours for a period of at least 30 days. The Relevant Events satisfying the subjective requirements must have occurred in respect of the relevant Debtor during the period from 1 January 2009 to 30

June 2012. The suspension can be requested on one occasion only, provided that the mortgage loans are granted for amounts not exceeding 150,000 Euro, granted for the purchase, construction or renovation of a primary residence (*mutui prima casa*): (i) mortgage loans assigned under securitisation or covered bond transactions pursuant to the Law 130, (ii) renegotiated mortgage loans and (iii) mortgage loans whereby the relevant lender was subrogated pursuant to the Bersani Decree. Finally, in order to obtain such suspension of payments, the Debtor shall have an income not exceeding 40,000 Euro per year. The document clarifies that in the context of a securitisation transaction, the special purpose vehicle, or the Bank acting on its behalf, can adhere to the Piano Famiglie. The suspension can be limited to principal instalments only or can encompass both principal and interest instalments.

On 24 June 2010 ABI, by a resolution of its executive committee, provided for further measures representing an adjustment of the "*Avviso Comune per la sospensione dei debiti delle PMI verso il settore creditizio*" ("**Measures for Enterprises**"), as appropriate to the specific area of Abruzzo affected by the earthquake.

Such Measures for Enterprises are applicable from 30 June 2010, which is the deadline for the application of facilities previously established by ABI.

The Measures for Enterprises provide for an extension to all companies located in the municipalities affected by the earthquake, of the facilities previously provided by the PMI Moratorium. The companies requiring such suspension or extension should have a position classified by the bank as "performing" as of 6 April 2009. The beneficiaries can apply for the suspension until 31 January 2011. Each bank may voluntarily adhere to the Measures for Enterprises. ABI will collect all the adhesions from the banks and will publish them on its website.

## Taxation in the Republic of Italy

*The following is a general summary of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposition of the Notes.*

*The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.*

*Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.*

*This summary is based upon the laws and/or practice in force as at the date of this Prospectus, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis. This summary will not be updated to reflect changes in laws and if such a change occurs the information in this summary could become invalid.*

*This summary takes into consideration the changes introduced by the Law Decree No. 78 of 31 May 2010, converted by Law No. 122 of 30 July 2010.*

***Italian Tax Treatment of the Notes – General***

Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239"**) regulates the tax treatment of interest, premiums and other income from certain securities issued, *inter alia*, by Italian limited liability company incorporated under article 3 Law No. 130 of 30 April 1999 (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**"). The provisions of Decree No. 239 only apply to Notes issued by the Issuer which qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 ("**Decree No. 917**").

***Taxation of Interest***

*Italian Resident Noteholders*

Pursuant to Decree No. 239 where the Italian resident holder of the Notes that qualify as *obbligazioni or titoli similari alle obbligazioni*, who is the beneficial owner of such Notes, is:

(a) an individual holding Notes otherwise than in connection with entrepreneurial activity (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the so-called *risparmio gestito* regime according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended ("**Decree No. 461**") – the "**Asset Management Option**"); or

(b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or *de facto* partnership not carrying out commercial activities or professional association; or

(c) a private or public institution not carrying out mainly or exclusively commercial activities (including the Italian state and public entities); or

(d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 20 per cent. (either when Interest is paid or when payment thereof is obtained by the holder upon sale of the Notes). All the above categories are qualified as "net recipients".

Where the resident Noteholders described above under (a) and (c) are engaged in an entrepreneurial activity to which the Notes are effectively connected with the same business activity, *imposta sostitutiva* applies as a provisional income tax and may be deducted from the taxation on income due.

Pursuant to Decree No. 239, the 20 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called "SIMs"), fiduciary companies, *Poste Italiane S.p.A.*, *società di gestione del risparmio* (SGRs), stock brokers and other qualified entities resident in Italy ("**Intermediaries**" and each an "**Intermediary**"), or by permanent establishments in Italy of banks or intermediaries resident outside Italy, that must intervene in any way in the collection of Interest or, also as transferees, in transfers or disposals of the Notes.

Where the Notes and the relevant coupons are not deposited with an authorised Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld:

- by any Italian bank or any Italian Intermediary paying Interest to the Noteholder; or
- by the Issuer.

Payments of Interest in respect of Notes that qualify as *obbligazioni* or *titoli similari alle obbligazioni* are not subject to the 20 per cent. *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; (ii) Italian resident collective investment funds, SICAVs, Italian resident pension funds referred to in Legislative Decree No. 252 of 5 December, 2005 ("**Decree No. 252**"), Italian resident real estate investment funds; and (iii) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial Intermediary and have opted for the Asset Management Option. Such categories are qualified as "gross recipients".

To ensure payment of Interest in respect of the Notes without the application of 20 per cent. *imposta sostitutiva*, gross recipients indicated above under (i) to (iii) must (a) be the beneficial owners of payments of Interest on the Notes and (b) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial Intermediary (or a permanent establishment in Italy of a foreign Intermediary).

Where the Notes and the relevant coupons are not deposited with an authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld:

- by any Italian bank or any Italian Intermediary paying Interest to the Notes holder; or
- by the Issuer,

and gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

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

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 20 per cent annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax

year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised Intermediary.

Italian collective investment funds and SICAVs are not subject to any substitute tax at the fund level: a withholding tax of 20 per cent. will be levied on proceeds distributed by the investment funds or the SICAV or received by certain categories of unitholders upon redemption or disposal of the units.

Italian resident pension funds subject to the regime provided by Article 17 of Decree No. 252 are subject to an 11 per cent. annual substitute tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes).

Italian resident real estate funds created under Article 37 of Consolidated Financial Law and Article 14*bis* of Law No. 86 dated 25 January 1994 (the "**Real Estate Funds**") are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund.

*Non-Italian resident Noteholders*

According to Decree No. 239, payments of Interest in respect of Notes that qualify as *obbligazioni* or *titoli similari alle obbligazioni* will not be subject to the *imposta sostitutiva* at the rate of 20 per cent. provided that:

(a) the payments are made to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected; and

(b) such beneficial owners are resident, for tax purposes (i) in a white-list State listed into Italian Ministerial Decree dated 4 September 1996, as amended from time to time, or (ii) as from the tax year in which the decree pursuant to Article 168-*bis* of Decree No. 917 is effective, in a State or territory that is included (or deemed to be included, pursuant to Article 1, paragraph 90 of the Budget Law for 2008) in the list of States allowing for an adequate exchange of information with the Italian tax authorities; and

(c) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are timely met or complied with.

The 20 per cent. *imposta sostitutiva*, if applicable, may be reduced (generally to 10 per cent.) or reduced to zero under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation.

Decree No. 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of the Notes made to (i) international entities and organizations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of 20 per cent. *imposta sostitutiva*, non-Italian resident investors indicated above must:

(a) be the beneficial owners of payments of Interest on the Notes;

(b) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Intermediary, or a permanent establishment in Italy of a non-Italian bank or financial intermediary, or with a non-Italian resident operator participating in a centralized securities management system which is in contact via computer with the Ministry of Economy and Finance; and

(c) timely file with the relevant depository a self-assessment (*autocertificazione*) stating, *inter alia*, that he or she is resident, for tax purposes, in a country which recognizes the Italian fiscal authorities' right to an adequate exchange of information. Such self-assessment is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The self-assessment is not requested for non-Italian resident investors that are international entities and organizations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Failure of a non-resident Noteholder to timely comply with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interests payments to a non-resident Noteholder.

The *imposta sostitutiva* will be applicable at the rate of 20 per cent. to interest, premium and other income accrued during the holding period when the Noteholder are resident, for fiscal purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

**Atypical securities**

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) may be qualified as "*atypical securities*" (*titoli atipici*) and subject to a withholding tax, levied at the rate of 20 per cent. For this purpose, securities similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

In the case of Notes issued by an Italian-resident issuer, where the Noteholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are connected, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, the withholding tax is a final withholding tax.

**Capital Gains**

*Italian resident Noteholders*

Pursuant to Decree No. 461, a capital gains tax of 20 per cent. (referred to as "*imposta sostitutiva*") is applicable to capital gains realised by Italian resident individuals, not engaged in entrepreneurial activities to which the Notes are connected, on any sale or transfer for consideration of the Notes or redemption thereof.

Under the so called "tax declaration regime", which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activities, the 20 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised by Italian resident individuals not engaged in entrepreneurial activities pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains by Italian resident individuals together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year.

Alternatively to the tax declaration regime, the Noteholders who are Italian resident individuals not engaged in entrepreneurial activities to which the Note are connected, may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes ("*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and (ii) an express election for the so-called *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the Noteholder, deducting a corresponding amount from proceeds to be credited to the Noteholder. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare capital gains in its annual tax declaration and remains anonymous.

Special rules apply if the Notes are part of a portfolio managed in a regime of Asset Management Option ("*risparmio gestito*" regime) by an Italian asset management company or an authorised intermediary. In such case, the capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 20 per cent. *imposta sostitutiva* on capital gains but will contribute to determine the taxable base of the Asset Management Tax.

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

Any capital gains realised by a Noteholders who is an Italian investment fund or a SICAV will not be subject to substitute tax on capital gains; a withholding tax of 20 per cent. will be levied on proceeds distributed by the investment funds or the SICAV or received by certain categories of unitholders upon redemption or disposal of the units

Italian resident real estate funds created under Article 37 of Consolidated Financial Law and Article 14 *bis* of Law No. 86 dated 25 January 1994 (the "**Real Estate Funds**") are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund.

Any capital gains accrued to Noteholders who are Italian resident pension funds will be included in the computation of the taxable basis of Pension Fund Tax. Any capital gains realised by Italian resident corporations or similar commercial entities or Italian resident individuals carrying out a commercial activity or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

*Non-Italian resident Noteholders*

The 20 per cent. final "*imposta sostitutiva*" may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the Notes by non-Italian resident persons or

entities without a permanent establishment in the Republic of Italy to which the Notes are effectively connected, if the Notes are held in the Republic of Italy.

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a self-assessment – *autocertificazione* – of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

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

(a) pursuant to the provisions of Decree No. 461 non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes,: (i) in a White-list State listed into Italian Ministerial Decree dated 4 September 1996, as amended from time to time, or (ii), as from the tax year in which the decree pursuant to article 168-bis of Decree No. 917 is effective, in a State or territory that is included (or deemed to be included, pursuant to Article 1, paragraph 90 of Law of 24 December 2007, No. 244) in the list of States allowing for an adequate exchange of information with the Italian tax authorities listed in the decree referred to in Article 168-bis, paragraph 1 of Decree No. 917. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected opt for the *risparmio amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate self-assessment (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies in case the beneficial owners of the Notes are (i) international entities or organizations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, inter alia, the official reserves of a foreign State; and

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

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorised financial intermediary and elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, in order to benefit from exemption from Italian taxation on capital gains such non-Italian residents may be required to file with the authorised financial intermediary appropriate documents which include, *inter alia*, a certificate of residence from the competent tax authorities of the country of residence of the non-Italian residents.

**Inheritance and gift tax**

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

(a) 4 per cent. if the transfer is made to spouse and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding Euro 1,000,000 (per beneficiary);

(b) 6 per cent. if the transfer if made to brothers and sisters; in this case, the transfer is subject to the tax on the value exceeding Euro 100,000 (per beneficiary);

(c) 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree; and

(d) 8 per cent. in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax is levied to the rate mentioned above in (a), (b), (c) and (d) on the value exceeding Euro 1,500,000.

**Transfer tax**

Contracts relating to the transfer of securities are subject to the registration tax as follows: (a) public deeds and notarized deeds are subject to fixed tax at a rate of Euro 168; and (b) private deeds are subject to registration tax only in the case of use or voluntary registration.

**Stamp Duty**

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (the "Decree No. 201"), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholders in respect of any Notes which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.1 per cent. for the year 2012 and at 0.15 per cent. for subsequent years; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. The stamp duty can be no lower than € 34.20 and, for the year 2012 only, it cannot exceed € 1,200.

Under a preliminary interpretation of the law, it may be understood that the stamp duty applies both to Italian resident and non-Italian resident investors, to the extent that Notes are held with an Italian-based financial intermediary. Although the stamp duty is already applicable, certain aspects of the relevant discipline are expected to be clarified by future guidelines.

**Wealth Tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree No. 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.1 per cent. for 2011 and 2012, and at 0.15 per cent. for subsequent years. In this case the above mentioned stamp duty provided for by Article 19(1) of Decree No. 201 does not apply

**European Savings tax directive**

On 3 June 2003, the Council of the European Union adopted the EU Directive No. 2003/48/EC regarding the taxation of savings income (the "**European Savings Directive**"). According to the European Savings Directive, each member State of the European Union (a "**Member State**") is required to provide to the tax authorities of other States of the European Union details of the interest

payments by a person within its jurisdiction to individuals resident in that other State. However, for a transitional period, Austria and Luxembourg are permitted to apply an optional information reporting system, whereby if a beneficial owner (within the meaning of the European Savings Directive) does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system applies for a transitional period and the withholding tax rate is currently applied at rate of 35 per cent. The transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Italy has implemented the Directive through Legislative Decree No. 84 of 18th April 2005 (the "**Decree 84/2005**"). Under Decree 84/2005, subject to a number of important conditions being met, in the case of interest paid starting from 1st July 2005 (including the case of interest accrued on the Certificates at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State or in certain associated territories of Member States, Italian qualified paying agents shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

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

## Subscription and Sale

Banco di Brescia S.p.A. (the "**Subscriber**") has, pursuant to a notes subscription agreement (the "**Notes Subscription Agreement**") dated on or about the Issue Date between itself (as Subscriber), the Issuer, and the Representative of the Noteholders in respect of the Notes, agreed to subscribe and pay the Issuer for the Class A Notes at the issue price of 100% of the principal amount of such Class A Notes and agreed to subscribe and pay the Issuer for the Class B Notes at the issue price of 100% of the principal amount of such Class B Notes.

The Notes Subscription Agreement is subject to a number of conditions and may be terminated by the Subscriber in certain circumstances prior to payment for the Class A and the Class B Notes to the Issuer. The Issuer has agreed to indemnify the Subscriber against certain liabilities in connection with the issue of the Notes.

**Selling Restrictions**

**GENERAL**

Under the Notes Subscription Agreement, the Subscriber has acknowledged that no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Notes, or possession or distribution of any offering material in relation to the Notes, in any country or jurisdiction where action for that purpose is required.

The Subscriber has undertaken that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers the Notes or has in its possession, distributes or publishes such offering material, in all cases at its own expense.

The Subscriber has represented and warranted that it has not made or provided and undertakes that it will not make or provide any representation or information regarding the Issuer, the Originator or the Notes save as contained in the Prospectus or as approved for such purpose by the Issuer or the Originator or which is a matter of public knowledge.

**UNITED STATES**

Under the Notes Subscription Agreement, the Subscriber has acknowledged that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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.

**UNITED KINGDOM**

The Subscriber has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

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

**ITALY**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation. The Subscriber has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation. In particular, no Notes may be offered, sold or delivered, nor copies of this Prospectus or of any other document relating to any Note may be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of the Financial Laws Consolidated Act and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or

(ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Consolidated Financial Act and Regulation No. 11971.

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

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Consolidated Financial Act, CONSOB Regulation No. 16190 of 29 October 2007 and the Consolidated Banking Act (in each case as amended from time to time); and

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

**IRELAND**

Under the Notes Subscription Agreements, the Subscriber has represented and agreed that no public offer and sale of any Note, or distribution of any offering material relating to the Notes, may be made in or from Ireland except for the Notes for which the requirements of Irish law concerning public offerings of securities have been met. The Subscriber has also represented and agreed that a listing on the Irish Stock Exchange does not necessarily imply that a public offering in Ireland has been authorised.

**EUROPEAN ECONOMIC AREA**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), the Subscriber has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Subscriber nominated by the Issuer for any such offer; or

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

provided that no such offer of Notes shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of** N**otes 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** D**irective"** 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** A**mending** D**irective"** means Directive 2010/73/EU.

**Capital Requirements Directive**

To the extent that the provisions of Article 122a(1)(d) of Directives 2006/48/EC and 2006/49/EC, as amended by Directive 2009/111/EC as the same may be amended from time to time (which does not take into account any implementing rules of such Directives) (hereinafter the "**Capital Requirements Directive**" or the "**CRD**") apply, the Originator has pursuant to the Notes Subscription Agreement and the Intercreditor Agreement undertaken to the Issuer and the Joint Lead Managers for the benefit of each subsequent financial institution investing in one or more Notes that it will (i) retain, on an on-going basis, a material net economic interest of not less than 5% in the Transaction as referred to in Article 122a(1)(d) of the Capital Requirements Directive, and (ii)(a) comply with the requirements from time to time applicable to originators set forth in Article 122a of the Capital Requirements Directive and (b) provide (or procure to be provided) all information to Noteholders that is required to enable Noteholders to comply with Article 122a of the Capital Requirements Directive.

As at the Issue Date, such retention requirement will be satisfied by the Originator holding the first loss tranche as required by Article 122a (comprising the Class B Notes). Any change to the manner in which such interest is held will be notified to the Noteholders.

## General Information

### 1. Clearing of the Notes

The Class A Notes have been accepted for clearance through Euroclear and Clearstream under common code number 085075853. The ISIN number for the Class A Notes is IT0004841125. The ISIN number for the Class B Notes is IT0004841133.

### 2. Listing and Admission to Trading

Application has been made to the Irish Stock Exchange for the Class A Notes to be listed on the Official List and to be admitted to trading on its regulated market. In connection with the listing application, the constitutional documents of the Issuer and a legal notice relating to the issue of the Notes will be deposited prior to listing with the Irish Stock Exchange where they will be available for inspection and where copies thereof may be obtained upon request.

### 3. Expenses

The total expenses in relation to the admission to trading will be Euro 3,500.

The total cost sustained in respect of the Transaction will be Euro 1,150,000.

### 4. Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the Quotaholders of the Issuer passed on 18 May 2012.

### 5. Documents on display

As long as the Class A Notes are listed on the Irish Stock Exchange, copies of the following documents will be available in electronic format for inspection during normal business hours at the registered office of the Irish Paying Agent and Listing Agent (which will act as intermediary between the Noteholders and the Issuer):

a) the By-laws (*Statuto*) and deed of incorporation (*Atto Costitutivo*) of the Issuer;

b) Master Transfer Agreement;

c) Warranty and Indemnity Agreement;

d) Servicing Agreement;

e) Sub-Servicing Agreement;

f) Administrative Services Agreement;

g) Intercreditor Agreement;

h) CAMPA;

i) Deed of Pledge;

j) Deed of Charge;

k) Notes Subscription Agreement;

l) Mandate Agreement;

m) Subordinated Loan Agreement;

n) Quotaholders' Agreement;

o) Master Definitions Agreement;

p) Set-Off Subordinated Loan Agreement; and

q) Prospectus.

**6. Financial Statements**

The Issuer has been incorporated on 19 April 2012 and it will close the first financial year on 31 December 2012, no financial statements have therefore been published so far. When published, the Issuer's financial statements will be made available for collection at the registered office of the Listing Agent. The Issuer prepares annual financial statements for financial years ending on 31 December of each year. No interim financial statements will be produced by the Issuer. So long as any of the Class A Notes remains listed on the Irish Stock Exchange and outstanding, copies of the Issuer's annual financial statements shall, upon publication, be made available for collection at the registered office of the Listing Agent and the Irish Paying Agent.

**7. Reports**

So long as any of the Class A Notes remains listed on the Irish Stock Exchange and outstanding, the Payments Report, the Servicer's Reports and Audit Reports produced pursuant to the Servicing Agreement will be available at the registered office of the Listing Agent and the Irish Paying Agent where copies thereof may be obtained upon request.

**8. Legal and Arbitration Proceedings**

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had since the date of incorporation of the Issuer to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer.

**9. Trend Information**

Since the date of incorporation of the Issuer, there has been no material adverse change in the prospects of the Issuer.

**10. No Significant Change**

There has been no significant change in the financial or trading position of the Issuer since the date of its incorporation.

**11. Auditors**

Deloitte &Touche S.p.A. are the auditors of the Issuer and are registered in the Special Register (*Albo Speciale*) maintained by CONSOB as set out in Article 161 of Decree No. 58 and in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Legislative Decree No. 88 of 27 January 1992 ("**Decree No. 88**"). Deloitte & Touche S.p.A. is also a member of Assirevi, the Italian association of auditing firms.

**12. Material Contracts**

Save as disclosed in this Prospectus, the Issuer has not entered into any contracts since its date of incorporation outside the ordinary course of business that have been or may be reasonably expected to be material to its ability to meet its obligations to Noteholders.

**13. Post-issuance information**

After the date of issue of Notes, on a quarterly basis the Calculation Agent shall on behalf of the Issuer, on each Investors' Report Date, issue the Investor's Report, which will (a) contain, *inter alia,* (i) statistics on prepayments, Delinquent Receivables, Defaulted Receivables, Late Payments 30 Receivables, Late Payments 60 Receivables and Late Payments 90 Receivables; (ii)

details (provided, where relevant by the Cash Manager) 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 (iii) information on the material net economic interest (of at least 5%) in the Transaction maintained by the Originator in accordance with option (d) of Article 122a of the CRD or any permitted alternative method thereafter; (b) be generally made available to the Noteholders and prospective investors by the Calculation Agent upon request via email to calculation.agent@ubibanca.it. The Issuer will not update or review the information and data contained in the Prospectus and will not inform prospective investors of facts and events known to have occurred after the Issue Date.

"**1 Month EURIBOR**" means, on the reference date, the 1 month Euro Interbank Offered Rate for Euro denominated deposits determined by the Euribor Committee as of 11:00 (Brussels time) of each Business Day and published on the Reuters Screen EURIBOR01.

"**3 Months EURIBOR**" means, on the reference date, the 3 months Euro Interbank Offered Rate for Euro denominated deposits determined by the Euribor Committee as of 11:00 (Brussels time) of each Business Day and published on the Reuters Screen EURIBOR03.

"5 **Months EURIBOR**" means, on the reference date, the 5 months Euro Interbank Offered Rate for Euro denominated deposits determined by the Euribor Committee as of 11:00 (Brussels time) of each Business Day and published on the Reuters Screen EURIBOR05.

"**6 Months EURIBOR**" means, on the reference date, the 6 months Euro Interbank Offered Rate for Euro denominated deposits determined by the Euribor Committee as of 11:00 (Brussels time) of each Business Day and published on the Reuters Screen EURIBOR06.

"**Accounts**" means each of the Collection Account, the Expenses Account, the Payment Account, the Interest Investment Account, the Principal Investment Account, the Principal Securities Account, the Interest Securities Account, or such other accounts opened, or to be opened, in the name of the Issuer with the Italian Account Bank, the Expenses Account Bank, the English Account Bank, the Paying Agent or any other Eligible Institution.

"**Administrative Services Agreement**" means the administrative services agreement entered into on 26 June 2012 between the Issuer and the Administrative Services Provider.

"**Administrative Services Provider**" means TMF in its capacity as administrative service provider under the Administrative Services Agreement and any successor thereof appointed in accordance with the Administrative Services Agreement.

"**Amortizing Plan**" means the amortizing plan provided by a Loan Agreement, as amended form time to time.

"**Applicable Rate**" means, on any given day, the rate of interest applicable from time to time to a Loan.

"**Asset**" means any Real Estate Assets and any registered and unregistered movable properties which is the object of any Guarantee.

"**ATECO Code**" means the classification codes of economic activities ATECO 2007, adopted by ISTAT on 1 January 2008.

"**Authorised Person**" means any person who is designated in writing by the Issuer from time to time to give Instructions to any of the other Party to the Transaction Documents under the terms of the Transaction Documents.

"**Bankruptcy Law**" means the Royal Decree no. 267 of 16 March 1942, as amended and supplemented from time to time.

"**Block Voting Instruction**" means, in relation to any Meeting, a document:

(i) certifying that certain specified Notes (the "Blocked Notes") have been blocked in an account with a clearing system or the depository, as the case may be, and will not be released until the conclusion of the Meeting;

(ii) certifying that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the relevant Agent that the votes attributable to such Blocked Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 hours before the time fixed for the Meeting, such instructions may not be amended or revoked;

(iii) listing the total number of the Blocked Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and

(iv) authorising a named individual or individuals to vote in respect of the Blocked Notes in accordance with such instructions.

"**BoI Regulations**" means the supervisory instructions the "*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*" (Circolare No. 263 of 27 December 2006) issued by the Bank of Italy, as amended and supplemented from time to time.

"**Borrower**" means each beneficiary of the loan granted by the Originator under the Loan Agreements.

"**Business Day**" means a day on which TARGET2 (or any successor thereto) is open for settlements of payments in Euro, and banks are generally open for business in Milan and London.

"**Calculation Agent**" means UBI Banca in its capacity as calculation agent under the CAMPA and any successor thereof appointed in accordance with the CAMPA.

"**Calculation Date**" means the Business Day which falls within 5 Business Days immediately preceding a Payment Date.

"**Cancellation Date**" means the earlier of:

(a) the date on which the Notes have been redeemed in full;

(b) the Final Maturity Date;

(c) the later of the date on which (i) the Representative of the Noteholders, upon notice from the Servicer, has certified to the Issuer that all the Collections due in respect of all the Receivables comprised in the Portfolio have been received or recovered and that all judicial enforcement procedures in respect of the Portfolio have been exhausted; and (ii) the last of those Collections are applied in accordance with the applicable Priority of Payments; and

(d) the date on which all the Receivables comprised in the Portfolio have been sold and the relevant Issuer Available Funds have been received and applied in accordance with the applicable Priority of Payments.

"**CAMPA**" means the cash allocation management payment and agency agreement entered into on or about the Issue Date between, *inter alios*, the Issuer, the Representative of the Noteholders, the Italian Account Bank and the Cash Manager.

"**Cash Manager**" means The Bank of New York Mellon, London Branch in its capacity as cash manager under the CAMPA and any successor thereof appointed in accordance with the CAMPA.

"**Cash Reserve**" means the cash reserve standing to the credit of the Interest Investment Account from time to time, as created by the Issuer at the Issue Date and replenished on each Payment Date in accordance with the Pre-Enforcement Interest Priority of Payment.

"**Cash Reserve Percentage"** means, at the Issue Date and, in respect of each Payment Date, the following percentage:

| | |
|---|---|
| Issue date | 1.7% |
| Payment Dates falling in 2013 | 1.7% |
| Payment Dates falling in 2014 | 1.7% |
| Payment Dates falling in 2015 | 2.4% |
| Payment Dates falling in 2016 | 3.0% |
| Payment Dates falling in 2017 | 3.5% |
| Payment Dates falling in 2018 | 4.0% |
| Payment Dates falling after 2018 | 5.0% |

"**Class A Notes**" means Class A issued by the Issuer in the context of the Securitisation.

"**Class A Interest Amount Arrears**" has the meaning ascribed to it in Condition 5.4.

"**Class A Noteholders**" means the holders of the Class A Notes from time to time.

"**Class B Notes**" means Class B issued by the Issuer in the context of the Securitisation.

"**Class B Noteholders**" means the holders of the Class B Notes from time to time.

"**Class B Principal Repayment Amount**" means, on each Payment Date up to (but excluding) the Cancellation Date: (i) if the Class A Notes will not be redeemed in full on such Payment Date, zero; and (ii) if the Class A Notes have already been or will be, on such Payment Date, redeemed in full, the then Principal Amount Outstanding of the Class B Notes minus the aggregate Outstanding Principal of the Receivables as of the last day of the immediately preceding Collection Period.

"**Clearstream**" means Clearstream Banking, S.A., a company incorporated under the laws of the Grand Duchy of Luxembourg providing domestic and cross-border clearing and settlement services.

"**Collections**" means the amounts received by UBI, in its capacity as Servicer, as payments of the Receivables.

"**Collection Account**" means the account opened with the Italian Account Bank, in the name of the Issuer, denominated *Collection Account* and operating in accordance with the CAMPA.

"**Collection Date**" means the last day of each Collection Period. The first Collection Date will be 28 February 2013.

"**Collection Period**" means each quarterly period starting from the first calendar day (including) of March, June, September and December of each calendar year and ending on the last calendar day of May, August, November and February of each calendar year. The first Collection Period shall start on the Effective Date with reference to the Initial Portfolio (included) and shall end on 28 February 2013 (included).

"**Collection Policy**" means the collection policies set out in Annex "A" to the Servicing Agreement and set out in the section "*Portfolio and the Recovery and Collection Policy*".

"**Collections Received**" means any Collection received by the Servicer and credited to the Collection Account.

"**Concentration Limits**" means, following the purchase of any Subsequent Portfolio, the compliance of the Portfolio or, where indicated below, of the Subsequent Portfolio with the following criteria:

(a) the Outstanding Principal of Receivables comprised in the Portfolio and drawn by each single Debtor, taking also in consideration the possible relevant economic group of which the debtor is part, as defined by the Bank of Italy, will not exceed €12,500,000 (with the exception of the Economic Group NDG 2612117);

(b) the Outstanding Principal of Receivables comprised in the Portfolio and drawn by the first 10 Debtors, taking also in consideration the possible relevant economic group of which the debtor is part, as defined by the Bank of Italy, will not exceed 11% of the Outstanding Principal of the Portfolio;

(c) the Outstanding Principal of Receivables comprised in the Portfolio and drawn by the first 50 Debtors, taking also in consideration the possible relevant economic group of which the debtor is part, as defined by the Bank of Italy, will not exceed 27% of the Outstanding Principal of the Portfolio;

(d) an amount not exceeding 10% of the Outstanding Principal of Receivables comprised in the Portfolio is concentrated in each of the other sector according to ATECO Codes;

(e) an amount not exceeding 13% of the Outstanding Principal of Receivables comprised in the Portfolio is concentrated in the sector defined "*Affitto e gestione di immobili di proprietà o in leasing*", as classified according to ATECO Codes;

(f) an amount not exceeding 20% of the Outstanding Principal of Receivables comprised in the Portfolio is concentrated in the aggregate of sectors defined "*Costruzione Abitazioni*", "*Servizi della Locazione di Immobili*" e "*Costruzioni di Fabbricati non Residenziali*", as classified according to the RAE Codes;

(g) the Outstanding Principal of Receivables comprised in the Portfolio reclassified for Economic Sector as defined under the RAE Table does not exceed the following Concentration Limits: (a) 39% for the first Economic Sector; (b) 55% for the first two Economic Sectors; and (c) 65% for the first three Economic Sectors;

(h) the Weighted Average Probability of Default of the Portfolio does not exceed 2.5%;

(i) the percentage of Outstanding Principal of Receivables comprised in the Subsequent Portfolio with Probability of Default equal to 8 and 9 does not exceed, respectively, 5.5% and 2%;

(j) at least 40% of the Outstanding Principal of Receivables comprised in the Portfolio is composed by Loan Agreements guaranteed by an Economic First Ranked Mortgage;

(k) at least 45% of the Outstanding Principal of Receivables comprised in the Portfolio is composed by Loan Agreements not guaranteed by a Mortgage;

(l) at least 26% of the Outstanding Principal of Receivables comprised in the Portfolio is composed by Loan Agreements that are classified as *fondiari*;

(m) at least 83% of Outstanding Principal of Receivables that are guaranteed by a Mortgage, classified as *non fondiario*, included in the Portfolio, classified as *non fondiari*, the relevant Mortgage shall not be subject to revocation in bankruptcy;

(n) the Weighted Average Margin of the Portfolio is not lower than 1.8%;

(o) at least 66% of the Outstanding Principal of Receivables comprised in the Portfolio is composed by Loan Agreements index-linked to Euribor 3 months with a periodical reset from monthly to quarterly;

(p) an amount not higher than 10% of the Outstanding Principal of Receivables is represented by Loan Agreements with fixed interest rate;

(q) the Weighted Average Fixed Interest Rate of fixed interest rate Loan Agreements included in the Portfolio is not lower than 5%;

(r) an amount not exceeding 78% of the Outstanding Principal of Receivables comprised in the Portfolio is represented by Loan Agreements granted to Debtors with their registered office in the Lombardia Region;

(s) an amount not exceeding 14% of the Outstanding Principal of Receivables comprised in the Portfolio is represented by Loan Agreements granted to Debtors with their registered office in the Lazio Region;

(t) an amount not exceeding 12% of the Outstanding Principal of Receivables comprised in the Portfolio is represented by Loan Agreements granted to Debtors with their registered office in a single Italian Region (other than Lombardia and Lazio);

(u) the Weighted Average Life (WAL) of the Portfolio will not exceed 5 years;

(v) the Outstanding Principal of Receivables comprised in the Portfolio that are in pre-amortisation is not higher than 5%;

(w) the Outstanding Principal of Receivables comprised in each Subsequent Portfolio with constant amortisation plan (French Amortisation system) is at least 93%;

(x) in Loan Agreements, with monthly and quarterly amortisation intervals shall represent, together, at least 81% of the Outstanding Principal of Receivables comprised in each Subsequent Portfolio; and

(y) an amount not exceeding 7% of Outstanding Principal of Receivables of each Subsequent Portfolio may be represented by Loan Agreements guaranteed by a Mortgage over land.

"**Condition**" means any of the conditions set out in the Terms and Conditions of the Notes.

"**Consolidated Banking Act**" means Italian Legislative Decree No. 385 of 1 September 1993, as amended and integrated from time to time.

"**Common Criteria**" means the common criteria set out in Annex A, Section I of to the Master Transfer Agreement, which includes the Common Criteria and the Common Criteria for Subsequent Portfolio.

"**Common Criteria for Subsequent Portfolio**" means the common criteria for any Subsequent Portfolio set out in Annex A, Section I of to the Master Transfer Agreement.

**"Corporate Services Agreement**" means the corporate services agreement entered into on 26 June 2012 between the Issuer and the Corporate Services Provider.

**"Corporate Services Provider**" means TMF in quality of corporate services provider under the Corporate Services Agreement.

"**Criteria**" means collectively the Common Criteria and the Specific Criteria.

"**Cumulative Default Ratio**" means, as at any Calculation Date, the ratio between:

(i) the aggregate of Defaulted Amounts with respect to all the Collections Periods preceding such Calculation Date; and

(ii) the aggregate of the Purchase Price for Initial Portfolio and the Purchase Price for Subsequent Portfolio for each Subsequent Portfolio purchased by the Issuer before such Calculation Date.

"**Cut-Off Date**" means, (i) in relation to the assignment of the Initial Portfolio 1 June 2012, and (ii) in relation to the assignment of any Subsequent Portfolio, the date specified as such in the *Offerta di*

*Cessione* (with the meaning ascribed to such expression under Clause 6 of the Master Transfer Agreement), which shall fall no later than six weeks after the Selection Date.

"**DBRS**" means DBRS Ratings Limited.

"**Debtor**" means any person in its capacity as Borrower under a Loan Agreement originated by, and included in the Portfolio assigned by, the Originator;

"**Decree 239 Deduction**" means any withholding or deduction for or on account of "*imposta sostitutiva*" under Italian Legislative Decree (*Decreto Legislativo*) No. 239 of 1 April 1996 as subsequently amended.

"**Deed of Charge**" means the deed of charge governed by English law entered into on or about the Issue Date between the Issuer and the Other Issuer Creditors acting through the Representative of the Noteholders.

"**Deed of Pledge**" means the deed of pledge governed by Italian law to be entered into on or about the Issue Date among the Issuer, the Noteholders and the Other Issuer Creditors, acting through the Representative of the Noteholders.

"**Defaulted Amount**" means, with respect to any Collection Period, the Outstanding Principal of all the Receivables that became Defaulted Receivables during such Collection Period.

"**Defaulted Receivables**" means the Receivables which (i) have not been paid for more than 180 days or (ii) have been classified as "*crediti ad incaglio*", "*crediti in sofferenza*" or "*crediti ristrutturati*" under the BoI Instructions and the Collection Policies.

"**Default Trigger**" means:

(i) in respect of any Payment Date falling before and including the Payment Date falling in 7 October 2013: 6%; or

(ii) in respect of any Payment Date falling from the Payment Date falling on 7 October 2013 (excluded) to the Payment Date falling in April 2014 (included): 9%.

"**Delinquency Ratio**" means, as at any Calculation Date, the ratio between:

(i) the Delinquent Amounts; and

(ii) the Outstanding Principal of all Receivables that are not classified as Defaulted Receivables as of the last day of the Collection Period immediately preceding the relevant Calculation Date.

"**Delinquency Trigger**" means, in respect of any Payment Date, 6%.

"**Delinquent Amount**" means, with respect to the last day of any Collection Period, the Outstanding Principal of all the Receivables that are classified as Delinquent Receivables.

"**Delinquent Receivables**" means the Receivables, which have not been classified as Defaulted Receivables, in relation to which one or more Instalment have not been paid by the relevant Borrower for at least 30 (thirty) days after the relevant due date.

"**Due Interests**" means, as at any date, the amount of the interests accrued and due in respect of a Receivable under the relevant Loan Agreement.

"**Economic First Ranked Mortgage**" means the economic first ranked Mortgage, including (a) a first ranked Mortgage or (b) a second or other ranked Mortgage in respect of which the first ranked creditor is the Originator and the secured obligations guaranteed by a superior ranked mortgage have been satisfied.

"**Economic Sector**" means the sector of economic activities to which different RAE codes are associated according to RAE Table.

"**Effective Date**" means (i) with reference to the Initial Portfolio, the signing date of the Master Transfer Agreement and (ii) with reference to any Subsequent Portfolio the Revolving Assignment Date as indicated in the Transfer Offer.

"**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 (1) whose issuer credit rating (in the case of S&P) and whose long-term unsecured, unsubordinated and unguaranteed debt obligations or (2) whose obligations (in the case of DBRS) under the Transaction Documents to which it is a party are guaranteed (on the basis of an unconditional, irrevocable, independent first-demand guarantee and provided that such guarantee shall not prejudice the ratings assigned to the Class A Notes) by a depository institution organised under the laws of any State which is a member of the European Union or of the United States whose issuer credit rating (in the case of S&P) and whose long-term unsecured, unsubordinated and unguaranteed debt obligations (in the case of DBRS), have at least the following ratings:

3. "BBB-" by S&P in respect of its issuer credit rating; and

4. "BBB (low)" by DBRS in respect of long-term debt public rating; or if there is no such public rating, a private rating supplied by DBRS of at least "BBB (low)". 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 following rating from at least 2 (two) of the following rating agencies (provided that if such public rating is under credit watch negative, or the equivalent, then the rating will be considered one notch below):

(i) a long-term rating of at least "BBB-" by Fitch;

(ii) a long-term rating of at least "BBB-" by S&P;

(iii) a long-term rating of at least "Baa3" by Moody's.

"**Eligible Investments**" means:

(a) any Euro denominated senior (unsubordinated) dematerialised debt securities or other debt instruments or time deposits provided that such investments (a) have a maturity not exceeding 3 months, (b) have a maturity not exceeding the next following Eligible Investments Maturity Date and (c) have the ratings indicated below on item (i) and (ii):

(i) with respect to S&P's ratings:

1. a short-term unsecured and unsubordinated rating of at least "A-3" for Eligible Investments maturing within 60 days or less, or a long-term unsecured and unsubordinated rating at least "BBB" or a short-term unsecured and unsubordinated rating at least "A-2" for investments maturing within 365 days or less, or such other rating which does not negatively affect the then current rating of the Notes, as previously communicated to the Rating Agencies; or

2. such other rating as acceptable to S&P from time to time;

(ii) with respect to DBRS ratings:

1. with regard to investments having a maturity of less than one month, (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, "BBB (low)" by DBRS in respect of long-term debt or (B) if the issuer or the guarantor of such investments are not rated by DBRS, the issuer or the guarantor of such investments has the following long-term unsecured, unsubordinated and unguaranteed ratings from at least two of the following rating agencies:

(i) a long-term rating of at least "BBB-" by Fitch;

(ii) a long-term rating of at least "BBB-" by S&P;

(iii) a long-term rating of at least "Baa3" by Moody's; or

2. with regard to investments having a maturity between one and three months, (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, "AA (low)" by DBRS in respect of long-term debt and "R-1 (middle)" in respect of short-term debt, or (B) if the issuer or the guarantor of such investments are not rated by DBRS, the issuer or the guarantor of such investments has the following long-term unsecured, unsubordinated and unguaranteed ratings from at least two of the following rating agencies:

(i) a long-term rating of at least "AA-" by Fitch;

(ii) a long-term rating of at least "AA-" by S&P;

(iii) a long-term rating of at least "Aa3" by Moody's; or

3. such other rating as acceptable to DBRS from time to time,

provided that in case of downgrade below the rating levels set out in points (1), (2) and (3) above: (a) the Issuer shall sell the securities, if it could be achieved without a loss, otherwise (b) the securities shall be allowed to mature; or

b) a Euro denominated bank account or deposit (excluding, for the avoidance of doubt, a time deposit) held in the United Kingdom or Spain with an Eligible Institution provided that (i) such investments are immediately repayable on demand, disposable without any penalty or any loss and have a maturity date falling not later than the next following Eligible Investments Maturity Date; (ii) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and (iii) within 30 calendar days from the date on which the institution ceases to be an Eligible Institution, such investment has to be transferred to another Eligible Institution at no costs for the Issuer; or

c) repurchase transactions between the Issuer and an Eligible Institution in respect of Euro denominated debt securities or other debt instruments provided that (i) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes (as confirmed by a non-qualified legal opinion by a primary standing law firm) to the Issuer and the obligations of the relevant counterparty are not related to the performance of the underlying securities, (ii) such repurchase transactions have a maturity date falling not later than the next following Eligible Investments Maturity Date and in any case shorter than 60 days, (iii) within 30 calendar days from the date on which the institution ceases to be an Eligible Institution, such investment has to be transferred to another Eligible Institution at no costs and no loss for the Issuer, and (iv) such repurchase transactions provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount),

provided that:

1. in all cases, such investments provide a fixed principal amount at maturity (or upon disposal or liquidation, as the case may be) at least equal to the principal amount invested;

2. in any event, none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of (i) credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities, or (iv) any other instrument from time to time specified in the European Central Bank monetary policy regulations applicable from time to time as being instruments in which funds underlying asset-backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested; and

3. the Eligible Investments under (a) above and any other Eligible Investments other than bank account, cash deposit or time deposit (but including without limitation, the securities underlying repurchase transactions) above are capable of being registered on the Securities Account;

4. such Eligible Investments are held directly with the English Account Bank and/or through Euroclear or Clearstream or other clearing systems and registered in the name of the Issuer or, only to the extent registration in the name of the Issuer is not possible, in the name of the English Account Bank and in no case Eligible Investments are held through a sub-custodian.

"**Eligible Investments Maturity Date**" means in relation to Eligible Investments deriving from the investment of Issuer Available Funds to be distributed on a certain Payment Date, the day falling the Business Day immediately preceding such Payment Date.

"**Enforcement Event**" has the meaning ascribed to it in Condition 10.

"**Enforcement Notice**" has the meaning ascribed to it in Condition 10.

"**English Account Bank"** means The Bank of New York Mellon, London Branch, in its capacity as English account bank in respect of the Interest Investment Account, the Principal Investment Account and the Securities Accounts pursuant to the terms of the CAMPA, and any successor thereof appointed in accordance with the CAMPA.

"**EU Insolvency Regulation**" means the Directive 2004/109/EC of 15 December 2004, as implemented in Italy with the Legislative Decree n. 195 of 6 November 2007.

"**EU Recommendation**" means the Recommendation of the European Commission 2003/361/CE of 6 May 2003 entered into force on the first of May 2005, regarding to the definition of small and medium business (SME).

"**Euroclear**" has the meaning ascribed to it in Condition 7.1.

"**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 amended by the Treaty on European Union (signed in Maastricht on 7 February 1992);

"**Execution Date**" means, in relation to each Loan Agreement, the original date of execution of the Loan Agreement, regardless of any potential taking over of a debt, or reorganisation or splitting of the loan which has occurred afterwards such date.

"**Expenses**" means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation, and any other documented costs and expenses required to be paid in order to preserve the existence of the Issuer or to maintain it in good standing, or to comply with applicable legislation.

"**Expenses Account**" means the account opened with the Expenses Account Bank, in the name of the Issuer, denominated *Expenses Account* and operating in accordance with the CAMPA.

"**Expenses Account Bank**" means the Originator, in its capacity of Expenses Account Bank, in respect of the Expenses Account, under the CAMPA, and any successor thereof appointed in accordance with the CAMPA.

"**Extraordinary Resolution**" means a resolution of the meeting of the relevant class Noteholders, duly convened and held in accordance with the provisions of the Rules of the Organisation of Noteholders;

"**Final Maturity Date**" has the meaning ascribed to it in Condition 6.1.

"**First Payment Date**" has the meaning ascribed to it in Condition 5.1.

"**Fitch**" means Fitch Ratings Ltd. and its subsidiaries and any successor or successors thereto.

"**Guarantee**" means any personal or real guarantee (including the Pledges, the Mortgages and the Personal Guarantee) granted by a Borrower, a Guarantor or any other person in relation to the Receivables for the purpose of granting (a) the payment of the Receivables and (b) the fulfillment of the obligations under the Loan Agreements.

"**Guarantor**" means any subject and any successor or assigns, other than a Borrower, that has granted a personal or real guarantee in favour of the Originator for the purpose of granting the payment of the Receivables.

"**Individual Price**" means the amount due for the transfer of each of the Receivables as set out under Clause 3.1 of the Master Transfer Agreement.

"**Initial Interest Period**" has the meaning ascribed to it in Condition 5.1.

"**Initial Portfolio**" means the portfolio of Initial Receivables transferred by the Originator to the Issuer, consisting of receivables selected in accordance with the Common Criteria set out in Annex A, Section I, as applicable, and II of the Master Transfer Agreement.

"**Initial Principal Amount**" means, with respect to a Receivable, the aggregate Principal Amount due by a Borrower starting from the Cut-Off Date (included).

"**Initial Receivables**" means the Receivables included in the Initial Portfolio, selected in accordance with the Common Criteria set out in Annex A, Section I, as applicable, and II of the Master Transfer Agreement.

"**Insolvency Event**" means, in respect of any company or corporation, that:

(i) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, *fallimento*, *liquidazione coatta amministrativa*, *concordato preventivo* and *amministrazione straordinaria*, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or any procedure having a similar effect, unless in the opinion of the Representative of the Noteholders (who may rely on the advice of legal advisers selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

(ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders (who may rely on the advice of legal advisers selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

(iii) such company or corporation takes any action for a re-adjustment of 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, in case of the Issuer, the creditors under the Transaction Documents) 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; or

(iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation or any of the events under Article 2448 of the Italian Civil Code occurs with respect to such company or corporation (except in any such case a winding-up or other proceeding 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

(v) such company or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

"**Insolvency Proceeding**" means the bankruptcy and the other insolvency proceedings provided according to Italian Law, included, without limitation, *fallimento*, *liquidazione coatta amministrativa*, *concordato preventivo* and *amministrazione straordinaria delle grandi imprese in stato di insolvenza*.

"**Instalment**" means jointly the Reimbursement Instalment and the Payment Instalment in respect of a Loan Agreement.

"**Instructions**" means any written notices, directions or instructions received by any Party to the Transaction Documents in accordance with the relevant Transaction Documents from an Authorised Person or from a person reasonably believed by such Party to be an Authorised Person.

"**Insurance Policies**" means any insurance policy entered into by a Debtor or the Originator, in relation to, or as a condition for the entering into of, a Loan Agreement, including, but not limited to, the insurance policies for the coverage of the risks relating to the Assets entered into for the purpose of granting the reimbursement of any amount due under such Loan Agreements.

"**Intercreditor Agreement**" means the intercreditor agreement entered into on or about the Issue Date between the Issuer, the Originator, the Representative of the Noteholders (acting for itself and on behalf of the Noteholders) and the Other Issuer Creditors.

"**Interest Amount**" means the interest component of the Reimbursement Instalments or of the Payment Instalments due by a Debtor or the interest amount of any other payment due by a Debtor under the respective Loan Agreement.

"**Interest Amount Arrears**" has the meaning ascribed to it in Condition 5.4.

**"Interest Available Funds**" means, with respect to each Payment Date the sum of:

(i) all the Interest Collections received during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account (including, for the avoidance of doubt, penalties for early termination and any other sums other than principal paid by the Debtors pursuant to the relevant Loan Agreement);

(ii) the Recoveries in respect of interest received during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account;

(iii) any other amount (to the extent such amounts do not relate to principal) received by the Issuer under the Transaction Documents during the immediately preceding Collection Period (other than the Interest Collections and the Recoveries in respect of interest) and credited to the Collection Account;

(iv) any interest accrued and credited on the Accounts (other than the Expenses Account) as of the last day of the immediately preceding Collection Period and any interest, profit or proceeds generated by the Eligible Investments during the relevant Interest Period;

(v) on the Payment Date on which all the Notes will be redeemed in full or otherwise cancelled, all funds then standing to the balance of the Expenses Account;

(vi) any amount credited (and not used) in the Interest Investment Account on the previous Payment Date under item (x) of the Pre-Enforcement Interest Priority of Payments;

(vii) any amount allocated under item (i) of the Pre-Enforcement Principal Priority of Payment;

(viii) the proceeds with respect to interest arising from the sale (if any) of all or part of the Portfolio; and

(ix) the Cash Reserve.

"**Interest Collections**" means the amounts received by UBI, in its capacity as Servicer, as payments of the Receivables, other than Principal Collections.

"**Interest Determination Date**" means the second Business Day before each Payment Date, save in respect to the Initial Interest Period, in relation to which the Interest Determination Date is the second Business Day before the Issue Date.

"**Interest Investment Account**" means the account opened with the English Account Bank, in the name of the Issuer, denominated *Interest Investment Account* and operating in accordance with the CAMPA.

"**Interest Payment Amount**" has the meaning ascribed to it in Condition 5.3.

"**Interest Period**" has the meaning ascribed to it in Condition 5.1.

"**Interest Securities Account**" means the account opened with the English Account Bank, in the name of the Issuer, denominated *Interest Securities Account* and operating in accordance with the CAMPA.

"**Investment Accounts**" means the Principal Investment Account and the Interest Investment Account.

"**Investment Letter**" means the letter by the Issuer to the Cash Manager on or about the Issue Date, as amended and supplemented from time to time.

"**Investors Report**" means the report containing information relating to the Portfolio with reference to the immediately preceding Reference Period as well as the then prevailing Interest Period (if applicable) to be delivered by the Calculation Agent to the Issuer, the Representative of the Noteholders, the Servicer, the Sub-Servicer, the Administrative Services Provider and the Rating Agencies on each Investors Report Date.

"**Investors Report Date**" means the Calculation Date.

"**Irish Paying Agent**" means The Bank of New York Mellon (Ireland) Limited in its capacity as Irish paying agent under the CAMPA and any successor thereof appointed in accordance with the CAMPA.

"**Irish Stock Exchange**" means the Irish stock exchange on which application has been made for the Class A Notes to be listed to the official list and to be admitted to trading on its Regulated Market.

"**Issue Date**" means the date on which the Notes will be issued.

"**Issuer**" means UBI SPV BBS 2012 S.r.l., in his capacity as issuer of the Notes.

"**Issuer Available Funds**" shall include the Interest Available Funds and the Principal Available Funds.

"**Issuer Security**" means, collectively, any and all Security Interest created under the Security Documents.

"**Issuer's Rights**" mean the Issuer's rights and remedies under the Transaction Documents.

"**Italian Account Bank**" means UBI Banca, in its capacity as Italian account bank in respect of the Collection Account, under the CAMPA, and any successor thereof appointed in accordance with the CAMPA.

"**Junior Servicer Expenses**" means any expenses and costs (including indemnities) due to the Servicer under the Servicing Agreement other than the Senior Servicer Expenses.

"**Liquidation of the Securitisation**" means the time at which all of the Notes issued by the Issuer in the context of the Securitisation have been repaid in full.

"**Listing Agent**" means The Bank of New York Mellon (Ireland) Limited, in its capacity as listing agent pursuant to the terms of an engagement letter and any successor thereof appointed in accordance with the terms of such engagement letter.

"**Loan Agreement**" means any loan agreement entered into by and between the Originator and a Borrower together with the other agreements and documents relating to the potential Guarantees or the relationships entered into between the lenders, the Originator and a Borrower, a Guarantor and/or other lenders.

"**Losses**" means any and all claims, losses, liabilities, damages, costs, expenses and judgments (including legal fees and expenses) sustained by either party.

"**Mandate Agreement**" means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders.

"**Master Definition Agreement**" means this master definition agreement entered into by all the parties to the Transaction Documents.

"**Master Transfer Agreement**" means the master transfer agreement entered into on 26 June 2012 between the Issuer and the Originator.

"**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 its customers with Monte Titoli.

"**Moody's**" means Moody' Investors Service Ltd.

"**Mortgages**" means the mortgages entered into over the Real Estate Assets as a guarantee of the Receivables.

"**Most Senior Noteholders**" means, at any time, the most senior class of Noteholders at that time being.

"**Movable Assets**" means the movable properties which have been pledged as a guarantee of the Receivables.

"**Non-Compliant Receivables**"means the Receivables that, following the Effective Date, are no longer compliant, as of the Issue Date, with the criteria set forth under the definition of SME provided by the EU Recommendation. "**Noteholders**" means the subject that will from time to time hold the Notes.

"**Notes**" means, collectively, the Class A Notes and the Class B Notes.

"**Notes Subscription Agreement**" means the notes subscription agreement entered into on or about the Issue Date between the Issuer, the Originator and the Representative of the Noteholders, as from time to time modified and supplemented.

"**Optional Redemption**" has the meaning ascribed to it in Condition 6.3.

"**Organisation of the Noteholders**" means the association of the Noteholders created on the Issue Date.

"**Originator**" means Banco di Brescia S.p.A. acting as originator pursuant to the Master Transfer Agreement.

"**Other Issuer Creditors**" means, collectively, the Representative of the Noteholder, the Subordinated Loan Provider, the Expenses Account Bank, the Paying Agent, the Irish Paying Agent, the Originator, the Calculation Agent, the PDL Subordinated Loan Provider, the Set-Off Subordinated Loan Provider, the Administrative Services Provider, the Servicer, the Sub-Servicer, the Cash Manager, the Italian Account Bank, the English Account Bank, the Quotaholders, the Stichting Corporate Services Provider and any other of the Issuer's creditors under the Transaction Documents other than the Noteholders.

"**Outstanding Principal**" means, with respect to any Receivable, and as at any date, the aggregate of all the Principal Instalments due and payable but unpaid by the Debtor as at such date; on the Effective Date, with respect to a Portfolio, the Outstanding Principal is equal to the aggregate of the outstanding principal amount of the Receivables as at the Cut-Off Date.

"**Paying Agent**" means The Bank of New York Mellon (Luxembourg ) S.A., Italian Branch in its capacity as principal paying agent under the CAMPA and any successor thereof appointed in accordance with the CAMPA.

"**Paying Agents**" means, jointly, the Paying Agent and the Irish Paying Agent.

"**Payment Account**" means the account opened with the Paying Agent, in the name of the Issuer, denominated *Payment Account* and operating in accordance with the CAMPA.

"**Payment Date**" means the 7 th day of July, October, January and April in each year (or, if such day is not a Business Day, the immediately succeeding Business Day). The first Payment Date will be 8 April 2013.

"**Payment Instalment**" means the interest payment instalment due under the respective Loan Agreement.

"**Payments Report**" means the report prepared, on or prior to each Calculation Date, by the Calculation Agent pursuant to the terms and conditions of the CAMPA, containing details of amounts to be paid by the Issuer on the Payment Date succeeding the relevant Calculation Date in accordance with the applicable Priority of Payments.

"**PDL Subordinated Loan Agreement**" means a subordinated loan agreement, having the same content and features of the Subordinated Loan Agreement, that may be entered into on or about any Revolving Assignment Date between the Issuer and the PDL Subordinated Loan Provider, for the provision of a credit facility to the Issuer aimed at balancing any shortfall in the PDL prior to the drawing by the Issuer of any amount in accordance to such agreement, in order to ensure compliance with the Transfer Limits.

"**PDL Subordinated Loan Provider**" means the Originator acting as subordinated loan provider under the PDL Subordinated Loan Agreement and any successor thereof.

"**Performing Receivables**" means the Receivables that are not classified as Defaulted Receivables or Delinquent Receivables.

"**Personal Guarantees**" means the personal guarantees or the other guarantees granted by a Guarantor in relation to the Receivables.

"**Pledges**" means the pledges over the Movable Assets for the purpose of granting the Receivables.

"**Portfolio**" means, on the basis of the context in which it is used (i) the aggregate of the Initial Portfolio and any Subsequent Portfolios, or (ii) each Portfolio assigned pursuant to the Master Transfer Agreement.

"**Portfolio Call**" has the meaning ascribed to it in Condition 6.3.

"**Portfolio Yield**" means with respect to any period of time, (i) the Interest Instalments of the Portfolio accrued, whether or not actually paid; *plus* (ii) any default interest paid by any Debtor; *plus* (iii) any penalties paid by any Debtor upon early termination of the respective Loan Agreement.

"**Portfolio Call Option**" means, under the Master Transfer Agreement the right of the Originator, under certain conditions, to repurchase (in whole, but not in part) the Portfolio from the Issuer, starting from the Payment Date (included) falling after the Initial Period.

"**Post-Enforcement Priority of Payments**" has the meaning ascribed to it in Condition 4.3.

"**Pre-Enforcement Interest Priority of Payments**" has the meaning ascribed to it in Condition 4.1.

"**Pre-Enforcement Principal Priority of Payments**" has the meaning ascribed to it in Condition 4.2.

"**Principal Amount**" means the principal amount of the Reimbursement Instalments due by the Borrowers or any other principal amount due by the Borrowers under the Loan Agreements.

"**Principal Amount Outstanding**" means, on any day:

(a) with respect to each Class of Notes, the aggregate principal amount outstanding of all Notes in such Class;

(b) with respect to a Note, the principal amount of that Note upon issue, *less* the aggregate amount of all Principal Payments (as defined in Condition 6.2 (*Mandatory pro rata redemption*)) in respect of that Note that have been made on or prior to that date.

"**Principal Available Funds**" means, with respect to each Payment Date the sum of:

(i) all the Principal Collections (other than any Suspect Period Principal Collection) received during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account;

(ii) the Recoveries in respect of principal received during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account;

(iii) any other amount (to the extent such amounts do not relate to interest or amounts other than principal) received by the Issuer under the Transaction Documents during the immediately preceding Collection Period (other than the Principal Collections and the Recoveries in respect of principal) and credited to the Collection Account;

(iv) any Purchase Price Accumulation Amount not used for the payment of the Purchase Price of a Subsequent Portfolio in accordance with the Master Transfer Agreement;

(v) all amounts (if any) payable under item (vii) of the Pre-Enforcement Interest Priority of Payments on such Payment Date towards the reduction of the debt balance of the Principal Deficiency Ledger;

(vi) any amount to be paid under item (viii) of the Pre-Enforcement Interest Priority of Payments;

(vii) any amount credited (and not used) in the Principal Investment Account on the previous Payment Date under item (iii) of the Pre-Enforcement Principal Priority of Payments;

(viii) the proceeds with respect to principal arising from the sale (if any) of all or part of the Portfolio;

(ix) any amount which qualified as Suspect Period Principal Collection on the preceding Payment Dates, in respect of which the two-year term from the date of prepayment is expired;

(x) any amount drawn under the PDL Subordinated Loan Agreement; and

(xi) (I) following the occurrence of a Set-Off Accumulation Event, a portion of the Set-Off Reserve equal to the amounts that the Issuer has not received during the preceding Collection Period as a consequence of such amounts being set-off with amounts due by the Originator to the Borrower or (II) following full repayment of the Class A Notes, an amount equal to the entire Set-Off Reserve credited to the Principal Investment Account.

"**Principal Collections**" means the amounts received by UBI, in its capacity as Servicer, as payments of the Receivables, in respect of principal and in respect of the interest amount included in the calculation of the purchase price of the Receivables.

"**Principal Deficiency Amount**" means, on any Calculation Date until full redemption of the Class A Notes, the arithmetic sum of:

(i) the Outstanding Principal of any Receivable which has been classified as Defaulted Receivable for the first time during the immediately preceding Collection Period; *plus*

(ii) an amount equal to the Collections lost in case of insolvency of the Servicer or of the Originator (including as the consequence of any set-off exception by the Debtors) during the immediately preceding Collection Period; *plus*

(iii) the debt balance of the Principal Deficiency Ledger before the allocation of the amounts referred under (i) and (ii) above *less*

(iv) any Recoveries in respect of principal received by the Issuer during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account;

provided that, if the result of the sum above is a negative number, the Principal Deficiency Amount will be equal to zero.

"**Principal Deficiency Ledger**" or "**PDL**" means the ledger maintained by the Calculation Agent in respect of the Class A Notes, which shall be established on behalf of the Issuer in order to record (A) as debt entry, any Principal Deficiency Amount and (B) as credit entry (a) any amounts allocated or under item (vii) of the Pre-Enforcement Interest Priority of Payment; (b) any amount drawn by the Issuer under the PDL Subordinated Loan Agreement, if any.

"**Principal Instalments**" means on any date the principal amount of the Instalments due by a Debtor as at such date or any other amount due by a Debtor under the respective Loan Agreement.

"**Principal Investment Account**" means the account opened with the English Account Bank, in the name of the Issuer, denominated *Principal Investment Account* and operating in accordance with the CAMPA.

"**Principal Payment**" has the meaning ascribed to it in Condition 6.2.

"**Principal Securities Account**" means the account opened with the English Account Bank, in the name of the Issuer, denominated Principal Securities Account and operating in accordance with the CAMPA.

"**Priority of Payments**" means, jointly, the Post-Enforcement Priority of Payments, the Pre-Enforcement Interest Priority of Payments and the Pre-Enforcement Principal Priority of Payments, and each Priority of Payments, as the case may be, as from time to time applicable under the Terms and Conditions, in accordance to which the payments due by the Issuer will be carried out.

"**Privacy Law**" means the Legislative Decree No. 196 of 30 June 2003, as subsequently amended and supplemented, together with the relevant implementation rules, as from time to time supplemented by the rules enacted by the privacy Guarantee Authority.

"**Probability of Default**" means, with reference to the Receivables, the probability of default assigned to the Debtors, calculated on an annual basis.

"**Purchase Price**" means the purchase price payable by the Issuer to the Originator in respect of the Portfolio.

"**Purchase Price Accumulation Amount**" means, on any Payment Date, an amount equal to the Purchase Price for a Subsequent Portfolio – as determined with reference to such Subsequent Portfolio under the relevant Transfer Offer – to be used for any payment of the relevant Purchase Price of any Subsequent Portfolio during the following Interest Period, after the fulfilment of the formalities provided for under the Master Transfer Agreement.

**"Purchase Price for Initial Portfolio**" means the purchase price payable by the Issuer to the Originator in respect of the Initial Portfolio, pursuant to Clause 3.2 of the Master Transfer Agreement.

**"Purchase Price for Subsequent Portfolio**" means the purchase price payable by the Issuer to the Originator in respect of a Subsequent Portfolio, pursuant to Clause 7.2 of the Master Transfer Agreement.

"**Purchase Termination Event**" means any of the following:

(a) the Cumulative Default Ratio exceeds the Default Trigger for the immediately preceding Collection Period; or

(b) the Delinquency Ratio exceeds the Delinquency Trigger for the immediately preceding Collection Period; or

(c) an Insolvency Event in respect to the Originator has occurred;

(d) other than as a result of force majeure and notwithstanding the occurrence of such circumstances in which the Servicer has used its reasonable endeavors to deliver the Quarterly Servicer Report, the Servicer fails to deliver a Quarterly Report on the due date therefor in accordance with the Servicing Agreement and such failure continues for a period of 7 (seven) Business Days;

(e) the Originator or the Servicer is in breach of any of its obligations under any of the Transaction Documents to which it is a party and such breach is not remedied in the opinion of the Issuer within 10 (ten) Business Days of notice being given by the Issuer to the Originator or the Servicer, as the case may be, in accordance with the terms of the relevant Transaction Document, provided that in case of a payment obligation (including, but not limited to, its obligations to repurchase or make payments in respect of any Receivable), the period during which such payment obligation could be remedied shall be 7 (seven) Business Days after the date on which such payment obligation was due to be performed;

(f) a representation or warranty given by the Originator in the Warranty and Indemnity Agreement has been breached and not been remedied within 10 (ten) Business Days in accordance with the terms of the Warranty and Indemnity Agreement;

(g) the revocation of the appointment of the Servicer pursuant to the Servicing Agreement;

(h) the long-term, unsecured and unsubordinated debt obligations of UBI Banca became lower than "BB-" for S&P or BB (low) by DBRS, or if there is no such public rating is available, the equivalent DBRS' private rating or if there is no private rating available, the equivalent DBRS' rating assigned by S&P;

(i) the Cash Reserve is not equal to Target Cash Reserve Amount for two consecutive Payment Dates;

(j) PDL is not equal to zero for two consecutive Payment Dates.

"**Purchase Termination Event Notice**" means the notice delivered by the Calculation Agent to the Issuer in accordance with the CAMPA stating that a Purchase Termination Event has occurred.

"**Quarterly Report"** means the report delivered by the Servicer on each Quarterly Report Date, in accordance with the provisions set forth in the *Servicing Agreement*.

"**Quarterly Report Date**" means 27 March, 27 June, 27 September and 27 December of each calendar year or if such day is not a Business Day, the next following Business Day. The first Quarterly Report Date will be 27 March 2013.

"**Quotaholders**" means the Stichting and UBI Banca.

"**Quotaholders' Agreement**" means the quotaholders' agreement entered into on or about the Issue Date between the Issuer, UBI Banca and the Stichting as Quotaholders of the Issuer, as from time to time modified and supplemented.

"**RAE Code**" means sector codes for economic activities, published by the Bank of Italy by means of Decision n. 140 of 11 February 1991, as amended and supplemented from time to time.

**"RAE Table**" means the following table where different RAE Code are associated to the respective Economic Sector:

| **RAE code** | **Economic sector** |
|---|---|
| 0 | Non industrial |
| 11, 12, 13, 14, 19, 20 | Agriculture, forestry, fisheries |
| 111, 112, 120, 130, 140, 151, 152, 161, 162, 163, 170 | Oil and gas |
| 211, 212, 221, 222-224 | Metals |
| 231, 232, 233, 239, 241-248 | Mining, minerals |
| 252, 253, 255-260 | Chemicals |
| 311-316 | Metal goods excluding machinery and transport |
| 321-328 | Industrial and agricultural machinery |
| 330, 341-347, 371-374 | Electronics, electrical goods, EDP |

| | |
|---|---|
| 351, 352, 353, 361, 362, 363, 364, 365 | Transport |
| 411 - 429 | Food, beverages, tobacco |
| 431, 432, 436, 438, 439, 441, 442, 451, 453, 455, 456 | Textiles, footwear, clothing |
| 471-474 | Paper, printing, publishing |
| 481-483 | Rubber, plastics |
| 461-467,491-495 | Miscellaneous industrial products |
| 505, 506, 507, 509 | Building and construction industry |
| 611-620, 630, 641-649, 651-656, 671-672 | Wholesale and retail trade |
| 660 | Hotels and public services |
| 710,721-725, 730, 741, 742, 750, 761-764, 771-773 | Transportation services |
| 790 | Communications |
| 830, 840, 850, 920, 930, 940, 950, 960, 970, 981-984 | Other sales and distribution services |

"**Rate of Interest**" has the meaning ascribed to it in Condition 5.2.

"**Rating Agencies**" means, jointly, S&P and DBRS.

"**Real Estate Assets**" means the real estate assets which have been mortgaged as a guarantee of the Receivables.

"**Receivable**" means the indebtedness, payable by a Debtor under a Loan Agreement, including, without limitation, with respect to principal, interest, penalties for early termination, indemnities, reimbursement of costs and expenses and damages paid under any insurance policy covering any risk, included in the Initial Portfolio or in a Subsequent Portfolio and selected in accordance with the Criteria.

"**Recoveries**" means any amounts received or recovered by the Servicer in relation to any Defaulted Receivable.

"**Redemption Amount**" has the meaning ascribed to it in Condition 6.5.

"**Reference Banks**" has the meaning ascribed to it in Condition 5.8.

"**Reference Period**" means each quarter starting on the first calendar day (included) of March, June, September and December of each year and ending, respectively, on the last calendar day (included) of May, August, November and February. The first Reference Period shall start on the Effective Date related to the Initial Portfolio (included) and shall end on 28 February 2013 (included).

"**Regulated Market**" means the regulated market of the Irish Stock Exchange to which application has been made for the Class A Notes to be admitted to trading.

"**Reimbursement Instalment**" means the principal repayment instalment (which may or may not include interests amount) due in accordance with the relevant amortizing plan under the Loan Agreement.

"**Relevant Date**" has the meaning ascribed to it in Condition 9.2.

"**Relevant Margin**" has the meaning ascribed to it in Condition 5.2.

"**Replenishment Amount**" means (A) on each Payment Date, the difference between Retention Amount and the amount standing to the balance of the Expenses Account; and (B) on the Final Maturity Date or, if earlier, the Payment Date on which the Notes will be redeemed in full, zero.

"**Report Date**" means the fifth Business Day of each calendar month.

"**Representative of the Noteholders**" means BNY Mellon Corporate Trustee Services Limited and any subject which, from time to time, will carry out the role of *representative of the Noteholders*.

"**Retention Amount**" means Euro 20,000.

"**Revolving Assignment**" means the assignment of Subsequent Receivables provided for under Clause 5 of Master Transfer Agreement.

"**Revolving Assignment Date**" means each date which falls on a Payment Date during the Revolving Period.

"**Revolving Period**" means the period starting on and including the Issue Date and ending on and including the Revolving Period Termination Date.

"**Revolving Period Termination Date**" means the earlier of (i) the Payment Date falling 18 months after the Issue Date, (ii) the day on which a Purchase Termination Event Notice is delivered to the Issuer, and (iii) the day on which an Enforcement Notice is delivered to the Issuer.

"**Rules of the Organisation of the Noteholders**" means the rules of the Organisation of the Noteholders, attached to the Conditions.

"**Securities Accounts**" means the Interest Securities Account and the Principal Securities Account.

"**Securities Act**" means the U.S. Securities Act of 1933 as amended from time to time.

"**Securitisation**" means the securitisation transaction carried out by the Issuer in relation to the Receivables pursuant to the Securitisation Law.

"**Securitisation Law**" means the Italian Law No. 130 of 30 April 1999, as subsequently amended and supplemented.

"**Security Documents**" means, together, the Deed of Charge and the Deed of Pledge.

"**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.

"**Selection Date**" means (i) in relation to the assignment of the Initial Portfolio 30 April 2012, and (ii) in relation to any Subsequent Portfolio, the date specified as such in the Transfer Offer.

"**Senior Servicer Expenses**" means any expense due to the Servicer pursuant to Clause 18.1 of the Servicing Agreement.

"**Servicer**" means UBI Banca in its capacity as servicer under the Servicing Agreement and any successor thereof appointed in accordance with the Servicing Agreement.

"**Servicing Agreement**" means the servicing agreement entered into on 26 June 2012 between the Issuer and UBI Banca in quality of Servicer.

"**Set-Off Amount**" means the amount calculated by the Servicer on each Servicer Report Date and reported in the respective Quarterly Report as the amount which may be potentially subject to set-off exceptions raised by the Debtors of Receivables included in the Portfolio.

"**Set-Off Reserve Accumulation Event**" means, any of the following events:

(a) Set-Off Reserve Rating Event;

(b) UBI Banca ceases to hold at least 51% of the shares of the Set-Off Subordinated Loan Provider.

"**Set-Off Reserve Rating Event**" means the short-term unsecured and unsubordinated debt obligations of UBI Banca ceasing to be rated at least as "BBB (low)" by DBRS, or if there is no such public rating, the DBRS private rating.

"**Set-Off Reserve Required Amount**" means:

(a) prior to the occurrence of a Set-Off Reserve Accumulation Event, zero

(b) following the occurrence of a Set-Off Reserve Accumulation Event, (A) upon the occurrence of the Set-Off Accumulation Event, 50% of the Set-Off Amount as calculated by the Servicer within 20 days following such Set-Off Accumulation Event and; (B) on each subsequent Payment Date, 50% of the then Set-Off Amount as calculated by the Servicer on the immediately preceding Calculation Date.

"**Set-Off Reserve**" means, from time to time, the amount credited on the Principal Available Funds in order to cover the set-off risk for an amount equal to the Set-Off Reserve Required Amount.

"**Set-Off Subordinated Loan Amount**" has the meaning ascribed to this expression under the Set-Off Subordinated Loan Agreement.

"**Set-Off Subordinated Loan Agreement**" means a subordinated loan agreement entered into on or about the Issue Date between the Issuer and the Set-Off Subordinated Loan Provider, for the provision of a credit facility to the Issuer aimed at covering the Set-Off Reserve Required Amount following the occurrence of a Set-Off Accumulation Event.

"**Set-Off Subordinated Loan Provider**" means the Originator or any other bank acting as subordinated loan provider under the Set-Off Subordinated Loan Agreement and any successor thereof.

"**Specific Criteria**" means, with reference to the Initial Portfolio, the criteria set out in Annex A, Section II of the Master Transfer Agreement, and with reference to the Subsequent portfolio the criteria described as such in the Transfer Offer.

"**Stichting**" means Stichting foundation incorporated under the laws of The Netherlands.

"**Stichting Corporate Services Agreement"** means a stichting corporate services agreement entered into on or about the Issue Date between, among others, the Issuer and the Stichting Corporate Services Provider.

"**Stichting Corporate Services Provider**" means TMF Management B.V.**,** a limited liability company incorporated under the laws of the Netherlands, having its registered office at Luna ArenA, Herikerbergweg 238, 1101 CM Amsterdam Zuidoost.

"**Subordinated Loan Agreement**" means a subordinated loan agreement entered into on or about the Issue Date between the Issuer and the Originator in quality of Subordinated Loan Provider, for the provision of a credit facility to the Issuer aimed at financing the Cash Reserve.

"**Subordinated Loan Amount**" has the meaning ascribed in the Subordinated Loan Agreement.

"**Subordinated Loan Junior Interest**" any amount of interest to be paid under the Subordinated Loan Agreement in excess of the Subordinated Loan Senior Interest.

"**Subordinated Loan Provider**" means the Originator in its capacity as subordinated loan provider under the Subordinated Loan Agreement and any successor thereof.

"**Subordinated Loan Senior Interest**" an amount of interest to be paid under the Subordinated Loan Agreement up to an amount equal to 0.20% p.a. calculated on the outstanding Subordinated Loan Amount.

"**Subsequent Portfolio**" means the subsequent portfolio of Subsequent Receivables transferred by the Originator to the Issuer, according to the provision set forth in Clause 5 of the Master Transfer Agreement.

"**Subsequent Receivables**" means the Receivables included in any Subsequent Portfolio and selected in accordance with the Criteria set out in Section I of Annex A of the Master Transfer Agreement.

"**Sub-Servicer**" means the Originator in its capacity as sub-servicer under the Sub-Servicing Agreement.

"**Sub-Servicing Agreement**" means the sub-servicing agreement entered into on 26 June 2012 between UBI Banca in quality of Servicer and the Sub-Servicer.

"**S&P**" means Standard & Poor's Financial Services LLC.

"**Suspect Period Principal Collections**" means any Principal Collection received by UBI in respect of prepayment made by Debtors on loans that are not classified as *fondiari* for a period of two years starting from the date of receipt of the relevant prepayment.

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer System.

"**Target Cash Reserve Amount**" means, at the Issue Date and, in respect of each Payment Date, an amount equal to the lesser of (without taking into account any principal payment to be made to the Noteholders on such Payment Date):

(a) the sum of:

(i) Euro 12,000,000;

(ii) the Principal Amount Outstanding of the Class A Notes as of the preceding Payment Date multiplied by the relevant Cash Reserve Percentage; and

(b) 8% of Principal Amount Outstanding of the Class A Notes as of the preceding Payment Date,

provided that in any case at the Final Maturity Date the Target Cash Reserve Amount will be equal to zero.

"**Tax**" means 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 any political sub-division thereof or any authority thereof or therein.

"**Terms and Conditions**" means the terms and conditions of the Notes, as subsequently amended and supplemented.

"**TMF**" means TMF Management Italy S.r.l., a limited liability company, whose registered office is at Foro Buonaparte, No. 74, 20121, Milan, Italy, registered with the Companies' Register of Milan, Tax Number and Fiscal Code No. 03296470960.

"**Transaction Documents**" means, collectively, the Master Transfer Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Sub-Servicing Agreement, the Administrative Services Agreement, the Intercreditor Agreement, the CAMPA, the Deed of Pledge, the Deed of Charge, the Notes Subscription Agreement, the Mandate Agreement, the Quotaholders' Agreement, the Terms and Conditions, the Subordinated Loan Agreement, the PDL Subordinated Loan Agreement, the Set-Off Subordinated Loan Agreement and the Master Definitions Agreement, including any agreement or other document expressed to be supplemental thereto and any other agreement indicated as such by the Issuer or the Originator.

"**Transfer Limits**" means , with reference to the purchase of Subsequent Portfolios, the compliance with the following conditions:

(iii) no Concentration Limits is be breached; and

(iv) the PDL is equal to zero, taken into consideration (i) any drawing to be made to the PDL Subordinated Loan Agreement by the PDL Subordinated Loan Provider in order to allow the transfer of any such Subsequent Portfolio, and (ii) any payment to be made on the following Payment Date, pursuant to item (vii) of the Pre-Enforcement Interest Priority of Payment.

"**Transfer Offer**" means any document including the transfer offer of a Subsequent Portfolio, in accordance with Annex E ("*Modello di Offerta di Cessione*") of the Master Transfer Agreement.

"**UBI Banca**" means Unione di Banche Italiane S.c.p.A., a società cooperativa per azioni incorporated under the laws of the Republic of Italy, whose registered office is at Piazza Vittorio Veneto, No. 8, 24122, Bergamo, Italy, registered with the Register of Enterprises of Bergamo, Tax Number and Fiscal Code No. 03053920165, enrolled under number 3111.2 with the registers of banks and banking groups held by the Bank of Italy in accordance with, respectively, articles 13 and 64 of the Consolidated Banking Act.

"**UBI Banca Group**" means the banking group Gruppo Unione di Banche Italiane.

"**Unpaid Receivables**" means, collectively, the Delinquent Receivables or the Defaulted Receivables.

**"Usury Law**" means Italian of 7 March 1996, No. 108 as amended and supplemented from time to time.

"**V.A.T.**" means the value-added Tax.

"**Variable Return**" means in respect of each Payment Date, an amount calculated as follows by the Calculation Agent:

(a) the Portfolio Yield in respect of the Collection Period immediately preceding such Payment Date; *plus*

(b) any profit generated by or interest matured on the Eligible Investments deriving from funds standing to the credit of the Accounts in the Collection Period immediately preceding such Payment Date; *plus*

(c) any interest accrued on the balance of, and credited to, the Accounts in the Collection Period immediately preceding such Payment Date; *plus*

(d) all amounts received by the Issuer from the Originator pursuant to the Master Transfer Agreement (for the avoidance of doubt, *less* any amounts paid to the Originator under the Master Transfer Agreement) and the Warranty and Indemnity Agreement and accrued during the Collection Period immediately preceding such Payment Date; *plus*

(e) any other amount not deriving from the Receivables other than those listed in the foregoing items (a), (b), (c), or (d), accrued and received by the Issuer and deposited in the Collection Account and/or the Investment Accounts during the Collection Period immediately preceding such Payment Date; *plus*

(f) all fund standing to the credit of the Expenses Account on the Payment Date following the redemption in full of, or the cancellation of, the Class A Notes; *plus*

(g) capital gains realised from the sale of all or part of the Portfolio should such sale occur, *less*

(h) any interest accrued (a) to the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement, (b) to the PDL Subordinated Loan Provider pursuant to the PDL Subordinated Loan Agreement, and (c) to the Set-Off Subordinated Loan Provider pursuant to the Set-Off Subordinated Loan, *less*

(i) all costs, expenses, taxes and other charges which have become payable by or have accrued to the Issuer set forth under items (i) to (v) (inclusive) of the Pre-Enforcement Interest Priority of Payments and under items (i) to (v) (inclusive) of the Post Enforcement Priority of Payments; *less*

(j) an amount of interest accrued on the Class A Notes (the "**Interest Payment Amount**") during the Collection Period immediately preceding such Payment Date, (not including for the avoidance of doubt any Interest Payment Amounts not paid on their due date and remaining unpaid (the "**Interest Amount Arrears**"), if any, on such Payment Date).

"**Voting Certificate**" means, in relation to any Meeting, a certificate issued by the Monte Titoli Account Holders or by the Agent (on the basis of the Monte Titoli Account Holders certificate) and dated in which it is stated:

(i) that the Blocked Notes have been blocked in an account with a clearing system or the depository, as the case may be, and will not be released until the conclusion of the Meeting; and

(ii) that the bearer of such certificate is entitled to attend and vote at the Meeting in respect of the Blocked Notes.

"**Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered into on 26 June 2012 between the Issuer and the Originator.

"**Written Instructions**" means any written notices, directions or instructions received by any Party to the Transaction Documents in accordance with the relevant Transaction Documents from an Authorised Person or from a person reasonably believed by such Party to be an Authorised Person.

"**Weighted Average Fixed Interest Rate**" means, with reference to the portion of fixed rate Receivables included in the Portfolio, the weighted average (on the basis of the Principal Amount Outstanding) of the interest rate of such Receivables.

**"Weighted Average Life (WAL)**" means, measured in years with reference to the Receivables included in the Portfolio:

(a) the sum of the products of: (1) each Principal Amount due from the Receivables; and (2) the corresponding number of months between the Revolving Assignment Date and the relevant maturity; divided by

(b) the Outstanding Principal of the Receivables as at the Revolving Assignment Date; divided by;

(c) 12 (twelve).

The Weighted Average Life will be calculated at every Revolving Assignment Date.

"**Weighted Average Probability of Default**" means, with respect to Receivables contained in a Subsequent Portfolio, the annual probability of default attributed to the Debtors weighted in respect to the Outstanding Principal of such Debtor.

"**Weighted Average Margin**" means the weighted average margin (on the basis of the Principal Amount Outstanding) over the reference rate provided for under the relevant Loan Agreement of floating rate loans.

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