

## BPL Mortgages S.r.l.

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

€ 2,585,300,000.00 Class A - 2012 Mortgage-Backed Floating Rate Notes due 2058

€ 1,216,618,000.00 Class B - 2012 Mortgage-Backed Notes due 2058

Issue price: 100 per cent.

This prospectus (the “**Prospectus**”) contains information relating to the issue by BPL Mortgages S.r.l. (the “**Issuer**”) of the € 2,585,300,000.00 Class A - 2012 Mortgage-Backed Floating Rate Notes due 2058 (the “**Class A Notes**”). In connection with the issue of the Class A Notes, the Issuer will also issue the € 1,216,618,000.00 Class B - 2012 Mortgage-Backed Notes due 2058 (the “**Junior Notes**”) and, together with the Class A Notes, the “**Notes**”). The Junior Notes will be subscribed by Credito Bergamasco S.p.A., having its registered office at Largo Porta Nuova, 2, Bergamo, Italy (“**Creberg**”) and Banco Popolare – Società Cooperativa, having its registered office at Piazza Nogara, 2, 37121 Verona, Italy (“**Banco Popolare**”) and, together with Creberg, the “**Originators**” and any of these, the “**Originator**”).

The Issuer is a limited liability company incorporated 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**”) having its registered office at via Alfieri, 1, 31015 Conegliano (Treviso), Italy and registered pursuant to register of the special purpose vehicles held by Bank of Italy pursuant to the Bank of Italy's regulation dated 29 April 2011.

This Prospectus is issued pursuant to article 2, paragraph 3 of the Securitisation Law and constitutes a prospetto informativo for all Classes of Notes in accordance with the Securitisation Law. The Junior Notes are not being offered pursuant to this Prospectus.

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

The Notes will be issued on a partly paid basis, pursuant to the terms provided in terms and condition of the Notes (the “**Conditions**”). On 21 December 2012 (the “**Issue Date**”) the full nominal amount (the “**Nominal Amount**”) of the Notes will be issued and the respective Notes Initial Instalment Payments (as defined below) will be paid by the Initial Notes Subscribers (as defined below) in accordance with and subject to the terms and conditions provided in the Conditions and the Subscription Agreements (as defined below). Subject to and in accordance with the procedures set forth in the Conditions, the Issuer may request each of the Initial Notes Subscribers to pay the Notes Further Instalment Payments (as defined below). The Notes Further Instalment Request (as defined below) shall be sent by the Issuer to the Initial Notes Subscribers no later than 4 (four) Business Days prior to the First Interest Payment Date (as defined below) and shall include the information specified in the Conditions.

The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be collections and recoveries received in respect of a pool of monetary claims and other connected rights arising out of portfolios consisting of residential mortgage loans which qualify either as mutui fondiari or as mutui ipotecari owed by the **Originators**. In particular the first pool of claims and connected rights arising from two initial portfolios of residential mortgage loans owed, respectively, by Banco Popolare and Creberg, (the “**Banco Popolare First Portfolio**” and the “**Creberg First Portfolio**”) and together the “**First Portfolios**”), has been transferred from the Originators to the Issuer pursuant to the terms of two transfer agreements entered into on 7 December 2012 (the “**Signing Date**”). In addition, the Originators may sell to the Issuer two additional portfolios of monetary claims and other connected rights arising out of residential mortgage loans which qualify either as mutui fondiari or as mutui ipotecari (respectively the “**Banco Popolare Additional Portfolio**” and the “**Creberg Additional Portfolio**”) and together the “**Additional Portfolios**”) pursuant to additional transfer agreements to be entered into in connection therewith.

The First Portfolios and the Additional Portfolios are collectively referred to as the “**Portfolios**” or the “**Claims**”.

Interest on the Notes is payable by reference to successive interest periods (each an “**Interest Period**”). Interest on the Notes will accrue on a daily basis and will be payable in arrear in euro on 30 April 2013, (being the “**First Interest Payment Date**”) and thereafter quarterly in arrear on 31 July 30 October 31 January and 30 April in each year (in each case, subject to adjustment for non-business days as set out in Condition 6 (Interest)). Prior to the service of an Issuer Acceleration Notice, the rate of interest applicable to the Class A Notes for each Interest Period shall be the rate offered in the euro-zone inter-bank market (“**EURIBOR**”) for one-month deposits in euro (save that for the first Interest Period the rate will be obtained upon linear interpolation of EURIBOR for five and six months deposits in euro) (as determined in accordance with Condition 6 (Interest)), plus a margin equal to 0,30 per cent per annum.

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, the Representative of the Noteholders, the Principal Paying Agent, the Agent Bank, the Interim Account Bank, the Transaction Bank, the Corporate Servicer, the Back-up Servicer Facilitator, the Subordinated Loan Providers, the Administrative Servicer, the Computation Agent, the Servicers (each as defined in “Key features – The principal parties”), Banco Popolare (in any capacity), Creberg (in any capacity), the Initial Class A Notes Subscribers, the Initial Junior Notes Subscribers or the quotaholder of the Issuer. 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 Notes will mature on the Interest Payment Date (as defined below) which falls in October 2058 (the “**Maturity Date**”), subject as provided in Condition 8 (Payments). Before the Maturity Date, the Notes will be subject to mandatory and/or

optional redemption in whole or in part in certain circumstances (as set out in Condition 7 (Redemption, purchase and cancellation)).

The Class A Notes will be redeemed in priority to the Junior Notes. If the Class A Notes and/or the Junior Notes cannot be redeemed in full on the Maturity Date as a result of the Issuer having insufficient funds available to it in accordance with the terms and conditions of the Notes (the “**Conditions**” and each, a “**Condition**”) for application in or towards such redemption, including the proceeds of any sale of Claims or any enforcement of the Note Security (as defined below), any amount unpaid shall remain outstanding and the Conditions shall continue to apply in full in respect of the Notes until the earlier of (i) the date on which the Notes are redeemed in full and (ii) the Cancellation Date (as defined below), at which date any amounts remaining outstanding in respect of principal or interest on the Notes shall be reduced to zero and deemed to be released by the holder of the relevant Notes and the Notes shall be cancelled.

Payments under the Notes may be subject to withholding for or on account of tax, or to a substitute tax, in accordance with Italian legislative decree No. 239 of 1 April 1996, as subsequently amended. Upon the occurrence of any withholding for or on account of tax, whether or not in the form of a substitute tax, from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount to any holder of Notes of any Class.

The Class A Notes are expected, on issue, to be rated A (sf) by **DBRS Ratings Limited**, (“**DBRS**”) and A2 (sf) by **Moody’s Italia S.r.l.** (“**Moody’s**”). As of the date of this Prospectus, each of DBRS and Moody’s is established in the European Union and was registered on 31 October 2011 in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of 11 May 2011 (the “**CRA Regulation**”) and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority (for the avoidance of doubt, such website does not constitute part of this Prospectus). No rating will be assigned to the Junior Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning rating organisation.

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

The Notes will be issued in dematerialised form (emesse in forma dematerializzata) on the terms of, and subject to, the Conditions and will be held in such form on behalf of the beneficial owners, until redemption and cancellation thereof, by Monte Titoli S.p.A. with registered office at via Mantegna, 6, 20154 Milan, Italy (“**Monte Titoli**”) for the account of the relevant Monte Titoli Account Holders. The expression “**Monte Titoli Account Holders**” means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System), société anonyme (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”). The Notes will be deposited by the Issuer with Monte Titoli and will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of Article 83-bis of the Legislative Decree No. 58 of 24 February 1998 and with Regulation jointly issued by Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) and the Bank of Italy on 22 February 2008, as amended from time to time. No physical document of title will be issued in respect of the Notes.

The Issuer has no assets other than the Claims and the Issuer’s Rights (as defined below) as described in this Prospectus as well as the Previous Portfolios (as defined below) and the agreements entered into by the Issuer in relation to the Previous Securitisations (as defined below) which, however, do not constitute collateral for the Notes and are not available to the Noteholders for any purpose.

**For a discussion of certain risks and other factors that should be considered in connection with an investment in the Class A Notes, see the section entitled “Risk factors” beginning on page 43.**

**The date of this Prospectus is 21 December 2012.**

*This Prospectus comprises a prospectus for the purposes of article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and the Notes which according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.*

*This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Prospectus may only do so in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to article 3 of the Prospectus Directive in relation to such offer. The Issuer has not authorised, and does not authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, nor the Initial Class A Notes Subscribers to publish a prospectus for such offer.*

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

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

*Each of Banco Popolare (for the Banco Popolare Claims) and Creberg (for the Creberg Claims) has provided the information under the sections headed “**The Portfolios**”, “**The Originators and Servicers**”, “**The credit and collection policies**” and any other information contained in this Prospectus relating to itself, the collection and underwriting procedures relating to the Portfolios, the relevant Claims, the relevant Mortgage Loans and the relevant Mortgages (each as defined below) and accepts responsibility for the information contained in those sections. Each of Banco Popolare (for the Banco Popolare Claims) and Creberg (for the Creberg Claims) has also provided the historical data used as assumptions to make the calculations contained in the section headed “**Estimated weighted average life of the Class A Notes and assumptions**” on the basis of which the information and assumptions contained in the same section have been extrapolated and accepts responsibility for such historical data. The Issuer accepts responsibility for the other information and assumptions contained in such section as described above. To the best of the knowledge of Banco Popolare and Creberg (having taken all reasonable care to ensure that such is the case) the information and data in relation to which it is responsible as described above are in accordance with the*

*facts and do not contain any omission likely to affect the import of such information and data.*

*Banco Popolare (London Branch) has provided the information under the section headed “**The Transaction Bank**” and accepts responsibility for the information contained in that section, and to the best of the knowledge and belief of Banco Popolare (London Branch) (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and contains no omission likely to affect its import. Save as aforesaid, Banco Popolare (London Branch) has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

*No person has been authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of Banco Popolare (in any capacity), Creberg (in any capacity), the Representative of the Noteholders, the Issuer, the Corporate Servicer, the Administrative Servicer, the Back-up Servicer Facilitator, the Subordinated Loan Providers, the Transaction Bank, the Quotaholder of the Issuer, or any other person. Neither the delivery of this Prospectus nor any 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 affairs of the Issuer or the Originators or in 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.*

*This Prospectus does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.*

*The Representative of the Noteholders has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, expressed or implied, is made and no responsibility or liability is accepted by the Representative of the Noteholders as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer, Banco Popolare and Creberg in connection with the Notes or their distribution.*

*The Notes constitute limited recourse obligations of the Issuer. Each Note will be secured, in each case, over certain of the assets of the Issuer pursuant to and as more fully described in the section entitled “**The other Transaction Documents**”. Furthermore, by operation of Italian law, the Issuer’s right, title and interest in and to the Claims 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 holders of the Notes, to pay any costs, fees, expenses and other amounts required to be paid to the Representative of the Noteholders, the Principal Paying Agent, the Agent Bank, the Interim Account Bank, the Transaction Bank, the Corporate Servicer, the Back-up Servicer Facilitator, the Subordinated Loan Providers, the Administrative Servicer, the Computation Agent, the Servicers, Banco Popolare (in any capacity), Creberg (in any capacity), the Initial Class A Notes Subscribers or the Quotaholder of the Issuer and to any third-party creditor in respect of any costs, fees, expenses or liabilities incurred by the Issuer to such third-party creditor in relation to the securitisation of the Claims contemplated by this Prospectus (the “**Securitisation**”). 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. Amounts derived from the Claims will not be available to any other creditors of the Issuer and will be applied by the Issuer in accordance with the applicable order of priority for the application of Issuer Available Funds (as defined below).*

*The distribution of this Prospectus and the offer, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Initial Class A Notes Subscribers to inform themselves about, and to observe, any such restrictions. Neither this Prospectus nor any part of it constitutes an offer, and may not be used for the purpose of an offer to sell any of the Notes, or solicitation of an offer to buy any of the Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.*

*This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, Banco Popolare (in any capacity), Creberg (in any capacity), or the Initial Class A Notes Subscribers that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the Claims, the Portfolio and of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.*

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), are in bearer form and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Prospectus, see “**Subscription and sale**”.*

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

*The Notes may not be offered or sold directly or indirectly, and neither this Prospectus nor any other offering circular nor any prospectus, form of application, advertisement, other offering material nor other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. No action has or will be taken which could allow an offering of the Notes to the public in the Republic of Italy. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus, see “**Subscription and sale**”.*

*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**”.*

*All references in this Prospectus to “**Euro**”, “**€**” and “**euro**” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended.*

*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.*

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## OVERVIEW OF THE TRANSACTION

*The following information is a summary of the transactions and assets underlying the Notes. It has to be read as an introduction to this Prospectus and is qualified in its entirety by reference to the detailed information presented elsewhere in this Prospectus and in the Transaction Documents.*

*Certain terms used in this section, but not defined, may be found in other sections of this Prospectus, unless otherwise stated.*

### 1. THE PRINCIPAL PARTIES

#### Issuer

BPL Mortgages S.r.l., a limited liability company incorporated in 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**”), having its registered office at via Alfieri, 1, 31015 Conegliano (Treviso), Italy, registered with the companies’ register of Treviso under number 04078130269, fiscal code and VAT number 04078130269, enrolled in the register of the special purpose vehicles held by Bank of Italy pursuant to the Bank of Italy’s regulation dated 29 April 2011 with No. 33259.3, (the “**Issuer**”). The issued equity capital of the Issuer is entirely held by SVM Securitisation Vehicles Management S.r.l.

The Issuer has been established as a special purpose vehicle for the purposes of issuing asset-backed securities. The Issuer may carry out other securitisation transactions in addition to the one contemplated in this Prospectus, subject to certain conditions.

#### Shareholder

SVM Securitisation Vehicles Management S.r.l. is an Italian limited liability company (*società a responsabilità limitata*), having its registered office at via Alfieri, 1, 31015 Conegliano (Treviso), Italy and registered with the register pursuant to article 106 of the Banking Act under number 31841.

#### Originators

Banco Popolare - Società Cooperativa, a bank incorporated as a co-operative company (*società cooperativa*) organised under the laws of the Republic of Italy, registered with the companies’ register held in Verona, Italy, under number 03700430238, fiscal code and VAT number 03700430238, registered with the register of banks (*albo delle banche*) held by the Bank of Italy pursuant to article 13 of the Banking Act under number 5668, parent company of the “*Gruppo Bancario Banco Popolare*” registered with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Banking Act, having its registered office at Piazza Nogara, 2, 37121 Verona, Italy (“**Banco Popolare**”).

Credito Bergamasco S.p.A., a bank incorporated as a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy, registered with the companies’ register of Bergamo under number 00218400166, fiscal code and VAT

number 00218400166, registered with the register of banks (*albo delle banche*) held by the Bank of Italy pursuant to article 13 of the Banking Act under number 3336.5, belonging to the “*Gruppo Bancario Banco Popolare*”. registered with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Banking Act and directed and co-ordinated (*soggetta all’attività di direzione e coordinamento*) by Banco Popolare, having its registered office at Largo Porta Nuova, 2, 24122 Bergamo, Italy (“**Creberg**” and, together with Banco Popolare, the “**Originators**” and any one of them, the “**Originator**”).

**Representative of the Noteholders**

BNP Paribas Securities Services S.A., a French *société anonyme* with capital stock of € 165,279,835, having its registered office at 3, Rue d’Antin, Paris, France, operating for the purpose hereof through its Milan branch offices at Via Ansperto, 5, 20123 Milan, Italy, registered with the companies’ register held in Milan, at number 13449250151, fiscal code and VAT number 13449250151, enrolled in register of banks held by the Bank of Italy at number 5483 (“**BNPSS Milan Branch**”), or any other person for the time being acting as such, is the representative of the holders of the Notes (the “**Representative of the Noteholders**”) pursuant to the Intercreditor Agreement (as defined below) dated on or about the Issue Date.

**Administrative Servicer**

Banco Popolare or any other person for the time being acting as such, is the administrative services provider to the Issuer (in such capacity, the “**Administrative Servicer**”). Pursuant to the terms of an administrative services agreement dated the Signing Date (the “**Administrative Services Agreement**”), the Administrative Servicer has agreed to provide certain administrative services to the Issuer.

**Corporate Servicer**

Securitisation Services S.p.A., a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy, registered with the companies’ register of Treviso under number 03546510268, fiscal code and VAT number 03546510268, registered with the general register (*elenco generale*) pursuant to article 106 of the Banking Act under number 31816 and with the special register (*elenco speciale*) pursuant to article 107 of the Banking Act and having its registered office at via Alfieri, 1, 31015 Conegliano (Treviso), Italy, (“**Securitisation Services**”) or any other person for the time being acting as such, is the corporate services provider to the Issuer (in such capacity, the “**Corporate Servicer**”). Pursuant to the terms of a corporate services agreement dated the Signing Date (the “**Corporate Services Agreement**”), the Corporate Servicer has agreed to provide certain secretarial services to the Issuer.

**Servicers**

Banco Popolare (in such capacity, the “**Servicer of the Banco Popolare Portfolios**”) and Creberg (in such capacity, the “**Servicer of the Creberg Portfolios**” and, together with the Servicer of the Banco Popolare Portfolios, the “**Servicers**” and



“**Servicer**” means any one of them) will administer, respectively, the Banco Popolare Portfolios and the Creberg Portfolios on behalf of the Issuer pursuant to the terms of a servicing agreement dated the Signing Date, between the Issuer, Banco Popolare and Creberg as Servicers of the Banco Popolare Portfolios and the Creberg Portfolios, respectively (the “**Servicing Agreement**”).

**Computation Agent**

BNPSS Milan Branch, or any other person for the time being acting as such, is the computation agent to the Issuer (in such capacity, the “**Computation Agent**”) pursuant to the terms of an agency and accounts agreement dated on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Computation Agent, the Transaction Bank, the Principal Paying Agent and the Agent Bank (the “**Agency and Accounts Agreement**”).

**Transaction Bank**

Banco Popolare, operating for the purpose hereof through its London Branch located at 1 - 5 Moorgate, EC2R 6JH London, United Kingdom (“**Banco Popolare London Branch**”) or any other person for the time being acting as such, is the transaction bank to the Issuer in respect of certain additional bank accounts of the Issuer (in such capacity, the “**Transaction Bank**”) pursuant to the terms of the Agency and Accounts Agreement. The Transaction Bank has opened, and will maintain, certain 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 Transaction Bank will perform certain cash management functions on behalf of the Issuer.

**Interim Account Bank**

Banco Popolare, or any other person for the time being acting as such, is the interim account bank to the Issuer in respect of the Interim Accounts and the Expenses Account (in such capacity, the “**Interim Account Bank**”) pursuant to the terms of the Agency and Accounts Agreement. The Interim Account Bank has opened, and will maintain, the Interim Accounts and the Expenses Account in the name of the Issuer and will operate such accounts in the name and on behalf of the Issuer.

**Principal Paying Agent**

BNPSS Milan Branch, or any other person for the time being acting as such, will be the principal paying agent (in such capacity, the “**Principal Paying Agent**”) pursuant to the terms of the Agency and Accounts Agreement.

**Agent Bank**

BNPSS Milan Branch, or any other person for the time being acting as such, will be the agent bank (in such capacity, the “**Agent Bank**”) pursuant to the terms of the Agency and Accounts Agreement.

**Back-up Servicer Facilitator**

Securitisation Services, or any other person for the time being acting as such, will be the Back Up Servicer Facilitator pursuant to the terms of the Intercreditor Agreement.

**Subordinated Loan  
Providers**

Banco Popolare and Creberg, pursuant to the terms of the Subordinated Loan Agreement.

**2. SUMMARY OF THE NOTES**

**The Notes**

On 21 December 2012 (the “**Issue Date**”), the Issuer will issue:

- (a) € 2,585,300,000.00 Class A-2012 Mortgage-Backed Floating Rate Notes due 2058 (the “**Class A Notes**”); and
- (b) € 1,216,618,000.00 Class B-2012 Mortgage-Backed Notes due 2058 (the “**Junior Notes**” and, together with the Class A Notes, the “**Notes**”).

The Notes will constitute direct, secured, limited recourse obligations of the Issuer. It is not anticipated that the Issuer will make any profits from this transaction. The Nominal Amount of the Notes will be paid-up in instalments in accordance with the Conditions and the Subscription Agreement(s). The Notes will be governed by Italian law.

## Partly Paid

The Notes will be issued on a partly paid basis, pursuant to the terms provided in Condition 2 (*Form, denomination, title and Partly Paid Notes*). On the Issue Date, the full Nominal Amount of the Notes will be issued and the respective Notes Initial Instalment Payments will be paid by the Initial Notes Subscribers in accordance with the Conditions and the Subscription Agreements in order to fund the Initial Issue Price of the Notes.

Subject to and in accordance with the procedures set forth in Condition 2 (*Form, denomination, title and Partly Paid Notes*), the Issuer may on any day up to (and including) four Business Days prior to the First Payment Date request each of the Initial Notes Subscribers to pay the Notes Further Instalment Payments in order to finance the purchase price of the Additional Portfolio assigned by such Initial Notes Subscriber (in its capacity as Originator) to the Issuer and thereby increasing the Principal Amount Outstanding of the Notes (the “**Notes Further Instalment Request**”). The Notes Further Instalment Request shall include the information specified in Condition 2 (*Form, denomination, title and Partly Paid Notes*).

The Issuer shall apply the Notes Further Instalment Payments received from each of the Initial Notes Subscribers towards the purchase of the relevant Additional Portfolio.

In any case the Notes Further Instalment Payments may be paid by the Initial Notes Subscribers up to the Nominal Amount of each Class of Notes.

The “**Notes Initial Instalment Payment**” shall be the initial instalment payment made by the Initial Notes Subscribers in respect of the Notes on the Issue Date, in accordance with the Subscription Agreements, being Euro 1,701,300,000.00 for the Class A Notes and Euro 800,618,000.00 for the Junior Notes.

“**Nominal Amount**” means with respect to (i) the Class A Notes Euro 2,585,300,000.00; and (ii) with respect to the Junior Notes Euro 1,216,618,000.00.

## Form and denomination of the Notes

The authorised denomination of the Senior Notes will be € 100,000. The authorised denomination of the Junior Notes will be € 1,000.

The Notes will be held in dematerialised form on behalf of the beneficial owners as of the Issue Date, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream and Euroclear. Title to the Notes will be evidenced by book entries in accordance with the provisions of article 83-bis of Italian legislative decree No. 58 of 24 February 1998 and regulation of 22 February 2008 jointly issued by the Bank of Italy and CONSOB, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes. The Class A Notes will be issued in

denominations of Euro 100,000. The Junior Notes will be issued in denominations of Euro 1,000 and multiples thereof. The Issuer elects 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**”).

## **Ranking**

In respect of the obligations of the Issuer to pay interest on and repay principal on the Notes, the terms and conditions of the Notes (the “**Conditions**”) and the Intercreditor Agreement provide that:

- (i) in respect of the obligations of the Issuer to pay interest on the Notes prior to the service of an Issuer Acceleration Notice:
  - (A) the Class A Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Junior Notes;
  - (B) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to the Class A Notes.
- (ii) In respect of the obligations of the Issuer to repay principal on the Notes prior to the service of an Issuer Acceleration Notice:
  - (A) the Class A Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to payment of interest in respect of the Class A Notes and in priority to repayment of principal and interest on the Junior Notes;
  - (B) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to (A) payment of interest on the Class A Notes and (B) repayment of principal on the Class A Notes.
- (iii) In respect of the obligations of the Issuer (a) to pay interest and (b) to repay principal on the Notes following the service of an Issuer Acceleration Notice:
  - (C) the Class A Notes will rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes;
  - (D) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to payment in full of all amounts due under the Class A Notes.

**Limited recourse nature of the Issuer's obligations under the Notes**

The obligations of the Issuer to each of the holders of the Notes 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, in each case subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

**Costs**

The costs of the transaction (with the exception of certain initial costs of setting up the transaction which will be paid by the Originators pursuant to the Class A Notes Subscription Agreement) 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 and will therefore be included in the Priority of Payments.

**Interest on the Notes**

The Class A Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to EURIBOR (as determined by the Agent Bank in accordance with the Conditions) plus a margin of 0.30 per cent. per annum ("**Interest Rate**").

In addition, in the case of the first Interest Period only, an additional interest amount shall be calculated by applying the relevant Interest Rate (as determined at the beginning of such Interest Period) to the amount of the Notes Further Instalment Payments for each of the Class A Notes, respectively, and by multiplying the product of such calculation by the actual number of days to elapse in the period starting from (and including) the Notes Increase Date and ending on (but excluding) the First Interest Payment Date, divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

"**Notes Increase Date**" means the date on which the Notes Further Instalment Payments are made in accordance with the terms of the Subscription Agreements.

The Junior Notes will bear interest in accordance with Conditions 6(c) (*Rate of interest on the Class A Notes*) and 6(d) (*Interest on the Junior Notes*).

Interest on each Class of Notes will be payable in euro in arrear on each Interest Payment Date subject to the applicable Priority of Payments and subject as provided in Condition 8 (*Payments*).

"**Interest Payment Date**" means (a) prior to the service of an Issuer Acceleration Notice, the 31 January, 30 April, 31 July and 30 October of each year (or, if any such date is not a Business Day, that date will be the first preceeding day that is a Business Day, being the first payment date the one falling on 30 April 2013) and (b) following the service of an Issuer Acceleration Notice, the day falling 10 Business Days after the Accumulation Date (if any) or any other day on which any payment is due to be made in accordance with the Post-Enforcement Priority of Payments, the

Conditions and the Intercreditor Agreement;

**“Business Day”** means a day on which banks are open for business in Milan, Dublin and London and which is a TARGET Settlement Day.

**“Principal Amount Outstanding”** means, on any day, in relation to each Class, (i) the aggregate of the relevant Notes Initial Instalment Payments and of the Notes Further Instalment Payments made in respect thereof, minus (ii) the aggregate of all Principal Payments in respect of that Note which have become due and payable (and which have actually been paid) on or prior to that day.

**“Principal Payment”** has the meaning given in Condition 7(e) (*Mandatory redemption of the Notes*).

**Legal maturity date of the Notes**

Save as described below and unless previously redeemed in full and cancelled as provided in the Conditions, the Issuer shall redeem the Notes in full at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Interest Payment Date falling in October 2058 (the **“Maturity Date”**).

If the Notes cannot be redeemed in full on the Maturity Date, as a result of the Issuer having insufficient funds available to it in accordance with the Conditions for application in or towards such redemption, including the proceeds of any sale of Claims or any enforcement of the Note Security, any amount unpaid shall remain outstanding and the Conditions shall continue to apply in full in respect of the Notes until the earlier of (i) the date on which the Notes are redeemed in full and (ii) the the Cancellation Date, at which date, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Issuer, any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled. The Issuer has no assets other than those described in this Prospectus.

**“Cancellation Date”** means the earlier of (i) the last Business Day in October 2060; (ii) the date when the Portfolio Outstanding Amount will have been reduced to zero; and (iii) the date when all the Claims then outstanding will have been entirely written off or sold by the Issuer (and the relevant purchase price is fully paid up), and in each of such circumstances the Issuer Available Funds have been fully applied in accordance with the applicable Priority of Payments);

The Issuer has no assets other than the Claims and the Issuer's Rights as described in this Prospectus as well as the Previous Portfolios and the agreements entered into by the Issuer in relation to the Previous Securitisations which, however, do not constitute collateral for the Notes and are not available to the Noteholders

for any purpose.

#### **Withholding tax on the Notes**

A Noteholder who is resident for tax purposes in a country which does not allow for a satisfactory exchange of information will receive amounts of interest payable on the Notes net of Italian withholding tax referred to as a substitute tax (any such withholding or deduction for or on account of Italian tax under Decree 239, a “**Decree 239 Withholding**”).

Upon the occurrence of any withholding for or on account of tax, whether or not through a substitute tax, from any payments of amounts due under the Notes, neither the Issuer, the Originators, the Representative of the Noteholders, the Principal Paying Agent nor any other person shall have any obligation to pay any additional amount to any Noteholders.

#### **Security for the Notes**

By operation of Italian law, the Issuer’s right, title and interest in and to the Claims 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 holders of the Class A Notes (the “**Class A Noteholders**”) and the holders of the Junior Notes (the “**Junior Noteholders**”) and, together with the Class A Noteholders, the “**Noteholders**”) each of the Other Issuer Creditors and any third-party creditor to whom the Issuer has incurred costs, fees, expenses or liabilities in relation to the securitisation of the Claims (together, the “**Issuer Creditors**”).

The Issuer will grant the following security:

- (a) an Italian law deed of pledge to be executed on or around the Issue Date (the “**Italian Deed of Pledge**”) pursuant to which the Issuer will create in favour of the Representative of the Noteholders for itself and on behalf of the Noteholders and the other Issuer Secured Creditors, concurrently with the issue of the Notes, an Italian law pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled from time to time pursuant to the Italian Law Transaction Documents (other than the Conditions, the Rules of the Organisation of Noteholders, the Italian Deed of Pledge, the provisions of the Agency and Accounts Agreement which are governed by English law and the Mandate Agreement); and
- (b) an English law deed of charge and assignment to be executed on or around the Issue Date (the “**English Deed of Charge and Assignment**”) and the security created thereunder, together with the security created under the Italian Deed of Pledge, the “**Note Security**”) pursuant to which the Issuer will grant in favour of the Representative of the Noteholders for itself and as trustee for the

Noteholders and the other Issuer Secured Creditors, *inter alia*, (i) an English law charge over the Transaction Accounts; (ii) an English law assignment by way of security of all the Issuer's rights under the provisions of the Agency and Accounts Agreement which are governed by English law and all future contracts, agreements, deeds and documents governed by English law to which the Issuer may become a party in relation to the Notes, the Claims and the Portfolios; and (iii) a floating charge over all of the Issuer's assets which are subject to the assignments or charges described under (i) and (ii) above and not effectively assigned or charged thereunder.

#### **Intercreditor Agreement**

On or about the Issue Date, the Issuer, the Representative of the Noteholders on its own behalf and on behalf of the Noteholders, the Principal Paying Agent, the Agent Bank, the Computation Agent, the Interim Account Bank, the Transaction Bank, Banco Popolare (in any capacity) and Creberg (in any capacity), the Corporate Servicer, the Administrative Servicer and the Servicers (with the exception of the Issuer, the "**Other Issuer Creditors**") have entered into an intercreditor agreement (the "**Intercreditor Agreement**") pursuant to which the Other Issuer Creditors have agreed to the limited recourse nature of the obligations of the Issuer and to the Priority of Payments described below. The Intercreditor Agreement is governed by Italian law.

#### **Mandate Agreement**

Pursuant to the terms of a mandate agreement dated on or about the Issue Date (the "**Mandate Agreement**"), the Representative of the Noteholders is empowered to take such action in the name of the Issuer, following the delivery of an Issuer Acceleration Notice, as the Representative of the Noteholders may deem necessary to protect the interests of the Noteholders and the Other Issuer Creditors. The Mandate Agreement is governed by Italian law.

#### **Purchase of the Notes**

The Issuer may not purchase any Notes at any time.

#### **Listing of the Notes**

Application has been made to the Irish Stock Exchange for the Class A Notes to be admitted to the Official List and trading on its regulated market. No application has been made to list the Junior Notes on any stock exchange.

#### **Ratings**

The Class A Notes are expected, on issue, to be rated A (sf) by DBRS Ratings Limited and A2 (sf) by Moody's Italia S.r.l.

As of the date hereof, each of Moody's Italia S.r.l. and DBRS Ratings Limited is established in the European Union, registered on 31 October 2011 in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of 11 May 2011 (the "**CRA Regulation**") and included in the list of credit rating agencies registered in



accordance with the CRA Regulation published on the website of the European Securities and Markets Authority. 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.

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 the assigning rating organisation.

**Selling restrictions**

There are restrictions on the sale of the Notes and on the distribution of information in respect thereof.

**Governing law**

The Notes are governed by, and shall be construed in accordance with, Italian law.

**3. THE PORTFOLIOS**

**Transfer of the First Portfolios**

Pursuant to the terms of two transfer agreements dated 7 December 2012 (the “**Signing Date**”) between, respectively, the Issuer and Banco Popolare (the “**Banco Popolare First Transfer Agreement**”) and between the Issuer and Creberg (the “**Creberg First Transfer Agreement**” and, together with the Banco Popolare First Transfer Agreement, the “**First Transfer Agreements**”), the Issuer acquired from the Originators without recourse (*pro soluto*):

- (a) the monetary claims (the “**First Banco Popolare Claims**”) and other connected rights arising out of a portfolio consisting of residential mortgage loans which qualify either as *mutui fondiari* or as *mutui ipotecari* (the “**First Banco Popolare Mortgage Loans**”) owed to Banco Popolare (the “**First Banco Popolare Portfolio**”); and
- (b) the monetary claims (the “**First Creberg Claims**”) and other connected rights arising out of a portfolio consisting of residential mortgage loans which qualify either as *mutui fondiari* or as *mutui ipotecari* (the “**Creberg Mortgage Loans**”) owed to Creberg (the “**First Creberg Portfolio**” and, together with the First Banco Popolare Mortgage Loans (the “**First Mortgage Loans**”).

The First Banco Popolare Claims and the First Creberg Claims are collectively referred to as the “**First Claims**” and the First Banco Popolare Portfolio and the First Creberg Portfolio are collectively referred to as the “**First Portfolios**”.

The payment of the purchase price of the First Claims to the

Originators will be financed by, and will be limited recourse to, the Notes Initial Instalment Payments of the Notes on the Issue Date.

### **Transfer of the Additional Portfolios**

Subject to the terms of two transfer agreements to be entered into after the Issue Date between the Issuer and Banco Popolare (the “**Banco Popolare Subsequent Transfer Agreement**”) and between, respectively, the Issuer and Creberg (the “**Creberg Subsequent Transfer Agreement**”) and, together with the Banco Popolare Subsequent Transfer Agreement, the “**Subsequent Transfer Agreements**”), the Originators may offer and the Issuer shall purchase from the Originators without recourse (*pro soluto*):

- (a) the monetary claims (the “**Additional Banco Popolare Claims**”) and other connected rights arising out of a portfolio consisting of residential mortgage loans which qualify either as *mutui fondiari* or as *mutui ipotecari* (the “**Additional Banco Popolare Mortgage Loans**” and, together with the First Banco Popolare Mortgage Loans, the “**Banco Popolare Mortgage Loans**”) owed to Banco Popolare (the “**Additional Banco Popolare Portfolio**” and, together with the First Banco Popolare Portfolio, the “**Banco Popolare Portfolios**”); and
- (b) the monetary claims (the “**Additional Creberg Claims**”) and other connected rights arising out of a portfolio consisting of residential mortgage loans which qualify either as *mutui fondiari* or as *mutui ipotecari* (the “**Additional Creberg Mortgage Loans**” and, (i) together with the First Creberg Mortgage Loans, the “**Creberg Mortgage Loans**” or (ii) together with the Additional Banco Popolare Mortgage Loans, the “**Additional Mortgage Loans**” and together with the First Mortgage Loans, the “**Mortgage Loans**”) owed to Creberg (the “**Additional Creberg Portfolio**” and, together with the First Creberg Portfolio, the “**Creberg Portfolios**”).

The Additional Banco Popolare Claims and the Additional Creberg Claims are collectively referred to as the “**Additional Claims**” and the Additional Banco Popolare Portfolio and the Additional Creberg Portfolio are collectively referred to as the “**Additional Portfolios**”.

The First Claims and the Additional Claims are collectively referred to as the “**Claims**” and the First Portfolios and the Additional Portfolios are collectively referred to as the “**Portfolios**”.

The payment of the purchase price of the Additional Claims to the Originators will be financed by, and will be limited recourse to, the Notes Further Instalment Payments received from each of the Initial Notes Subscribers on the Notes Increased Date.

### **Warranties in relation to the Portfolios**

On the Signing Date, the Issuer, Banco Popolare and Creberg entered into a warranty and indemnity agreement (the “**Warranty**”).

**and Indemnity Agreement**”), pursuant to which Banco Popolare and Creberg have given certain representations and warranties in favour of the Issuer in relation to, respectively, the Banco Popolare Portfolios and the Creberg Portfolios 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 Claims.

Pursuant to the Warranty and Indemnity Agreement, the Issuer may, in specific limited circumstances relating to a breach of representations in relation to the Mortgage Loans, require the relevant Originator to repurchase certain Claims. The Warranty and Indemnity Agreement is governed by Italian law.

#### **Servicing and collection procedures**

Pursuant to the terms of the Servicing Agreement, each Servicer has agreed to administer and service, respectively, the Banco Popolare Portfolios and the Creberg Portfolios on behalf of the Issuer and, in particular, to:

- (a) collect amounts due in respect thereof;
- (b) administer relationships with any person who is a borrower under a Mortgage Loan; and
- (c) commence and pursue any enforcement proceedings in respect of any borrowers who may default.

Any monies paid in respect of (i) the Banco Popolare Mortgage Loans (the “**Banco Popolare Collections**”); and (ii) the Creberg Mortgage Loans (the “**Creberg Collections**”) and, together with the Banco Popolare Collections, the “**Collections**”) are initially paid to the relevant Servicer.

The Collections are required to be transferred by the relevant Servicer into the relevant Interim Account by no later than the receipt date, for value as at the relevant receipt date in accordance with the procedure described in the Servicing Agreement. In particular, payments made: (i) through the direct debit mechanism will automatically pass from the current account of the relevant Borrower to the relevant Interim Account; and (ii) by, respectively, cash, inter-banking direct debit of the Borrowers’ bank account opened with a bank other than the Originator (*R.I.D. – rimessa interbancaria diretta*) and payment request (*MAV – mediante avviso*) will be credited by the Servicer on the relevant Interim Account through an automatic process.

Collections in respect of the Mortgage Loans will be calculated by reference to successive three-month periods.

“**Collection Date**” means the 31 March, 30 June, 30 September and 31 December of each year.

“**Collection Period**” means (a) prior to the service of an Issuer Acceleration Notice, each trimester commencing on the first calendar day of January, April, July and October (included) of each year and ending on, respectively, the last calendar day of

March, June, September and December (included) of each year until the full reimbursement of the Notes, being the first collection period the period commencing on the Valuation Date (included) and ending on 31 March 2013 (included), and (b) following the service of an Issuer Acceleration Notice, each period commencing on (but excluding) the last day of the preceding Collection Period and ending on (and including) the immediately following Accumulation Date.

Each of the Servicers have undertaken to prepare and submit to the Computation Agent, the Rating Agencies, the Corporate Servicer, the Representative of the Noteholders and the Issuer, by no later than seven Business Days immediately following the end of each preceding Collection Period (each such date, a “**Reporting Date**”), quarterly reports (each, a “**Servicer Report**”) in the form set out in the Servicing Agreement and containing information as to the Portfolios, the Claims and the Collections in respect of the preceding Collection Period. The first Reporting Date will be 10 April 2013.

### Servicing fees

In return for the services provided by each of the Servicers in relation to the ongoing management of the Portfolios, on each Interest Payment Date and in accordance with the Priority of Payments, the Issuer will pay to each of the Servicers, the following amounts:

- (a) in connection with the collection of the Claims of the relevant Portfolios (other than the Defaulted Claims of the relevant Portfolios), an amount equal to 0,50 per cent. (on a yearly basis calculated according to the Act/360 method) of the Collections in respect of the Claims of the relevant Portfolios (other than the Defaulted Claims of the relevant Portfolios) in the immediately preceding Collection Period (including VAT where applicable) as better specified in the Servicing Agreement;
- (b) in connection with the management of the Claims of the relevant Portfolios (other than the Defaulted Claims of the relevant Portfolios), an annual fee of € 10,000.00 (including VAT where applicable) payable by the Issuer *pro quota* on each Interest Payment Date; and
- (c) in connection with the recovery of the Defaulted Claims of the relevant Portfolios, an amount equal to 0,25 per cent. of the recoveries in respect of the Defaulted Claims of the relevant Portfolios collected in the immediately preceding Collection Period, (excluding VAT where applicable).

“**Crediti ad Incaglio**” means those Claims (A)(i) under which there are at least (I) 6 (six) Unpaid Instalments (in case of monthly payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (II)

3 (three) Unpaid Instalments (in case of two-monthly payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (III) 2 (two) Unpaid Instalments (in case of quarterly payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (IV) 1 (one) Unpaid Instalment (in case of semi-annual payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (V) 1 (one) Unpaid Instalment (in case of annual payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (ii) which are classified as delinquent (*crediti ad incaglio*) by the relevant Servicer on behalf of the Issuer in accordance with the Bank of Italy's supervisory regulations and the relevant collection policies and (B) which are not yet classified as Defaulted Claims.

**“Crediti in Sofferenza”** means those Claims which are classified as such by the relevant Servicer on behalf of the Issuer in accordance with the regulation of the Bank of Italy and the relevant Collection Policies.

**“Defaulted Claims”** means those Claims (A) under which there are at least (i) 7 (seven) Unpaid Instalments whether consecutive or otherwise (in case of monthly payment) or (ii) 4 (four) Unpaid Instalments whether consecutive or otherwise (in case of two-monthly payment) or (iii) 3 (three) Unpaid Instalments whether consecutive or otherwise (in case of quarterly payment) or (iv) 2 (two) Unpaid Instalments (in case of semi-annual payment) or (vi) 1 (one) Unpaid Instalment (in case of annual payment), or (B) are classified as *Crediti in Sofferenza* by the relevant Servicer.

**“Unpaid Instalment”** means an instalment which, at a given date, is due but not fully paid and remains such for at least 30 (thirty) calendar days, following the date on which it should have been paid under the terms of the relevant Mortgage Loan.

#### 4. THE ACCOUNTS OF THE ISSUER

##### The Accounts

- (A) Pursuant to the terms of the Agency and Accounts Agreement, the Issuer has opened with the Interim Account Bank:
  - (a) a euro-denominated current account into which, *inter alia*, the Servicer of the Banco Popolare Portfolios will be required to deposit all the Banco Popolare Collections as they are collected in accordance with the Servicing Agreement (the **“Banco Popolare Interim Account”**);
  - (b) a euro-denominated current account into which, *inter alia*, the Servicer of the Creberg Portfolios

will be required to deposit all the Creberg Collections as they are collected in accordance with the Servicing Agreement (the “**Creberg Interim Account**” and together with the Banco Popolare Interim Account,, the “**Interim Accounts**” and, any one of them, an “**Interim Account**”); and

- (c) a euro-denominated current account into which the Issuer will deposit € 50,000 (the “**Retention Amount**”) on the Issue Date (the “**Expenses Account**” and, together with the Interim Accounts, the “**Guaranteed Accounts**”). The Expenses Account will then be replenished on each Interest Payment Date, in accordance with the Pre-Enforcement Priority of Payments and subject to the availability of sufficient Issuer Available Funds, up to the Retention Amount and such amount will be applied by the Issuer to pay all fees, costs, expenses and taxes required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation.
- (B) Pursuant to the terms of the Agency and Accounts Agreement, the Issuer has opened with the Principal Paying Agent a euro-denominated current account into which, *inter alia*, on the Business Day immediately preceding each Interest Payment Date the Issuer will be required to transfer from the other Transaction Accounts the amounts necessary to make the payments due in accordance with the applicable Priority of Payments (the “**Payments Account**”).
- (C) Pursuant to the terms of the Agency and Accounts Agreement, the Issuer has opened the following accounts with the Transaction Bank:
  - (a) a euro-denominated account with respect to the Claims (the “**Collection Account**”) into which the Interim Account Bank will be required to transfer, on a daily basis, the balance standing to the credit of the Interim Account;
  - (b) a euro-denominated current account into which the Issuer will be required to deposit, *inter alia*, (i) on the Issue Date, €60,000,000.00 (sixty million), being the amount to be drawdown by the Issuer under the Subordinated Loan Agreement; plus € 4,000,000.00 (four million), being equal to a portion of the aggregate amounts collected under the Mortgage Loans between the Valuation Date

(included) and the Signing Date (but excluding those collections constituting repayment of principal and prepayments); and (ii) on each Interest Payment Date, in accordance with the Pre-Enforcement Priority of Payments and subject to the availability of sufficient Issuer Available Funds, the amount (if any) necessary to replenish it so that the balance of the Cash Reserve Account equals the Target Cash Reserve Amount (the “**Cash Reserve Account**” and, together with the Collection Account the “**Transaction Accounts**” and any one of them, the “**Transaction Account**” and together with the Guaranteed Accounts and the Payments Account, the “**Accounts**” and any one of them, the “**Account**”).

In accordance with the Securitisation Law, the Issuer is a multi-purpose vehicle and in the context of the issuance of the Previous Securitisations Notes has opened certain bank accounts. The sums standing from time to time to the credit of such bank accounts will not be available to the Issuer Creditors because, pursuant to the Securitisation Law, the assets relating to each securitisation transaction will constitute assets segregated for all purposes from the assets of the Issuer and from the assets relating to other securitisation transactions. The assets relating to a particular securitisation transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to the general creditors of the Issuer.

The Issuer has already engaged in the following securitisation transaction carried out in accordance with the Securitisation Law:

a securitisation transaction completed in June 2009 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing mortgage loans acquired from da Banca Popolare di Crema S.p.A., Banca Popolare di Cremona S.p.A., Banca Popolare di Lodi S.p.A., Banca Popolare di Novara S.p.A., Banca Popolare di Verona - S. Geminiano e S. Prospero S.p.A., Credito Bergamasco S.p.A., Banco Popolare - Società Cooperativa, Cassa di Risparmio di Lucca Pisa Livorno S.p.A. (the “**Previous Portfolios**”), and (ii) the issue of asset-backed notes in an aggregate amount of €3,990,474,000 (the “**Previous Securitisation Notes**” “).

The Issuer has also opened with Deutsche Bank S.p.A. a euro-denominated account (the “**Equity Capital Account**”) into which the sum representing 100 per cent. of the Issuer’s equity capital (equal to €12,000) has been deposited and will remain deposited therein for so long as all notes issued (including the Previous Securitisations Notes) or to be issued by the Issuer (including the Notes) have been paid in full.

## **Provisions relating to the Transaction Bank**

Pursuant to the Agency and Accounts Agreement, the Transaction Bank has agreed to provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies and securities, as applicable, from time to time standing to the credit of the Transaction Accounts, including the preparation of statements of account on each Reporting Date (the “**Statement of the Transaction Accounts**”).

If the Transaction Bank ceases to be: (i) in case of Banco Popolare, an Eligible Transaction Bank; or (ii) in case of any successor of Banco Popolare, an Eligible Institution,

- (a) the Transaction Bank will notify the Issuer, the Representative of the Noteholders and the Rating Agencies thereof and will act on a best effort basis in order to, by no later than 20 (twenty) calendar days’ from the date on which the relevant downgrading occurs, select a leading bank:
  - (i) approved by the Representative of the Noteholders and by the Issuer; and
  - (ii) which is an Eligible Institution, willing to act as successor Transaction Bank thereunder; and
- (b) the Issuer will, by no later than 30 (thirty) calendar days’ from the date on which the relevant downgrading occurs,
  - (i) appoint that bank specified above as successor Transaction Bank (and will promptly after so doing notify the Representative of the Noteholders and the Rating Agencies thereof) which, on or before the replacement of the Transaction Bank, shall agree to become bound by the provisions of this Agreement, the Intercreditor Agreement and of any other agreement providing for, mutatis mutandis, the same obligations contained in this Agreement for the Transaction Bank;
  - (ii) open a replacement Collection Account, a replacement Cash Reserve Account and a replacement Expenses Account with the successor Transaction Bank specified in (a) above; and procure that a legal, valid and binding guarantee substantially in the form of the Deed of Charge is created thereon;
  - (iii) transfer the balance standing to the credit of, respectively, the Collection Account, the Cash Reserve Account and the Expenses Account (if opened in accordance with the Agency and Accounts Agreement) to the credit of each of the relevant replacement accounts set out above;
  - (iv) close the Collection Account, the Cash Reserve



Account and the Expenses Account (if opened in accordance with the Agency and Accounts Agreement) once the steps under (i), (ii) and (iii) are completed; and

- (v) terminate the appointment of the Transaction Bank (and will promptly after so doing notify the Representative of the Noteholders and the Rating Agencies thereof) once the steps under (i), (ii), (iii) and (iv) are completed,

provided that:

- (c) the administrative costs incurred with respect to the selection of a successor Transaction Bank (which, for the avoidance of doubt, shall not include any fees payable to, or costs and expenses of, the successor Transaction Bank) under (a) above and the transfer of funds referred under (b) above shall be borne by the replaced Transaction Bank; and
- (d) in case the successor Transaction Bank is not selected within the term under clause (a) above, the Issuer, with the cooperation of the Representative of the Noteholders, will select such successor Transaction Bank being an Eligible Institution.

**Provisions relating to the  
Principal Paying Agent**

If the Principal Paying Agent ceases to be an Eligible Institution,

- (a) the Principal Paying Agent will notify the Issuer, the Representative of the Noteholders and the Rating Agencies thereof and will act on a best effort basis in order to, by no later than 20 (twenty) calendar days' from the date on which the relevant downgrading occurs, select a leading bank:
  - (i) approved by the Representative of the Noteholders and by the Issuer; and
  - (ii) which is an Eligible Institution, willing to act as successor Principal Paying Agent thereunder; and
- (b) the Issuer will, by no later than 30 (thirty) calendar days' from the date on which the relevant downgrading occurs,
  - (i) appoint that bank specified above as successor Principal Paying Agent (and will promptly after so doing notify the Representative of the Noteholders and the Rating Agencies thereof) which, on or before the replacement of the Principal Paying Agent shall agree to become bound by the provisions of this Agreement, the Intercreditor Agreement and of any other relevant agreement providing for, mutatis mutandis, the same obligations contained in this Agreement for the

Principal Paying Agent;

- (ii) open a replacement Payments Account with the successor Principal Paying Agent specified in (a) above, and procure that a legal, valid and binding guarantee substantially in the form of the Deed of Pledge is created thereon;
- (iii) transfer the balance standing to the credit of the Payments Account to the credit of the relevant replacement account set out above;
- (iv) close the Payments Account once the steps under (i), (ii) and (iii) are completed; and
- (v) terminate the appointment of the Principal Paying Agent (and will promptly after so doing notify the Representative of the Noteholders and the Rating Agency thereof) once the steps under (i), (ii), (iii) and (iv) are completed,

provided that:

- (c) the administrative costs incurred with respect to the selection of a successor Principal Paying Agent (which, for the avoidance of doubt, shall not include any fees payable to, or costs and expenses of, the successor Principal Paying Agent) under (a) above and the transfer of funds referred under (b) above shall be borne by the replaced Principal Paying Agent; and
- (d) in case the successor Principal Paying Agent is not selected within the term under clause (a) above, the Issuer, with the cooperation of the Representative of the Noteholders, will select such successor Principal Paying Agent being an Eligible Institution.

**“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 and having at least the following ratings:

- (a) with respect to Moody’s: at least "Baa3" by Moody’s in respect of the long-term rating; and
- (b) with respect to DBRS: (1) at least "BBB" by DBRS in respect of long-term debt public rating; or (2) if there is no such public rating, a private rating supplied by DBRS of at least "BBB". In the event of a depository institution which does not have a private rating nor a public rating from DBRS, then for DBRS the Eligible Institution will mean a depository institution which has the 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 "Baa2" by Moody's;

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

**"Eligible Transaction Bank"** means any depository institution organised under the laws of any State which is a member of the European Union or of the United States and having at least the following ratings:

- (a) with respect to Moody's: at least "Baa3" by Moody's in respect of the long-term rating; and
- (b) with respect to DBRS: (1) at least "BBB" by DBRS in respect of long-term debt public rating; or (2) if there is no such public rating, a private rating supplied by DBRS of at least "BBB";

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

### Computation Agency

Pursuant to the Agency and Accounts Agreement, the Computation Agent has agreed to provide the Issuer with certain calculation, notification and reporting services in relation to the Claims and the Notes. By no later than 3 (three) Business Days prior to each Interest Payment Date (each such date, a **"Calculation Date"**) or, upon request by the Representative of the Noteholders, following the delivery of an Issuer Acceleration Notice, the Computation Agent will calculate, based, *inter alia*, on the Statements of the Guaranteed Accounts and on the Statements of the Transaction Accounts, the Issuer Available Funds and the payments to be made under the Priority of Payments set out below and will prepare a report (the **"Payments Report"**) setting forth, *inter alia*, each of the above amounts and will deliver the Payments Report to, *inter alia*, the Issuer, the Servicers, the Corporate Servicer, the Rating Agencies, the Principal Paying Agent, the Interim Account Bank, the Transaction Bank and the Representative of the Noteholders.

In addition, the Computation Agent has agreed to prepare and deliver (by no later than five Business Days immediately following each Interest Payment Date) to, *inter alia*, the Issuer, the Servicers, the Corporate Servicer, the Rating Agencies, the Principal Paying Agent, the Interim Account Bank, the Transaction Bank, the Representative of the Noteholders, a report substantially in the form set out in the Agency and Accounts Agreement (the **"Investor Report"**) containing details of, *inter alia*, the Claims, amounts received by the Issuer from any source during the preceding Collection Period, amounts paid by the Issuer during such Collection Period and amounts paid by the Issuer on the immediately preceding Interest Payment Date.

In carrying out its duties, the Computation Agent will be entitled to rely on certain information provided to it by, amongst others, each of the Servicers, the Interim Account Bank, the Transaction Bank, the Agent Bank, the Issuer and the Computation Agent will not be liable for any omission or error in so doing, save as are caused by its own gross negligence (*colpa grave*) or wilful misconduct (*dolo*).

**Payments under the Notes**

Based on the Payments Report, the Principal Paying Agent will make the payments under the Notes set forth in the relevant Priority of Payments described below.

**5. PRIORITY OF PAYMENTS**

**Issuer Available Funds**

On each Calculation Date, the Computation Agent will calculate the Issuer Available Funds which will be used by the Issuer to make the payments contained in the Priority of Payments set out below.

**“Issuer Available Funds”** means:

- (i) as of each Calculation Date prior to the service of an Issuer Acceleration Notice, an amount equal to the sum of:
  - (a) the amount standing to the credit of the Collection Account and of the Payments Account as at the end of the Collection Period immediately preceding the relevant Calculation Date consisting of, *inter alia*:
    - (I) payment of interest and repayment of principal under the Mortgage Loans,
    - (II) any collections and/or recovery in respect of Defaulted Claims including any disposal proceeds deriving from the sale of any Defaulted Claims,
    - (III) any amount received by the Issuer under any of the Transaction Documents during the preceding Collection Period,
    - (IV) all amounts of interest accrued in respect of any of the Transaction Accounts and paid during the Collection Period immediately preceding such Calculation Date, and
  - (b) the Cash Reserve as at the relevant Calculation Date necessary to pay amounts due under items from (First) to (Fourth) (included) of the Pre-Enforcement Priority of Payments in the event of a shortfall of the Issuer Available Funds in respect of such amounts on the relevant Interest Payment Date, provided that the Cash Reserve

- could be fully utilised (i) starting from the Interest Payment Date on which the Class A Notes are repaid in full, (ii) if by doing so the Class A Notes will be fully redeemed on that Interest Payment Date and (iii) on the earlier of (a) the Maturity Date and (b) the first Interest Payment Date on which the Post – Enforcement Priority of Payments applies;
- (c) any refund or repayment obtained by the Issuer from any tax authority in respect of the Claims, the Transaction Documents or, otherwise, the Securitisation during the immediately preceding Collection Period; and
  - (d) on each Calculation Date immediately preceding the Final Redemption Date and on any Calculation Date thereafter, the amount standing to the balance of the Expenses Account,
- (ii) as of each Calculation Date following the service of an Issuer Acceleration Notice, the aggregate of the amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims, the Note Security and the Issuer’s Rights under the Transaction Documents.

On any Interest Payment Date, the Issuer will apply the Issuer Available Funds, after making payments ranking in priority thereto, in accordance with the Pre-Enforcement Priority of Payments, in redemption of the Class A Notes up to the relevant Principal Amount Outstanding in accordance with the provisions of the Pre-Enforcement Priority of Payments and the Conditions.

**“Insurance Premia”** means the insurance premia paid by each of the Originators and which are due to the relevant Originator by the Issuer in accordance with the relevant Transfer Agreements.

**“Rateo Amount”** has the meaning given to the term *“Ratei”* in the relevant Transfer Agreement and **“Rateo Amounts”** means the aggregate of the Rateo Amount of each Transfer Agreement;

**“Originator’s Claims”** means, collectively, the monetary claims that the relevant Originator may have from time to time against the Issuer under the relevant Transfer Agreements (other than in respect of the relevant Purchase Price) and the Warranty and Indemnity Agreement, and including, without limitation, the relevant Rateo Amounts, the relevant Insurance Premia, the interest on the relevant Purchase Price and all amounts due and payable to the relevant Originator for the repayment of any loan granted to the Issuer under clause 12.4 of the relevant Transfer Agreements and clause 6.4.3 of the Warranty and Indemnity Agreement.

“**Servicer’s Advance**” means those amounts due to the relevant Servicer under clause 12.5.4 of the Servicing Agreement.

**Pre-Enforcement Priority of Payments**

Prior to the service of an Issuer Acceleration Notice, the Issuer Available Funds as calculated on each Calculation Date will be applied by the Issuer on the Interest Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority (the “**Pre-Enforcement Priority of Payments**”) but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

- (i) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
  - (A) any and all outstanding taxes due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs and to the extent not paid by Banco Popolare and Creberg under the Letter of Undertaking);
  - (B) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer’s business in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs and to the extent not paid by Banco Popolare and Creberg under the Letter of Undertaking);
  - (C) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or ratings of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs);
- (ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
  - (A) any and all outstanding fees, costs and expenses of and all other amounts due and payable to the Representative of the Noteholders, or any appointee thereof; and
  - (B) the amount necessary to replenish the Expenses

Account up to the Retention Amount;

- (iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses due and payable to, the Principal Paying Agent, the Agent Bank, the Computation Agent, the Back-up Servicer Facilitator, the Servicers (including any amount due to the Servicers as Servicer's Senior Reimbursements), the Corporate Servicer, the Administrative Servicer, the Interim Account Bank and the Transaction Bank, each, under the Transaction Document(s) to which it is a party;
- (iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class A Notes;
- (v) *fifth*, for so long as there are Class A Notes outstanding, to credit the Cash Reserve Account with the amount required, if any, such that the Cash Reserve equals the Target Cash Reserve Amount;
- (vi) *sixth*, on each Interest Payment Date, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class A Notes;
- (vii) *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to each of the Originators in respect of the relevant Rateo Amounts (if any) under the terms of the Transaction Documents;
- (viii) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest and principal due and payable to each of the Subordinated Loan Providers under the terms of the Subordinated Loan Agreement;
- (ix) *ninth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
  - (A) all amounts due and payable to each of the Originators in respect of the relevant Originator's Claims (if any) under the terms of the Transaction Documents;
  - (B) all amounts due and payable to each of the Servicers as (i) Servicer's Advance (if any) and/or (ii) Servicer's Junior Reimbursements, under the terms of the Servicing Agreement; and
  - (C) all amounts due and payable to Banco Popolare and Creberg in connection with the granting of a

limited recourse loan under the Letter of Undertaking;

- (x) *thtenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any Other Issuer Creditor incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Pre-Enforcement Priority of Payments);
- (xi) *eleventh* in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of the Junior Notes is equal to € 50,000;
- (xii) *twelfth*, on the Final Redemption Date and on any Interest Payment Date thereafter, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Junior Notes are redeemed in full; and
- (xiii) *thirteenth*, up to but excluding the Final Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, of the Junior Notes Remuneration (if any) due and payable on the Junior Notes; and

provided, however, that, should the Computation Agent not receive within five Business Days from the relevant Reporting Date the Servicer Report necessary for it to prepare the Payments Report in respect of any Calculation Date, the Computation Agent shall promptly inform the Issuer, the Rating Agencies and the Representative of the Noteholders (the “**Servicer Report Delivery Failure Event**”).

On or prior to any such Calculation Date, based on the information available as of such date, the Computation Agent will calculate:

- (I) the interest payable in respect of the Class A Notes on the immediately following Interest Payment Date;
- (II) the fees payable to each Servicer on the immediately following Interest Payment Date pursuant to item (iii) of the Pre-Enforcement Interest Priority of Payments which shall be assumed to be equal to the amount specified in the last available Servicer Report; and
- (III) without duplication of (b) above, the payments (if any) to be made on the immediately following Interest Payment Date pursuant to items from (i) to (iv) of the Pre-Enforcement Interest Priority of Payments,

and, based on the information listed above, will compile a payments report in substantially the form attached hereto as schedule 5 to the Agency and Accounts Agreement (the



**“Provisional Payments Report”).**

Following distribution of the Provisional Payments Report, the Computation Agent will promptly prepare an instruction for the payment of the amounts detailed in the relevant Provisional Payments Report to be submitted to the Issuer for authorisation purposes and to be forwarded to the Principal Paying Agent once signed by the Issuer.

On the Interest Payment Date immediately following the occurrence of a Servicer Report Delivery Failure Event all sums available to the Issuer after payment of all amounts due and payable from (i) to (iv) of the Pre-Enforcement Priority of Payments will be applied by the Issuer:

- (i) *first*, to the credit of the Cash Reserve Account the amount necessary to replenish it so that the Cash Reserve standing to the credit of the Cash Reserve Account equals the Target Cash Reserve Amount (if any); and
- (ii) *second*, to the credit of the Collection Account.

On the Calculation Date immediately following the Interest Payment Date on which a Servicer Report Delivery Failure Event has occurred (the **“Partial Distribution Interest Payment Date”**), subject to receipt of the relevant Servicer Report, the Computation Agent will make any necessary adjustment to take into account any differences and/or discrepancies between (i) the amounts paid on the immediately preceding Partial Distribution Interest Payment Date on the basis of the Provisional Payments Report and (ii) the actual amounts that would have been due on such Interest Payment Date had the relevant Servicer Report been delivered.

From time to time, during an Interest Period, the Issuer shall, in accordance with the Agency and Accounts Agreement, be entitled to apply amounts standing to the credit of the Expenses Account in respect of certain monies which properly belong to third parties, other than the Noteholders and the Other Issuer Creditors, in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation, and in payment of sums due to third parties, other than the Noteholders and the Other Issuer Creditors, under obligations incurred in the course of the Issuer’s business.

**Post-Enforcement Priority of Payments**

Following the service of an Issuer Acceleration Notice, or, in the event that the Issuer opts for the early redemption of the Notes under Condition 7(c) (*Optional redemption of the Notes*) or Condition 7(d) (*Optional redemption for taxation, legal or regulatory reasons*), the Issuer Available Funds as calculated on each Calculation Date will be applied by or on behalf of the Representative of the Noteholders on the Interest Payment Date immediately following such Calculation Date in making payments or provisions in the following order (the **“Post-Enforcement**

**Priority of Payments**”) but, in each case, only if and to the extent that payments of a higher priority have been made in full:

- (i) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
  - (A) any and all outstanding taxes due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs and to the extent not paid by Banco Popolare and Creberg under the Letter of Undertaking);
  - (B) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer’s business in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs and to the extent not paid by Banco Popolare and Creberg under the Letter of Undertaking);
  - (C) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or ratings of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs);
- (ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
  - (A) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or ratings of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs); and
  - (B) any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof;
- (iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all

outstanding fees, costs and expenses due and payable to, the Principal Paying Agent, the Agent Bank, the Computation Agent, the Back-up Servicer Facilitator, the Servicers (including any amount due to the Servicers as Servicer's Senior Reimbursements), the Corporate Servicer, the Administrative Servicer, the Interim Account Bank and the Transaction Bank, each, under the Transaction Document(s) to which it is a party;

- (iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class A Notes at such date;
- (v) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class A Notes;
- (vi) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to each of the Originators in respect of the relevant Rateo Amounts (if any) under the terms of the Transaction Documents;
- (vii) *seventh*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof:
  - (A) all amounts due and payable to each of the Originators in respect of the relevant Originator's Claims (if any) under the terms of the Transaction Documents;
  - (B) all amounts due and payable to each of the Servicers as (i) Servicer's Advance (if any) and/or (ii) Servicer's Junior Reimbursements, under the terms of the Servicing Agreement; and
  - (C) all amounts due and payable to Banco Popolare and Creberg in connection with the granting of a limited recourse loan under the Letter of Undertaking;
- (viii) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest and principal due and payable to each of the Subordinated Loan Providers under the terms of the Subordinated Loan Agreement;
- (ix) *ninth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of the Junior Notes is equal to € 50,000;

- (x) *tenth*, on the Post-Enforcement Final Redemption Date and on any date thereafter, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Junior Notes are redeemed in full; and
- (xi) *eleventh*, up to but excluding the Post-Enforcement Final Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of the Junior Notes Remuneration at such date,

provided, however, that if the amount of the monies at any time available to the Issuer or to the Representative of the Noteholders for the payments above shall be less than 10 (ten per cent.) of the Principal Amount Outstanding of all Classes of Notes, the Representative of the Noteholders may at its discretion invest such monies in some or one of the investments authorised pursuant to the Intercreditor Agreement. The Representative of the Noteholders at its discretion may vary such investments and may accumulate such investments and the resulting income until the immediately following Accumulation Date.

The Issuer is entitled, pursuant to the Intercreditor Agreement, to dispose of the Claims in order to finance the redemption of the Notes following the service of an Issuer Acceleration Notice.

## 6. EVENTS OF DEFAULT

If any of the following events occurs (each, an “**Event of Default**”):

- (i) *Non-payment*:
  - (a) the Issuer fails to repay any amount of principal in respect of the Class A Notes on the Maturity Date (provided that a 3 (three) Business Days' grace period shall apply and further provided that non payment of principal on the Notes due to the relevant Servicer not having provided the Servicer Report (as described in Condition 3(d) (*Pre-Enforcement Priority of Payments*) shall not constitute an Event of Default) or fails to pay any Interest Amount within five days of the relevant Interest Payment Date; or
  - (b) having enough Issuer Available Funds available in accordance with the applicable Order of Priority to pay the amount of principal then due and payable on the Class A Notes, the Issuer defaults in the payment of such amount for a period of 3 (three) Business Days from the due date thereof (provided that non payment of principal on the Notes due to the relevant Servicer not having provided the Servicer Report (as described in Condition 3(d)

(*Pre-Enforcement Priority of Payments*)) shall not constitute an Event of Default); or

- (ii) *Breach of other obligations*: the Issuer fails to perform or observe any of its other obligations under or in respect of the Class A Notes (other than any obligation for the payment of principal or interest on the Class A Notes), the Intercreditor Agreement or any other Transaction Document to which it is a party and such default is, in the sole opinion of the Representative of the Noteholders, (A) incapable of remedy or (B) capable of remedy, but remains unremedied for 30 days or such longer period as the Representative of the Noteholders may agree (in its sole discretion) after the Representative of the Noteholders has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Class A Noteholders and requiring the same to be remedied; or
- (iii) *Failure to take action*: any action, condition or thing at any time required to be taken, fulfilled or done in order:
  - (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Class A Notes and the Transaction Documents to which the Issuer is a party; or
  - (B) to ensure that those obligations are legal, valid, binding and enforceable,is not taken, fulfilled or done at any time and the Representative of the Noteholders has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Class A Noteholders and requiring the same to be remedied; or
- (iv) *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer or the Issuer becomes Insolvent; 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 Class A Notes or the Transaction Documents to which the Issuer is a party.

then (subject to Condition 10(b) (*Consequences of service of an Issuer Acceleration Notice*)), the Representative of the Noteholders may, at its sole discretion, and shall:

- (a) if so directed in writing by the holders of at least 60 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes; or
- (b) if so directed by an Extraordinary Resolution of the

holders of the Most Senior Class of Notes, give written notice (an “**Issuer Acceleration Notice**”) to the Issuer and to the Servicers declaring the Notes to be due and payable, provided that:

- (a) in the case of the occurrence of any of the events mentioned under point (ii) above (*Breach of other obligations*) and under point (iii) above (*Failure to take action*), the service of an Issuer Acceleration Notice has been approved by an Extraordinary Resolution of the holders of the Most Senior Class of Notes; and
- (b) in each case, the Representative of the Noteholders shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered) to which it may thereby become liable or which it may incur by so doing.

**Consequences of service of an Issuer Acceleration Notice**

Upon the service of an Issuer Acceleration Notice (i) the Notes of each Class shall become immediately due and repayable at their Principal Amount Outstanding, together with any interest accrued but which has not been paid on any preceding Interest Payment Date in accordance with Condition 6(j) (*Interest Amount Arrears*), without further action, notice or formality; (ii) the Note Security shall become immediately enforceable; and (iii) the Representative of the Noteholders may, subject to Condition 11(b) (*Restrictions on disposal of Issuer’s assets*) dispose of the Claims in the name and on behalf of the Issuer by virtue of the power of attorney granted in accordance with the Mandate Agreement.

**7. REDEMPTION OF THE NOTES**

**Optional redemption of the Notes**

Prior to the service of an Issuer Acceleration Notice, the Issuer may redeem the Notes of all Classes (in whole but not in part) or the Class A Notes only, if all the Junior Noteholders consent, at their Principal Amount Outstanding (plus any accrued but unpaid interest) in accordance with the Post-Enforcement Priority of Payments and subject to the Issuer having sufficient funds to redeem all the Notes (or the Class A Notes only, if all the Junior Noteholders consent) and to make all payments ranking in priority, or *pari passu*, thereto, on any Interest Payment Date, subject to the Issuer:

- (a) giving not more than 60 (sixty) nor less than 30 (thirty) days’ notice to the Representative of the Noteholders, the Noteholders and the Rating Agencies, in accordance with Condition 17 (*Notices*), of its intention to redeem all Classes of Notes (in whole but not in part); and
- (b) having provided, prior to giving any such notice, to the Representative of the Noteholders a certificate signed by the chairman of the board or the sole director of the Issuer (as applicable) to the effect that it will have the funds on

such Interest Payment Date to discharge its obligations under the Notes (or the Class A Notes only, if all the Junior Noteholders consent) and any obligations ranking in priority, or *pari passu*, thereto; and

- (c) giving not more than 60 (sixty) nor less than 30 (thirty) days' written notice to the Bank of Italy of its intention to redeem all Classes of Notes (in whole but not in part).

The Issuer is entitled, pursuant to the Intercreditor Agreement, to dispose of the Claims in order to finance the redemption of the Notes in the circumstances described above.

**Optional redemption for  
taxation, legal or regulatory  
reasons**

Prior to the service of an Issuer Acceleration Notice, the Issuer may redeem the Notes of all Classes (in whole but not in part) or the Class A Notes only, if all the Junior Noteholders consent, at their Principal Amount Outstanding (plus any accrued but unpaid interest) in accordance with the Post-Enforcement Priority of Payments and subject to the Issuer having sufficient funds to redeem all the Notes (or the Class A Notes only, if all the Junior Noteholders consent) and to make all payments ranking in priority, or *pari passu*, thereto (plus any additional taxes payable by the Issuer by reason of such early redemption of the Notes), on any Interest Payment Date if, by reason of a change in law or the interpretation or administration thereof since the Issue Date:

- (a) the assets of the Issuer in respect of this Securitisation (including the Claims, the Collections and the other Issuer's Rights) become subject to taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political sub-division thereof or by any authority thereof or therein or by any applicable taxing authority having jurisdiction; or
- (b) either the Issuer or any paying agent appointed in respect of the Class A Notes or any custodian of the Class A Notes is required to deduct or withhold any amount (other than in respect of a Decree 239 Withholding) in respect of any Class of Class A Notes, from any payment of principal or interest on such Interest Payment Date for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political sub-division thereof or by any authority thereof or therein or by any other applicable taxing authority having jurisdiction and provided that such deduction or withholding may not be avoided by appointing a replacement paying agent or custodian in respect of the Class A Notes before the Interest Payment Date following the change in law or the

interpretation or administration thereof; or

- (c) any amounts of interest payable on the Mortgage Loans to the Issuer are required to be deducted or withheld from the Issuer for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political sub-division thereof or by any authority thereof or therein or by any other applicable taxing authority having jurisdiction; or
- (d) 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 of the Transaction Documents to which it is a party;

subject to the Issuer:

- (i) giving not more than 60 (sixty) days' nor less than 30 (thirty) days' written notice (which notice shall be irrevocable) to the Representative of the Noteholders and the Noteholders, pursuant to Condition 17 (*Notices*), of its intention to redeem all (but not some only) the Notes (or the Class A Notes only, if all the Junior Noteholders consent); and
- (ii) providing to the Representative of the Noteholders:
  - (A) a legal opinion (in form and substance satisfactory to the Representative of the Noteholders) from a firm of lawyers of international repute (approved in writing by the Representative of the Noteholders) opining on the relevant change in law or interpretation or administration thereof;
  - (B) a certificate from the chairman of the board of directors or the sole director of the Issuer (as applicable) stating that the obligation to make such deduction or withholding or the suffering by the Issuer of such deduction or withholding cannot be avoided or, as the case may be, the events under paragraph (d) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable endeavours; and
  - (C) a certificate from the chairman of the board of directors or the sole director of the Issuer (as applicable) to the effect that it will have the funds on such Interest Payment Date to discharge its obligations under: (i) the Notes (or the Class A Notes only, if all the Junior Noteholders consent) and any obligations ranking in priority, or *pari*



*passu*, thereto; and (ii) any additional taxes payable by the Issuer by reason of such early redemption of the Notes.

The Issuer is entitled, pursuant to the Intercreditor Agreement, to dispose of the Claims in order to finance the redemption of the Notes in the circumstances described above.

#### **Mandatory redemption**

Prior to the service of an Issuer Acceleration Notice, if on any Calculation Date, there are Issuer Available Funds, the Issuer will apply such Issuer Available Funds on the immediately following Interest Payment Date in or towards the mandatory redemption of the Notes of each Class (in whole or in part) in accordance with the Pre-Enforcement Priority of Payments.

The principal amount redeemable in respect of each Note on any Interest Payment Date (each, a “**Principal Payment**”) shall be a *pro rata* share of the Issuer Available Funds determined in accordance with the provisions of this Condition and the Pre-Enforcement Priority of Payments to be available to redeem Notes of the relevant Class 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 the Notes of such Class (rounded down to the nearest cent), provided always that no such Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

#### **Estimated weighted average life of the Class A Notes and assumptions**

The actual weighted average life of the Class A Notes cannot be predicted as the actual rate at which the Mortgage Loans will be repaid and a number of other relevant factors are unknown. Calculations of the estimated weighted average life of the Class A Notes have been based on certain assumptions including, *inter alia*, the assumptions that the Mortgage Loans are subject to a constant payment rate as shown in “*Estimated weighted average life of the Class A Notes and assumptions*”.

The estimated weighted average life of the Class A Notes, at various assumed constant payment rates for the Mortgage Loans, is set out under “*Estimated weighted average life of the Class A Notes and assumptions*”.

### **8. CREDIT STRUCTURE**

#### **Cash Reserve**

The Issuer will establish a reserve fund in the Cash Reserve Account.

“**Cash Reserve**” means the monies standing to the credit of the Cash Reserve Account at any given time.

The Cash Reserve Account will be funded on the Issue Date in an amount equal to € 60,000,000.00 (sixty million), being the amount to be drawdown under the Subordinated Loan Agreement, and (ii) € 4,000,000.00 (four million), being equal to a

portion of the aggregate amounts collected under the Mortgage Loans between the Valuation Date (included) and the Signing Date (but excluding those collections constituting repayment of principal and prepayments).

On each Interest Payment Date, the Cash Reserve will be increased or replenished, as the case may be, up to the Target Cash Reserve Amount out of the Issuer Available Funds and in accordance with the Pre-Enforcement Priority of Payments.

On each Calculation Date, the Cash Reserve (or part of it) will be used to augment the Issuer Available Funds to meet any shortfall of the Issuer Available Funds in respect of payments ranking as items *First to Fourth* of the Pre-Acceleration Order of Priority *provided that* the Cash Reserve could be fully utilised (i) starting from the Interest Payment Date on which the Class A Notes are repaid in full, (ii) if by doing so the Class A Notes will be fully redeemed on the relevant Interest Payment Date and (iii) on the earlier of (a) the Maturity Date and (b) the first Interest Payment Date on which the Post – Enforcement Priority of Payments applies.

“**Target Cash Reserve Amount**” means the amount equal to € 64.000.000 save that the Target Cash Reserve Amount will be reduced to zero in respect of the Interest Payment Date on which the Class A Notes are redeemed in full.

### **Letter of Undertaking**

Pursuant to a letter of undertaking in relation to the Issuer (the “**Letter of Undertaking**”) dated on or about the Issue Date between the Issuer, the Representative of the Noteholders, Banco Popolare and Creberg (in such capacity, the “**Financing Banks**”), the Financing Banks have undertaken to provide the Issuer with all necessary monies (in any form of financing deemed appropriate by the Representative of the Noteholders, for example by way of a subordinated loan, the repayment of which is effected in compliance with item (ix)(C) of the Pre-Enforcement Priority of Payments or, as the case may be, item (vii)(C) of the Post-Enforcement Priority of Payments) in order for the Issuer to pay any losses, costs, expenses or liabilities in respect of certain exceptional liabilities set out in the Letter of Undertaking.

## **RISK FACTORS**

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

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

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may, exclusively or concurrently, occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus 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.*

### **RISK FACTORS IN RELATION TO THE NOTES**

#### **Suitability**

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

Investment in the Notes is only suitable for investors who:

1. have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes;
2. have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;
3. are capable of bearing the economic risk of an investment in the Notes; and
4. recognise that it may not be possible to dispose of the Notes for a substantial period of time, if at all.

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

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

No communication (written or oral) received from the Issuer, the Initial Class A Notes

Subscribers or the Originators or from any other person shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Notes.

### **Performance of the Portfolios**

Each Portfolio comprises residential mortgage loans which qualify either as *mutui fondiari* or as *mutui ipotecari* and which were classified as performing (*crediti in bonis*) by the Originators in accordance with the Bank of Italy's supervisory regulations as at the relevant Valuation Date. Each Portfolio has characteristics that show the capacity to produce funds to service payments due on the Notes. However, there can be no guarantee that the Borrowers will not default under such Mortgage Loans or that they will continue to perform their relevant payment obligations. It should be noted that adverse changes in economic conditions may affect the ability of the Borrowers to repay the Mortgage Loans.

The recovery of overdue amounts in respect of the Mortgage Loans will be affected by the length and by the effectiveness of enforcement proceedings in respect of the Portfolios, which in the Republic of Italy can take a considerable amount of time depending on the type of action required and where such action is taken, as well as depend on several other factors. These factors which can have a significant effect on the length of the proceedings include the following: (i) certain courts may take longer than the national average to enforce the Mortgage Loans and the Mortgages; (ii) obtaining title deeds from land registries which are in the process of digitising their records can take up to two(2) or three (3) years; and (iii) further time is required for the proceedings if it is necessary first to obtain a payment injunction (*decreto ingiuntivo*) and if the Borrower raises a defence or counterclaim to the proceedings. In the Republic of Italy it takes an average of six (6) to seven (7) years from the time lawyers commence enforcement proceedings to the time an auction date is set for the forced sale of any assets. In this respect, it is to be taken into account that Italian Law No. 302 of 3 August 1998 ("*Norme in tema di espropriazione forzata e di atti affidabili ai notai*") (the "Law No. 302") has allowed notaries to conduct certain stages of the foreclosure procedures in place of the courts and that by means of Law No. 80 of 14 May 2005 ("*Conversione in legge, con modificazioni, del decreto-legge 14 marzo 2005, n. 35, recante disposizioni urgenti nell'ambito del Piano di azione per lo sviluppo economico, sociale e territoriale. Deleghe al Governo per la modifica del codice di procedura civile in materia di processo di cassazione e di arbitrato nonché per la riforma organica della disciplina delle procedure concorsuali*") extends such activity to lawyers, certified accountants and fiscal experts enrolled in a special register. The reforms are expected to reduce the length of foreclosure proceedings by between two (2) and three (3) years, although at the date of this Prospectus, the impact which the mentioned laws will have on the Mortgage Loans comprised in the Portfolios cannot be fully assessed. See the section headed "Selected aspects of Italian law".

Recovery proceeds may also be affected by, among other things, a decline in property values. No assurance can be given that the values of the mortgaged properties have remained or will remain at the same level as on the dates of origination of the related Mortgage Loans. If the residential and commercial property market in the Republic of Italy experiences an overall decline in property values, such a decline could, in certain circumstances, result in the value of the security created by the Mortgages being significantly reduced and, ultimately, may result in losses to the Noteholders.

### **No independent investigation in relation to the Portfolios**

None of the Issuer, the Initial Class A Notes Subscribers or any other party to the Transaction

Documents (other than the Originators) has undertaken or will undertake any investigation, searches or other actions to verify the details of the Claims and the Portfolios, 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 Borrowers or any other debtor thereunder. There can be no assurance that the assumptions used in modelling the cash flows of the Claims and the Portfolios accurately reflect the status of the underlying Mortgage Loans.

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

The Issuer will rely instead on the representations and warranties given by the Originators in the Warranty and Indemnity Agreement and in the Transfer Agreements. The only remedies of the Issuer in respect of the occurrence of a breach of a representation and warranty which materially and adversely affects the value of a Claim will be the requirement that the relevant Originator indemnifies the Issuer for the damage deriving therefrom or repurchases the relevant Claim. See “*The Warranty and Indemnity Agreement*”. There can be no assurance that the relevant Originator will have the financial resources to honour such obligations.

The parties to the Warranty and Indemnity Agreement have expressly agreed, pursuant to clause 8.5 thereof, that the Warranty and Indemnity Agreement will expire, save as otherwise provided therein, on the day falling on one year and one day after the earlier of (i) the day on which the Notes have been paid in full and (ii) the Cancellation Date and, therefore, claims for a breach of representation or warranty given by each of the Originators may be pursued against the relevant Originator until that term. However, there is a possibility that legal actions initiated for breach of some representations or warranties are nonetheless subject to a one year statutory limitation period if article 1495 of the Italian civil code (which regulates ordinary sales contracts (*contratti di compravendita*)) is held to apply to the Warranty and Indemnity Agreement.

### **Liquidity and credit risk**

The Issuer is subject to the risk of delay arising between the receipt of payments due from Borrowers and the scheduled Interest Payment Dates. The Issuer is also subject to the risk of, *inter alia*, default in payments by the Borrowers and failure by the Servicers to collect or recover sufficient funds in respect of the Claims in order to enable the Issuer to discharge all amounts payable under the Notes. These risks are mitigated by the liquidity and credit support provided in respect of the Class A Notes, by: (i) the subordination of the Junior Notes and (ii) the Cash Reserve.

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

In each case the performance by the Issuer of its obligations thereunder is dependent on the solvency of the Servicers (or any permitted successors or assignees appointed under the Servicing Agreement) as well as the timely receipt of any amount required to be paid to the Issuer by the various agents and counterparts of the Issuer pursuant to the terms of the Transaction Documents. It is not certain that the Servicers will duly perform at all times their obligations under the Servicing Agreement and that a suitable alternative Servicer could be available to service the Portfolios if Banco Popolare or Creberg become insolvent or their appointment under the Servicing Agreement is otherwise terminated.

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

Recent events in the securitisation markets, as well as the debt markets generally, have caused significant dislocations, illiquidity and volatility in the market for residential mortgage-backed securities, as well as in the wider global financial markets. As at the date of this Prospectus, the secondary market for residential mortgage-backed securities is continuing to experience disruptions resulting from, among other factors, reduced investor demand for such securities. This has had a materially adverse impact on the market value of residential mortgage-backed securities and resulted in the secondary market for residential mortgage-backed securities experiencing very limited liquidity. Structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities have been experiencing funding difficulties and have been forced to sell residential mortgage-backed securities into the secondary market. The price of credit protection on residential mortgage-backed securities through credit derivatives has risen materially. Limited liquidity in the secondary market may continue to have an adverse effect on the market value of residential mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. Consequently, whilst these market conditions continue to persist, an investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and market values of the Notes are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to Noteholders.

It is not known for how long these market conditions will continue and it cannot be assured that these market conditions will not continue to occur or whether they will become more severe.

### **Interest rate risk**

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

### **Limited nature of credit ratings assigned to the rated notes**

Each rating assigned by the Rating Agencies is based, among other things, on the Rating Agencies' determination of the value of the Portfolios, the reliability of the payments on the Portfolios and the availability of credit enhancement.

(A) The ratings do not address, among others, the following:

1. the possibility of the imposition of Italian or European withholding tax; or
2. the marketability of the Rated Notes, or any market price for the Rated Notes; or

3. whether an investment in the Rated Notes is a suitable investment for the Noteholder.
- (B) A rating is not a recommendation to purchase, hold or sell the Rated Notes.
- (C) The Rating Agencies may lower their ratings or withdraw their ratings if, in the sole judgment of the Rating Agencies, the credit quality of the Rated Notes has declined or is in question. If any rating assigned to the Rated Notes is lowered or withdrawn, the market value of the Rated Notes may be affected.

### **Subordination**

Payments of interest and repayment of principal under the Class A Notes are subject to certain subordination and ranking provisions. For a more detailed description of the ranking among the various Classes of Notes and the relative subordination provisions see “*Key features - Summary of the Notes – Ranking*” and Condition 3(b) (*Ranking*).

For so long as there are Class A Notes outstanding interest accruing on the Junior Notes will be deferred until the Interest Payment Date when all the Class A Notes have been redeemed in full.

As a result, to the extent that any losses are suffered by any of the Noteholders, such losses will be borne in the first instance by the Junior Noteholders and then (to the extent that the Class A Notes have not been redeemed) by the holders of the Class A Notes.

Prospective investors in the Class A Notes and the Junior Notes should have particular regard to the sections headed “*Key features - Summary of the Notes – Ranking*” and “*Credit structure*” in determining the likelihood or extent of any shortfall of funds available to the Issuer to meet payments of interest and/or repayment of principal due under the Class A Notes or, as applicable, the Junior Notes.

### **Limited enforcement rights**

The protection and exercise of the Noteholders’ rights and the enforcement of the Note Security is one of the duties of the Representative of the Noteholders. The Conditions limit the ability of individual Noteholders to commence proceedings (including proceedings for a declaration of insolvency) against the Issuer by conferring on the Meeting of the Noteholders the power to determine in accordance with the Rules of the Organisation of Noteholders the ability of any Noteholder to commence any such individual actions. Accordingly, individual Noteholders may not, without breaching the Conditions, be able to commence proceedings or take other individual remedies against the Issuer unless the Meeting of the Noteholders has approved such action in accordance with the provisions of the Rules of the Organisation of Noteholders.

Remedies available for the purpose of recovering amounts owed in respect of the Notes shall be limited to actions in respect of the Claims, the Issuer Available Funds and the Note Security (but, for the avoidance of doubt, excluding the Collateral (if any)). In the event that the amounts recovered pursuant to such actions are insufficient, after payment of all other claims ranking in priority to or *pari passu* with amounts due under the Notes of each Class, to pay in full all principal and interest and other amounts whatsoever due in respect of the Class A Notes, the Class A Noteholders will have no further actions available in respect of any such unpaid amounts.

## **Relationship among Noteholders and between Noteholders and Other Issuer Creditors**

The Intercreditor Agreement contains provisions applicable where, in the opinion of the Representative of the Noteholders, there is a conflict between all or any of the interests of one or more Classes of Noteholders or between one or more Classes of Noteholders and any other Issuer Creditors, requiring the Representative of the Noteholders to have regard only to the holders of the Notes of the Most Senior Class (as defined in Condition 1 (*Definitions*)) then outstanding and the Representative of the Noteholders is not required to have regard to the holders of any other Class of Notes then outstanding, nor to the interests of the other Issuer Creditors, except to ensure that the application of the Issuer's funds is in accordance with the applicable Priority of Payments. In addition, the Intercreditor Agreement contains provisions requiring the Representative of the Noteholders to have regard to the interests of each Class of Noteholders as a class and relieves the Representative of the Noteholders from responsibility for any consequence for individual Noteholders as a result of such Noteholders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction.

Under Condition 10 (*Events of Default*), if an Event of Default occurs, then (subject to Condition 10(b) (*Consequences of service of an Issuer Acceleration Notice*)), the Representative of the Noteholders may, at its sole discretion, and shall:

- (i) if so directed in writing by the holders of at least 60 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes; or
- (ii) if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes,

give an Issuer Acceleration Notice to the Issuer and to the Servicers declaring the Notes to be due and payable, provided that:

- (A) in the case of the occurrence of any of the events mentioned in Condition 10(a)(ii) (*Breach of other obligations*) and Condition 10(a)(iii) (*Failure to take action*), the service of an Issuer Acceleration Notice has been approved by an Extraordinary Resolution of the holders of the Most Senior Class of Notes; and
- (B) in each case, the Representative of the Noteholders shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered) to which it may thereby become liable or which it may incur by so doing.

The Intercreditor Agreement contains provisions requiring the Representative of the Noteholders to have regard to the interests of the Other Issuer Creditors as regards all powers, trusts, authorities, duties and discretions of the Representative of the Noteholders (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 any Class of outstanding Notes and any Other Issuer Creditor, to have regard only (except where specifically provided otherwise) to the interests of the holders of such Class of outstanding Notes, except to ensure that the application of the Issuer's funds is in accordance with the applicable Priority of Payments.

## **Absence of secondary market and limited liquidity**

There is not, at present, an active and liquid secondary market for the Class A Notes, nor can there be any assurance that a secondary market for the Class A Notes will develop. Even if a secondary market does develop, it may not continue for the life of the Class A Notes or it



may leave Class A Noteholders with illiquidity of investment. Illiquidity means that a Class A Noteholder may not be able to find a buyer to buy its Class A Notes readily or at prices that will enable the Class A Noteholder to realise a desired yield. Illiquidity can have a severe adverse effect on the market value of the Class A Notes. Consequently, any sale of Class A Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Class A Notes. Any Class of Notes may experience illiquidity, although generally illiquidity is more likely to occur in respect of Classes that are especially sensitive to prepayment, credit or interest rate risk or that have been structured to meet the investment requirements of limited categories of Noteholders.

In addition, prospective Class A Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Class A Notes. As a result of the current liquidity crisis, there exist significant additional risks to the Issuer and the investors which may affect the returns on the Class A Notes to investors.

Moreover, the current liquidity crisis has stalled the primary market for a number of financial products including instruments similar to the Class A Notes. While it is possible that the current liquidity crisis may soon alleviate for certain sectors of the global credit markets, there can be no assurance that the market for securities similar to the Class A Notes will recover at the same time or to the same degree as such other recovering global credit market sectors.

There exist significant additional risks for the Issuer and investors as a result of the current crisis.

These risks include, among others, (i) the likelihood that the Issuer will find it harder to dispose of the Claims in accordance with the Transaction Documents, (ii) the possibility that, on or after the Issue Date, the price at which assets can be sold by the Issuer will have deteriorated from their effective purchase price and (iii) the increased illiquidity and price volatility of the Class A Notes as there is currently no secondary trading in asset-backed securities. These additional risks may affect the returns on the Class A Notes to investors.

### **Class A Notes as eligible collateral for ECB liquidity and/or open market transactions**

Following issuance of the Class A Notes application may be made to a central bank in the Eurozone to record the Class A Notes as eligible collateral within the meaning of the guidelines issued by the European Central Bank (ECB) on September 2011 (*The implementation of monetary policy in the Euro area*) and on August 2012 (*Additional temporary measures relating to Eurosystem refinancing operation and eligibility of collateral*), as subsequently amended and supplemented, for liquidity and/or open market transactions carried out with such central bank. In this respect, it should be noted that in accordance with their policies, neither the ECB nor the central banks of the Eurozone will confirm the eligibility of the Class A Notes for the above purpose prior to their issuance and if the Class A Notes are accepted for such purpose, the relevant central bank may amend or withdraw any such approval in relation to the Class A Notes at any time. The assessment and/or decision as to whether the Class A Notes qualify as eligible collateral for liquidity and/or open market transactions rests with the relevant central bank.

None of the Issuer, the Originators or the Initial Class A Notes Subscribers gives any representation or warranty as to whether the relevant central bank will ultimately confirm the eligibility of the Class A Notes and none of the Issuer, the Originators or the Initial Class A Notes Subscribers will have any liability or obligation in relation thereto if the Class A Notes are deemed ineligible for such purposes.

## **Rights of set-off**

Under general principles of Italian law, the debtors under the Mortgage Loans are entitled to exercise rights of set-off in respect of amounts due under any Mortgage Loan to the Issuer against any amounts payable by the Originators to the relevant Borrower. After publication in the Official Gazette of the notice of transfer of the Portfolios to the Issuer pursuant to the 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 each of the Originators which arises after the date of such publication and registration. Under the terms of the Warranty and Indemnity Agreements, each of the Originators has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the Portfolio as a result of the exercise by any Borrower of a right of set-off.

## **Securitisation Law**

As at the date of this Prospectus, only limited interpretation of the application of the Securitisation Law has been issued by Italian governmental or regulatory authorities. Consequently, it is possible that such authorities may issue further regulations relating to the Securitisation Law or to the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

## **Servicing of the Portfolios**

Each of the Banco Popolare Portfolio and the Creberg Portfolio has been serviced by, respectively, Banco Popolare and Creberg up to the transfer of the Claims as the owner of the relevant Claims and, following the transfer of the Claims to the Issuer, as a servicer pursuant to the relevant Servicing Agreement. Consequently, the net cash flows from the Portfolios may be affected by decisions made, actions taken and collection procedures adopted by the Servicers pursuant to the provisions of the Servicing Agreement (or any permitted successors or assignees appointed under the Servicing Agreement).

However, prospective Noteholders' attention is drawn to the fact that the scope of activity and, therefore, the responsibility of each Servicer is limited to the Claims transferred by that Servicer to the Issuer and does not extend to the servicing of any other Claims.

Each of the Servicers has been appointed by the Issuer as responsible for the collection of the Claims transferred by it (as Originator) to the Issuer and for the cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*). In accordance with the Securitisation Law, each Servicer is therefore responsible for ensuring that the collection of the Claims serviced by it and the relative cash and payment services comply with Italian law and with this Prospectus.

The parties to the Transaction Documents perform multiple roles within the Securitisation. Accordingly, conflicts of interest may exist or may arise as a result of the parties to this Securitisation: (a) having engaged or engaging in the future in transactions with other parties of the Securitisation; (b) having multiple roles in this Securitisation and/or (c) executing other transactions for third parties. In any case, this risk factor is mitigated by the provisions

indicated in the risk factor illustrated in the preceeding paragraph (*Relationship among Noteholders and between Noteholders and Other Issuer Creditors*).

### **Co-mingling risk**

The Issuer is subject to the risk that, in the event of insolvency of any one of the Servicers, the Collections then held by the relevant Servicer may be lost or temporarily unavailable to the Issuer.

In order to reduce such risk, the Collections are required to be transferred by each of the Servicers into the relevant Interim Account by no later than the receipt date, for value as at the relevant receipt date in accordance with the procedure described in the Servicing Agreement, provided that, in the case of exceptional circumstances causing an operational delay in the transfer, the Collections are required to be transferred to the relevant Interim Account by no later than the day on which the operational delay in the transfer has been resolved. In particular, payments made (i) through the direct debit mechanism will automatically pass from the current account of the relevant Borrower to the relevant Interim Account; and (ii) by, respectively, cash, inter-banking direct debit of the Borrowers' bank account opened with a bank other than the Originator (*R.I.D. – rimessa interbancaria diretta*) and payment request (*MAV – mediante avviso*) will be credited by the Servicer on the relevant Interim Account through an automatic process.

Pursuant to the Agency and Accounts Agreement, the Interim Account Bank is then required to transfer by 1 pm (London time) on each Business Day all amounts standing to the credit of the Interim Accounts into the Collection Account which is held with the Transaction Bank.

Prospective Noteholders should note that, following the insolvency of the relevant Servicer, the Issuer (or the substitute servicer on behalf of the Issuer) will have to issue new payment instructions to the Borrowers to pay directly to the Issuer or the substitute servicer. The Issuer is subject to the risk that monies paid by the Borrowers to the insolvent Servicer prior to the new instructions being issued may be lost or temporarily unavailable to the Issuer.

### **Yield and repayment considerations**

The yield to maturity of the Notes of each Class will depend, *inter alia*, on the amount and timing of repayment of principal (including prepayments and sale proceeds arising on enforcement of a Mortgage Loan) on the Mortgage Loans. Such yield may therefore be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

Prepayments may result from the refinancing or sale of properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Mortgage Loans, as well as from the receipt of proceeds from building insurance and life insurance policies.

The rate of prepayment of Mortgage Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage loan market interest rates and margins offered by the banking system, the availability of alternative financing and local and regional economic conditions. Therefore, no assurance can be given as to the level of prepayment that the Mortgage Loans will experience.

The stream of principal payments received by a Noteholder may not be uniform or consistent. No assurance can be given as to the yield to maturity which will be experienced by a holder of any Notes. See further "*Estimated weighted average life of the Class A Notes and assumptions*".

## Administration and reliance on third parties

The ability of the Issuer to make payments in respect of the Notes will depend upon the due performance by the parties to the Transaction Documents of their respective various obligations under the Transaction Documents to which they are each a party. In particular, without limitation, the punctual payment of amounts due on the Notes will depend on the ability of each Servicer to service the relevant Portfolio and to recover the amounts relating to Defaulted Claims (if any). In addition, the ability of the Issuer to make payments under the Notes may depend to an extent upon the due performance by each of the Originators of its obligations under the Warranty and Indemnity Agreement. The performance by such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party. In each case, the performance by the Issuer of its obligations under the Transaction Documents is also dependent on the solvency of, among others, Banco Popolare and Creberg.

In the event of the termination of the appointment of the Servicers under the Servicing Agreement, it would be necessary for the Issuer to appoint one or more substitute servicer(s) (acceptable to the Representative of the Noteholders). Such substitute servicer(s) would be required to assume responsibility for the services required to be performed under the Servicing Agreement for the Mortgage Loans. The ability of a substitute servicer to fully perform the required services would depend, *inter alia*, on the information, software and records available at the time of the relevant appointment. There can be no assurance that a substitute servicer will be found or that any substitute servicer will be willing to accept such appointment or that a substitute servicer will be able to assume and/or perform the duties of the relevant Servicer pursuant to the Servicing Agreement. In such circumstances, the Issuer could attempt to sell all, or part of, the Claims, but there is no assurance that the amount received on such a sale would be sufficient to repay in full all amounts due to the Noteholders. The Representative of the Noteholders has no obligation to assume the role or responsibilities of the relevant Servicer or to appoint a substitute servicer.

## Italian Usury law

Italian Law No. 108 of 7 March 1996 (“**Disposizioni in materia di usura**”) (the “**Usury Law**”) introduced legislation preventing lenders from applying interest rates equal to or higher than the thresholds set on a quarterly basis by a decree issued by the Italian Treasury (the “**Usury Thresholds**”) (the latest of such decrees having been issued on 26 September 2012).

In addition, even though the applicable Usury Thresholds are not exceeded, interests and other advantages and/or remunerations might be held usurious if: (i) they are disproportionate to the sum lent (taking into account, in evaluating such condition, the specific terms and conditions of the transaction and the average rate usually applied to similar transactions); and (ii) the person who paid or accepted to pay the relevant amounts was, at the time it made such payment or undertook the obligation, in financial and economic difficulties.

On 29 December 2000, the Italian Government issued law decree No. 394 (“**Interpretazione autentica della legge 7 marzo 1996, n. 108**”) (the “Decree 394/2000”), turned into Law No. 24 of 28 February 2001 (“*Conversione in legge, con modificazioni, del decreto-legge 29 dicembre 2000, n. 394, concernente interpretazione autentica della legge 7 marzo 1996, n. 108, recante disposizioni in materia di usura*”), which clarified the uncertainty over the interpretation of the Usury Law and provided, *inter alia*, that interest will be deemed to be

usurious only if the interest rate agreed by the parties exceeded the Usury Thresholds at the time when the loan agreement or any other credit facility was entered into or the interest rate was agreed. Decree 394/2000 also provided that as an extraordinary measure due to the exceptional fall in interest rates in 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on fixed rate loans (other than subsidised loans) already entered into on the date such decree came into force (such date being 31 December 2000) are to be substituted, except where the parties have agreed to more favourable terms, with a lower interest rate set in accordance with parameters fixed by such decree by reference to the average gross yield of multiannual treasury bonds (Buoni Tesoro Poliennali) in the period from January 1986 to October 2000.

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

Prospective Noteholders should note that under the terms of the Warranty and Indemnity Agreement, each Originator has represented and warranted to the Issuer, *inter alia*, that the terms and conditions of each Mortgage Loan are, and the exercise by the relevant Originator of its rights thereunder is, in each case, in compliance with all applicable laws and regulations including, without limitation, all laws and regulations relating to banking activity, credito fondiario, usury and personal data protection provisions in force at the time, as well as in compliance with the internal procedures from time to time adopted by the relevant Originator. See the section headed “**Description of the Warranty and Indemnity Agreement**”.

#### **Compounding of interest (*anatocismo*)**

Pursuant to article 1283 of the Italian civil code, accrued interest in respect of a monetary claim or receivable may be capitalised after a period of not less than six months only (i) under an agreement subsequent to such accrual or (ii) 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 (*usi*) to the contrary. Banks and financial companies 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 (*uso normativo*). However, a number of recent judgments from Italian courts (including judgments from the Italian Supreme Court (*Corte di Cassazione*) No. 2374/99, No. 2593/2003, No. 21095/2004, No. 4094/2005 and No. 10127/2005) have held that such practices are not *uso normativo*. Consequently, if customers of the relevant Originator were to challenge this practice and such interpretation of the Italian civil code were to be upheld before other courts in the Republic of Italy, there could be a negative effect on the returns generated from the Mortgage Loans. Each of the Originators has, however, represented in the Warranty and Indemnity Agreement that the Mortgage Loans comply with article 1283 of the Italian civil code.

In this respect, it should be noted that article 25, paragraph 2, of the Decree No. 342 (the “**Decree**”) has delegated to the Interministerial Committee of Credit and Saving (the “**CICR**”) powers to fix the conditions for the capitalization of accrued interests. As a matter of fact, the CICR, pursuant to article 3 of a Resolution dated 9 February 2000 (the

“**Resolution**”), has provided, in relation to loans involving a deferred repayment that, in case of breach by the debtor, the amount due on the maturity of each instalment, shall produce interests from such date up to the date of the actual payment, if so provided by the relevant contract. Moreover, article 25, paragraph 3, of the Decree provides that the provisions relating to the capitalization of accrued interest set forth in contracts entered into before the date of the Resolution are valid and effective up to the date thereof and after such date shall be consistent to the provisions of the Resolution. Such Decree has been challenged, however, before the Italian Constitutional Court on the grounds that it falls outside the scope of the powers delegated under the Legge Delega, and article 25 paragraph 3 of the Decree has been declared unconstitutional by decision No. 425 of 9/17 October 2000 issued by the Italian Constitutional Court. On the basis of the foregoing, it cannot be excluded that borrowers may, where appropriate, challenge the practice of capitalising interest by banks on the grounds set forth by the Italian Supreme Court in the above mentioned decision and, therefore, that a negative effect on the returns generated from the residential and commercial mortgage loan could derive.

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

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

Under the terms of the Warranty and Indemnity Agreement, the Originators have undertaken to indemnify the Issuer in respect of any losses, costs and expenses that may be incurred by the Issuer in connection with the non compliance by the Originators with any law or regulation applicable to the Claims or the Mortgage Loans (including the provisions of law on the compounding of interest). See “*Description of the Warranty and Indemnity Agreement*”.

### **Legal proceedings**

Each of Banco Popolare and Creberg, the *Gruppo Bancario Banco Popolare* are subject to a variety of claims and are party to a large number of legal proceedings arising in the ordinary course of business. Although the outcome of such claims is inherently uncertain and several litigants claim relatively large sums in damages, each of Banco Popolare and Creberg has represented and warranted that, as of the date of the Warranty and Indemnity Agreement, to its knowledge, it is not involved in any litigation the outcome of which might jeopardise, respectively, Banco Popolare’s and Creberg’s ability to perform the obligations of each under

the Transaction Documents to which each of them is a party.

### **Risk of losses associated with Borrowers**

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

In any case, some of the Borrowers may fall within the scope of application of the Royal Decree No. 267 of 16 March 1942, as subsequently amended and supplemented (the “**Bankruptcy Law**”) and as such may be subject to insolvency proceedings (*procedure concorsuali*) under the Bankruptcy Law.

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

While Law 130 provides that claw-back provisions set forth in article 67 of the Bankruptcy Law do not apply to payments made by the assigned debtors to the Issuer in respect of the securitised Claims, it does not contain any specific exemption provisions in respect of Article 65.

However according to the judgment by the Court of Verbania dated 13 August 1999 (published in “*Il Fallimento*”, 2000, II, pages 1047 et seq.), the approach of the Italian Supreme Court is that claw back actions under the Bankruptcy Law should not be prejudicial to the rights of secured creditors. Therefore, the payments made further to an obligation not yet due, arising out from mortgage loans made by the debtor declared bankrupt in the two years prior to the date of the bankruptcy declaration are not subject to the claw-back action provided for by Article 65, because the ultimate consequence of the declaration of ineffectiveness of payments under Article 65 is that the secured creditor could not be admitted to the bankruptcy estate as a secured creditor given that the mortgage would have been cancelled by effect of the pre-payment and according to Italian law it could not be reinstated *vis-à-vis* the receiver. The mentioned judgment by the Court of Verbania is not an isolated judgment, rather refers to previous Italian Supreme Court case law whose subject matter was, as the Italian Supreme Court itself puts it in its judgement No. 20005/2005, the “*injustice of turning a secured claim into a non-secured claim*”.

In this regard, it has to be noted that a recent case from the Italian Supreme Court (judgment no. 19978 of July 18<sup>th</sup> 2008) has stated that Article 65 does not apply in case the right of prepayment and the related right to obtain the cancellation of the mortgage securing the prepaid loan are directly and imperatively attributed to the borrower by specific provisions of law.

More in general, with respect to the insolvency proceedings, due to the complexity of these procedures the time involved and the possibility for challenges and appeals by the debtor and the other parties involved, there can be no assurance that any such insolvency proceeding

would result in the payment in full of outstanding amounts under the Mortgage Loans or that such proceedings would be concluded before the stated maturity of the Notes. For further details see section headed “*Selected Aspects of Italian Law*”.

### **Article 120-ter of the Consolidated Banking Act**

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

The Italian banking association (“**ABI**”) and the main national consumer associations have reached an agreement (the “**Prepayment Penalty Agreement**”) regarding the equitable renegotiation of prepayment penalties with certain maximum limits calculated on the outstanding amount of the loans (the “**Substitutive Prepayment Penalty**”) containing the following main provisions: (i) with respect to variable rate loan agreements, the Substitutive Prepayment Penalty should not exceed 0.50% and should be further reduced to (a) 0.20% in case of early redemption of the loan carried out within the third year from the final maturity date and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (ii) with respect to fixed rate loan agreements entered into before 1 January 2001, the Substitutive Prepayment Penalty should not exceed 0.50%, and should be further reduced to: (a) 0.20%, in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (iii) with respect to fixed rate loan agreements entered into after 31 December 2000, the Substitutive Prepayment Penalty should be equal to: (a) 1.90% if the relevant early redemption is carried out in the first half of loan's agreed duration; (b) 1.50% if the relevant early redemption is carried out following the first half of loan's agreed duration, provided however that the Substitutive Prepayment Penalty should be further reduced to: (x) 0.20%, in case of early redemption of the loan carried out within three years from the final maturity date; and (y) zero, in case of early redemption of the loan carried out within two years from the final maturity date.

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

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

Prospective Noteholders' attention is drawn to the fact that, as a result of the entry into force of the Prepayment Penalty Agreement, the rate of prepayment in respect of Mortgage Loans



can be higher than the one traditionally experienced by each of the Originators for mortgage loans and that the Issuer may not be able to recover the prepayment fees in the amount originally agreed with the Borrowers.

#### **Article 120-quater of the Consolidated Banking Act**

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

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

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

#### **Borrower's right to suspend payments under a Mortgage Loan**

Pursuant to article 2, paragraph 475 and ff. of Italian law No. 244 of 24 December 2007 ("**Law 244/2007**") any borrower under a mortgage loan agreement executed for the purpose of acquiring a "first home" real estate property (*unità immobiliare da adibire ad abitazione principale*) giving evidence of its incapability to pay any instalments falling due under a mortgage loan is entitled to suspend payment of any such instalments for no more than two times during the life of the relevant mortgage loan and for a maximum duration of 18 months (the "**Borrower Payment Suspension Right**"). Upon exercise of the Borrower Payment Suspension Right the duration of the relevant mortgage loan will be extended of a period equal to the duration of the relevant suspension period.

The Law 244/2007 also provided for the establishment of a fund (*Fondo di solidarietà per i mutui per l'acquisto della prima casa*) (the "**Fund**") created for the purpose of bearing certain costs deriving from the suspension of payments by the borrowers and refers to an implementing regulation to be issued by the Ministry of the Economy and Finance (*Ministro dell'economia e delle finanze*) in conjunction with the Ministry of the Social Solidarity (*Ministro della solidarietà sociale*).

Pursuant to Ministerial Decree number 132 issued by the Ministry of Economy and Finance on 21 June 2010 and published in the Official Gazette of the Republic of Italy on 18th of August 2010 ("**Decree 132**"), the provisions relating to the requirements that the borrowers must comply with in order to have the right to the aforementioned suspension and the subsequent aid from the Fund and the formalities and operating procedures of the Fund, were enacted.

Following and in compliance with Decree 132, the Ministry of Economy and Finance, on 27 October 2010, issued the guidelines (*Linee Guida*) (the “**Guidelines**”) – published on the website ([www.dt.tesoro.it](http://www.dt.tesoro.it)) (for the avoidance of doubt, such website does not constitute part of this Prospectus) which establish the procedures that borrowers must follow in order to request the suspension of payments of instalment.

As specified in the Guidelines, within the provision of Decree 132, the suspension of payments of the instalments can be granted also in favour of mortgage loans which have been object of securitisation transactions.

In light of the above, pursuant to the Decree of the General Director of Treasury Department of the Ministry of Economy and Finance issued on 14 September 2010, CONSAP (*Concessionaria Servizi Assicurativi S.p.A*), was selected as managing company of the Fund. The request to access to the aid granted by the Fund must be presented by the Borrowers starting from 15 November 2010, by using the relevant form of suspension-request duly prepared in compliance with the Guidelines and accompanied by the relevant documentation indicated therein.

Any Borrower who complies with the requirements set out in Decree 132 and the Guidelines, has the right to suspend the payment of the instalments of its Mortgage Loan up to 18 months and therefore there is the risk that the Issuer will experience a consequential delay in the collection of the relevant instalments. A significant number of applications by borrowers of Mortgage Loans concentrated over a specific period will have an adverse impact on the Issuer's cash flow of that period, although the number of applications for suspension and their overall duration is limited under the Law 244/2007.

However, according to the Transfer Agreements, the selection criteria of the Portfolios do not comprise Mortgages Loans in respect of which the relevant borrower is benefitting from a suspension of the instalments (either for the whole instalment or only for the principal component).

### **Renegotiations of floating rate Mortgage Loans**

Law Decree No. 93 of 27 May 2008 (“**Law Decree 93**”), converted into law No. 126 of 24 July 2008 (“**Law 126**”) which came into force on 29 May 2008, regulates the renegotiation of floating rate mortgage loans granted for the purpose of purchasing, building or refurbishing real estate assets used as main houses.

According to Law 126, the *Ministero dell’Economia e delle Finanze* (Minister of Economy and Finance) and the ABI (Italian Banking Association) entered into a convention providing for the procedures for the renegotiation of such floating rate mortgage loans (the “**Convention**”).

The Convention applies to floating rate mortgage loan agreements entered into or taken over (*accolati*), also further to the parcelling (*frazionamento*) of the relevant mortgages, before 29 May 2008. Pursuant to the Convention, the instalments payable by a borrower under any of such mortgage loan agreements will be recalculated applying (a) a fixed interest rate (equal to the average of the floating rate interest rates applied under the relevant mortgage loan agreement during 2006) on the initial principal amount and for the original final maturity date of the relevant mortgage loan, or (b) if the mortgage loan has been entered into, renegotiated or taken over (*accolato*) after 31 December 2006, the parameters used for the calculation of the first instalment due after the date on which the mortgage loan has been entered into, renegotiated or taken over (*accolato*). The difference between the amount to be paid by the borrower as a result of such recalculation and the amount that the borrower

would have paid on the basis of the original instalment plan will be (a) if negative, debited to a bank account on which interest will accrue in favour of the lender at the lower of (i) the rate equal to 10 (ten) IRS (interest rate swap) plus a spread of 0.50, and (ii) the rate applicable pursuant to the relevant mortgage loan, each of them calculated, in a fixed amount, on the renegotiation date, or (b) if positive, credited to such bank account. After the original final maturity date of the mortgage loan, the outstanding debt on the bank account will be repaid by the borrower through constant instalments equal to the ones resulting from the renegotiation, and the amortisation plan will be determined on the basis of the lower of (a) the rate applicable on the bank account, and (ii) the rate applicable pursuant to the relevant mortgage loan, as calculated, in a fixed amount, on the original final maturity date of the mortgage loan.

The Originator has adhered to the Convention sending to its clients a renegotiation proposal in accordance with the Convention. Borrowers eligible for the renegotiation who have received the renegotiation proposal can accept the proposal by way of a written notification to be sent not later than 28 November 2008 (the “**Final Adhesion Term**”).

The renegotiation will become effective on the third month following the date when such proposal has been accepted by the relevant client, with reference to the instalments which fall due after 1 January 2009.

In accordance with the selection criteria under the Transfer Agreements, those mortgage loans in respect of which the relevant borrowers have accepted the renegotiation proposal on or before the Valuation Date have been excluded from the Portfolios.

### **Claw-back of the transfer of the Claims**

The transfers of the Claims under the Transfer Agreements is subject to claw-back upon bankruptcy of the relevant Originator under article 67 of the Bankruptcy Law, but only in the event that the adjudication of bankruptcy of the relevant Originator occurs within three months or, in cases where paragraph 1 of article 67 applies, within six months of the completion of the securitisation transaction.

### ***Mutui fondiari***

Each of Banco Popolare and Creberg has represented that a portion of the Mortgage Loans qualify as *mutui fondiari*, as defined in article 38 of the Banking Act. Pursuant to article 39, paragraph 5, of the Banking Act, upon repayment of each fifth of the original debt, the borrowers under *mutui fondiari* loans are entitled to a proportional reduction of any mortgage related to the loan. Accordingly, the underlying value of the Mortgages comprised in the Portfolio may decrease from time to time in connection with the partial repayment of the Mortgage Loans. In addition, the borrowers have the right to obtain that part of the real estate assets originally constituting security for the Mortgage Loans are freed from the mortgage, it being understood that, as *mutui fondiari*, the principal amount of each Mortgage Loan shall not be permitted to exceed 80 per cent. of the value of the real estate assets constituting security for such Mortgage Loan.

In relation to *mutui fondiari*, the right to prepay the loan is provided for by article 40 of the Banking Act and the prepayment fee is pre-set under the relevant loan agreement.

Moreover, in relation to *mutui fondiari*, special enforcement and foreclosure provisions apply. Pursuant to article 40, paragraph 2 of the Banking Act, a mortgage lender is entitled to terminate a loan agreement and accelerate the mortgage loan (*diritto di risoluzione*

*contrattuale*) if the borrower has delayed an instalment payment at least seven times whether consecutively or otherwise. For this purpose, a payment is considered delayed if it is made between 30 and 180 days after the payment due date. Accordingly, the commencement of enforcement proceedings in relation to *mutui fondiari* may take longer than usual. Article 40 of the Banking Act, therefore, prevents each Servicer from commencing proceedings to recover amounts in relation to *mutui fondiari* until the relevant Borrowers have defaulted on at least seven payments.

### **Withholding tax under the Class A Notes**

Payments of interest and other proceeds under the Notes may in certain circumstances, described in the section headed “*Taxation in the Republic of Italy*” of this Prospectus, be subject to a Law 239 Deduction. In such circumstance, any beneficial owner of an interest payment relating to the Notes of any Class will receive amounts of interest payable on the Notes net of a Law 239 Deduction. Law 239 Deduction, if applicable, is levied at the rate of 20 per cent. or such lower rate as may be applicable under the relevant double taxation treaty.

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

### **EU Savings Directive**

On June 3, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income under which Member States are required starting from July 1, 2005, to provide to the tax authorities of another Member State the details of payments of interest (or similar income) paid by a person within its jurisdiction, qualifying as paying agent under the Directive, to an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain Third Countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures.

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

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

the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

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

### **Projections, forecasts and estimates**

Forward-looking statements, including estimates, any other projections and forecasts in this Prospectus, are necessarily speculative and subjective in nature and some or all of the assumptions underlying the projections may not materialise or may vary significantly from actual results.

Such statements are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by such forward-looking statements. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Prospectus and are based on assumptions that may prove to be inaccurate. No one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Prospectus.

### **The Families Plan**

On 18 December 2009, the Italian Banking Association (“**ABI**”) and the consumers associations signed a convention (the terms of which have been subsequently extended two times pursuant to two subsequent agreements signed by ABI and consumers associations) concerning the temporary suspension of payments of loan instalments due by individuals to the banking system in order to help those families stricken by the financial crisis (“**Families Plan**”).

The Families Plan provides the possibility for the individuals with a taxable income of maximum € 40,000 per year and with an amount of the relevant mortgage loan not higher than € 150,000, to request, upon certain conditions, the suspension of the payment of the mortgage loan instalments for the principal component (or also for the interest component), for 12 (twelve) months (the “**Suspension**”). As a consequence of the Suspension, the reimbursement plan will be extended for a period equal to the Suspension.

Pursuant to the above convention, the Suspension can be requested between 1 February 2010 and 31 January 2013 by all families to which, between the period of 1 January 2009 and 31 December 2012, one of the following events has happened: a) closing down of a subordinated working relationship, except for the consensual termination of the working relationship (*risoluzione consensuale*) or cases in which the termination is due for having reached the age limit, with the consequent right to receive an old-age pension (*pensione di anzianità*), or in cases of termination for *giusta causa* or *giustificato motivo soggettivo*; b) closing down of the working relationship pursuant to article 409, paragraph 3, of the Italian civil procedure code except for the consensual termination, withdrawal of the employer or withdrawal of the employee not for *giusta causa*; c) death or cases of loss of self-sufficiency; d) suspension or reduction of the working relationship for a period of at least 30 days.

The Families Plan may be joined by (i) banks, or (ii) securitisation vehicles or (iii) banks in their name and in the name and on behalf of securitisation vehicles.

In adhering to the Families Plan, banks shall indicate (i) if borrowers may ask for the Suspension only of the principal component of the instalments or also of the interest component; and (ii) if they intend to grant more favourable conditions for the Suspension to their borrowers (including a period of suspension longer than 12 months).

It should be noted that the Originators have adhered to the Families Plan granting to borrowers the possibility for the Suspension of the instalments.

According to the Transfer Agreements, the selection criteria of the Portfolios do not comprise Mortgages Loans in respect of which the relevant borrower is benefitting from a suspension of the instalments (either for the whole instalment or only for the principal component).

However, starting from the date in which the Servicing Agreement is entered into, the Originators (in their quality as Servicers) will be entitled to grant suspensions in accordance with the Families Plan only within the limits and according to the terms set forth in the Servicing Agreement.

### **The Development Decree**

On 05 May 2011, the Italian government approved the law-decree No. 138, published on the Italian Official Gazette on 13 May 2011 and converted into law by Law 12 July 2011, No. 106, which introduces new provisions concerning the renegotiation of mortgage loans (“**Development Decree**”).

In particular, the Development Decree provides that borrowers who, before the entry in force of such new provisions have executed or assumed a mortgage loan agreement, will have the right to renegotiate the terms of their mortgage loan with their respective lender, provided that: (a) the relevant mortgage loan agreement has been entered into for purchasing or rebuilding a residential property; (b) the original amount of the relevant mortgage loan is not higher than Euro 150,000; (c) the relevant mortgage loan accrues interest at a floating rate and provides for payment of variable instalments for the whole duration; (d) the relevant borrower submits, together with the request of the renegotiation, the certificate of the relevant ISEE (*Indicatore della Situazione Economica Equivalente*), which should not exceed the amount of Euro 30,000; (e) no late payments have been made with respect to the relevant mortgage loan.

The Development Decree has been converted in Law No. 106 of 12 July 2011 with amendments. As a consequence of that, the cap amounts indicated under items (b) and (d) above have been modified respectively to Euro 200,000 and Euro 35,000.

Such renegotiation involves the change from a floating rate to a fixed nominal annual interest rate which must not be higher than the interest rate obtained by applying (i) the lower between the 10-year Euro IRS and the IRS in Euro applicable to a duration equal to the residual life of the mortgage loan or, if not available, the quotation of the IRS related to the immediately preceding duration, as it appears on Reuters ISDAFIX 2 page at the renegotiation date, plus (ii) a spread equal to the one indicated in the relevant loan agreement, for the purpose of determining the applicable interest rate.

Borrowers will be entitled to agree with their respective lenders that the renegotiation will extend the amortisation plan of the mortgage loans for a maximum period of five years, provided that the residual life of the relevant mortgage loan, following the date of such renegotiation, does not exceed twenty-five years.

With reference to securitised mortgage loans, the Development Decree provides that the

provision relating to the remaining in force of the mortgage securities originally created to secure the mortgage loan which is being renegotiated, also applies to the loan granted by lenders to borrowers, as assigned debtors, in the context of a securitisation transaction, in order to permit the loan repayment in accordance with the applicable amortisation plan at the time of the renegotiation. In these cases, the lender will be subrogated in the relevant mortgage securities, without the need of any additional formality or annotation, but such subrogation will be not effective until the claims of the assignee, deriving from mortgage loans which have been transferred in the context of a securitisation transaction are fully satisfied (article 8, paragraph 6, letter d) of the Development Decree).

Moreover, under article 8, paragraph 6, item e) of the Development Decree, if the lender, in order to carry out the renegotiation, repurchases the claim previously transferred in the context of a securitisation transaction or issuance of covered bonds, the relevant assignee shall be allowed to give notice of such repurchase through the publication in the Italian Official Gazette, even by means of a single notice relating to all of the claims repurchased by the lender/assignor. Any security interest, lien or encumbrance created in favour of the lender/assignor, shall continue to be in force and effect and shall have the same ranking, without the need of any additional formality or annotation.

The request of renegotiation will presumably satisfied by the Originators by utilising the renegotiations faculty granted to it under the Servicing Agreement or through repurchase/refinancing of the relevant loan. It is not completely clear if the Development Decree is binding for the securitisation SPVs (i.e. the securitisation SPVs would be obliged to grant the renegotiation in case the Originators is not allowed to that).

In this respect, considering that the provisions of article 8, paragraph 6, items a) and c) of the Development Decree explicitly provide that borrowers have the right to enter into renegotiations with their respective “lender” (not making any reference to different entities, such as the possible assignees) it could be argued that the Originators are the only entities obliged to grant such renegotiations.

However, starting from the date in which the Servicing Agreement is entered into, the Originators (in their quality as Servicers) will be entitled to renegotiate the Claims under the Development Decree only within the limits and according to the terms set forth in the Servicing Agreement.

### **Recharacterisation of English Law fixed security interests**

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

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

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

If the fixed security interests are recharacterised as floating security interests, the claims of (i) the unsecured creditors (if any) of the Issuer in respect of that part of the net property of

the Issuer which is ring fenced as a result of the Enterprise Act 2002 and (ii) certain statutorily defined preferential creditors of the Issuer may have priority over the rights of the Representative of the Noteholders to the proceeds of enforcement of such security. In addition, the expenses of an administration would also rank ahead of the claims of the Representative of the Noteholders as floating charge holder.

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

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

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

### **The “anti-deprivation” principle**

The validity of contractual priorities of payments such as those contemplated in this transaction (the Orders of Priority) has been challenged recently in the English and U.S. courts. The hearings have arisen due to the insolvency of a secured creditor and have considered whether such payment priorities breach the “anti-deprivation” principle under English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that where a secured creditor subordinates itself to noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. The Court of Appeal in *Perpetual Trustee Co Ltd v BNY Corporate Trustee Services Ltd* 2009 EWCA Civ 1160, dismissed this argument and upheld the validity of similar priorities of payment, stating that the anti-deprivation principle was not breached by such provisions. This was further supported in *Belmont Park Investments PTY Limited v BNY Corporate Trustee Services Ltd and Lehman Brothers Special Financing Inc* 2011 UKSC 38, in which the Supreme Court upheld the priority provisions at issue in determining that such priority provisions were part of a complex commercial transaction entered into in good faith without any intention to evade insolvency law in which the changing priority of payments were an essential part of the transaction understood by the parties and did not contravene the anti-deprivation principle.

The U.S. Bankruptcy Court for the Southern District of New York has granted Lehman Brothers Special Finance Inc.'s motion for summary judgement to the effect that the provisions do infringe the anti-deprivation principle in a U.S. insolvency. The Court acknowledged that this has resulted in the U.S. courts coming to a decision “directly at odds with the judgement of the English Courts”. BNY Corporate Trustee Services Ltd was granted leave to appeal but the case subsequently settled out of court. Notwithstanding the New York settlement, the decision of the US Bankruptcy Court remains inconsistent with the decision



reached by the Supreme Court of England and Wales in the Belmont case as referred to above and therefore uncertainty remains as to how a conflict of the type referred to above would be resolved by the courts. Given the current state of U.S. and English law, this is likely to be an area of continued judicial focus particularly in respect of multi-jurisdictional insolvencies.

Additionally, there can be no assurance as to how such subordination provisions would be viewed in other jurisdictions such as Italy or whether they would be upheld under the insolvency laws of any such relevant jurisdiction. If a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction and any relevant foreign judgement or order was recognised by the Italian courts, there can be no assurance that these actions would not adversely affect the rights of the Noteholders, the rating of the Class A Notes, the market value of the Class A Notes and/or the ability of the Issuer to satisfy all or any of its obligations under the Class A Notes.

### **Change of law**

The structure of the transaction and, *inter alia*, the issue of the Notes and the rating assigned to the Class A Notes are based on Italian and English law, on 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 as to any possible change to Italian or English law, tax or administrative practice after the Issue Date.

### **Regulatory Capital Framework**

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

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as “**Basel III**”), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the “**Liquidity Coverage Ratio**” and the “**Net Stable Funding Ratio**”). Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general, and the European Commission's corresponding proposals to implement the changes (through amendments to the Capital Requirements Directive known as “**CRD IV**”) have been presented on 20 July 2011. The changes approved by the Basel Committee may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any

changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

### **Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes**

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer and the Originators 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 ongoing basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 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 ongoing 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 fulfillment by the Originators of the requirements of the Article 122a please refer to section headed “*Compliance with Article 122a of the CRD*”.

### **Macro-risks in the European Union**

As a result of the credit crisis in the EU, monetary and political conditions and stability

remain uncertain in the EU, in particular, in a number of the euro-zone members, including Greece, Italy, Ireland, Portugal and Spain. In particular concerns persist regarding the debt burden of certain Eurozone Countries and their ability to meet future financial obligations, the overall stability of the Euro and the suitability of the Euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the Euro entirely. Should the Euro dissolve entirely, the legal and contractual consequences for the Noteholders would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes or have other unforeseen consequences relevant to the Noteholders.

### **U.S. Foreign Account Tax Compliance Act Withholding**

The U.S. Foreign Account Tax Compliance Act (“**FATCA**”) generally imposes a new reporting regime and potentially a 30.00 per cent withholding tax with respect to certain payments to certain non-U.S. financial institutions (including entities such as the Issuer) that do not enter into and comply with an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide certain information about the holders of its debt or equity. The new withholding regime will be phased in beginning in 2014.

In particular, this withholding tax may be triggered if (i) the issuer is a foreign financial institution (“**FFI**”) (as defined by FATCA), which enters into and complies with an agreement with the IRS to provide certain information on its account holders (a term which includes the holders of its debt or equity interests that are not regularly traded on an established securities market) (making the issuer a “**participating FFI**”), (ii) any payment by the issuer is considered to be attributable to any U.S. source “withholdable payment” to the issuer, and (iii) (a) an investor does not provide information sufficient for the participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States account” of such issuer, or (b) any FFI through which payment on the notes or other payments are made is not a participating FFI.

The application of FATCA is not yet clear and therefore is unclear how the FATCA reporting and withholding regime may affect interest, principal or other amounts due under the Notes or any payment to be made by any paying agent or any other Party to this Securitisation. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest or principal on the Notes or other payments from a Party to this Securitisation as a result of a holder’s failure to comply with these rules or as a result of the presence in the payment chain of a non-participating FFI, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions or any other Transaction Documents, be required to pay additional amounts as a result of the deduction or withholding of such tax.

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

### **RISK FACTORS IN RELATION TO THE ISSUER**

#### **Source of payments to Noteholders**

The Notes will be limited recourse obligations solely of the Issuer and will not be the responsibility of, or be guaranteed by, any other entity. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, Banco Popolare (in any capacity),

Creberg (in any capacity), the Representative of the Noteholders, the Principal Paying Agent, the Agent Bank, the Interim Account Bank, the Transaction Bank, the Corporate Servicer, the Administrative Servicer, the Computation Agent, the Servicers, the Initial Class A Notes Subscribers the quotaholder(s) of the Issuer or any other person. None of 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.

As at the date hereof, the Issuer's principal assets in respect of the Securitisation are the Claims. For a description of the Claims and the Criteria, see "*The Portfolio*" and "*The Transfer Agreements*".

The Issuer will not have any significant assets, for the purpose of meeting its obligations under this Securitisation, other than the Claims, any amounts and/or securities standing to the credit of the Accounts and its rights under the Transaction Documents to which it is a party.

Consequently, there is no assurance that, over the life of the Notes or at the redemption date of any Notes (whether on maturity, on the Cancellation Date, or upon redemption by acceleration of maturity following service of an Issuer Acceleration Notice or otherwise), there will be sufficient funds to enable the Issuer to pay interest when due on the Notes and/or to repay the outstanding principal on the Notes in full.

The ability of the Issuer to meet its obligations in respect of the Class A Notes will be dependent on, *inter alia*, the timely payment of amounts due under the Mortgage Loans by the Borrowers, the receipt by the Issuer of Collections received on its behalf by the Servicers in respect of the Mortgage Loans from time to time in the Portfolio and the receipt of any other amounts required to be paid to the Issuer by the various agents and counterparts of the Issuer pursuant to the terms of the relevant Transaction Documents. The performance by such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party. See "*Risk factors - Administration and reliance on third parties*".

The Notes will be limited recourse obligations solely 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. Following the service of an Issuer Acceleration Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of the Noteholders of the Issuer's Rights.

Upon enforcement of the Note Security, the Representative of the Noteholders will have recourse only to the Claims and to the assets pledged, charged and assigned pursuant to the Italian Deed of Pledge and the English Deed of Charge and Assignment. Other than as provided in the Warranty and Indemnity Agreement, the Transfer Agreements, the Servicing Agreement and the Letter of Undertaking, the Issuer and the Representative of the Noteholders will have no recourse to Banco Popolare (in any capacity) and Creberg (in any capacity), or to any other entity including, but not limited to, in circumstances where the proceeds received by the Issuer from the enforcement of any particular Mortgage Loan are insufficient to repay in full the Claim in respect of such Mortgage Loan.

If, upon default by one or more Borrowers under the Mortgage Loans and after the exercise by the relevant Servicer of all usual remedies in respect of such Mortgage Loans, the Issuer does not receive the full amount due from those Borrowers, then Class A Noteholders may receive by way of principal repayment an amount less than the face value of their Class A Notes and the Issuer may be unable to pay in full interest due on the Class A Notes.

## Claims of unsecured creditors of the Issuer

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

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

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

Without prejudice to the right of the Representative of the Noteholders to enforce the Note Security, the Conditions contain provisions stating, and each of the Other Issuer Creditors has undertaken pursuant to the Intercreditor Agreement, that no Noteholder or Other Issuer Creditor will petition or begin proceedings for a declaration of insolvency against the Issuer until two year plus one day has elapsed since the day on which any note issued (including the Notes and the Previous Securitisations Notes) or to be issued by the Issuer has been paid in full. There can be no assurance that each and every Noteholder and Other Issuer Creditor will honour its contractual obligation not to petition or begin proceedings for a declaration of insolvency against the Issuer before two year and one day has elapsed after the day on which any note issued (including the Notes and the Previous Securitisations Notes) or to be issued by the Issuer has been paid in full. In addition, under Italian law, any other creditor of the Issuer who is not a party to the Intercreditor Agreement, an Italian public prosecutor (*pubblico ministero*), a director of the Issuer (who could not validly undertake not to do so) or an Italian court in the context of any judicial proceedings to which the Issuer is a party would be able to begin insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt. Such creditors could arise, for example, by virtue of unexpected expenses owed to third parties including those additional creditors that the Issuer will have as a result of the Previous Securitisations or any Further Securitisation (both as defined below). In order to address this risk, the Priority of Payments contains provisions for the payment of amounts to third parties. Similarly, monies to the credit of the Expenses Account may be used for the purpose of paying the ongoing fees, costs, expenses, liabilities and taxes of the Issuer to third parties not being Other Issuer Creditors.

The Issuer is unlikely to have a large number of creditors unrelated to this Securitisation or any other securitisation transaction because the corporate object of the Issuer, as contained in its by-laws (*statuto*), is limited and the Issuer has provided certain covenants in the Intercreditor Agreement which contain restrictions on the activities which the Issuer may carry out with the result that the Issuer may only carry out limited transactions.

No creditors other than the Representative of the Noteholders on behalf of the Noteholders, the Other Issuer Creditors and any third-party creditors having the right to claim for amounts due in connection with this Securitisation would have the right to claim in respect of the Claims, even in a bankruptcy of the Issuer.

Notwithstanding the above, 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 Notes.

### **Previous Securitisation and Further Securitisations**

The Issuer's principal assets are the Claims and the Previous Portfolios acquired in the context of the Previous Securitisation.

The Issuer has no assets other than the Claims and the Issuer's Rights as described in this Prospectus as well as the Previous Portfolios and the agreements entered into by the Issuer in relation to the Previous Securitisation which, however, do not constitute collateral for the Notes and are not available to the Noteholders for any purpose.

The Issuer may, by way of a separate transaction, purchase (or finance pursuant to article 7 of the Securitisation Law) and securitise further portfolios of monetary claims in addition to the Claims (each, a "**Further Securitisation**"). Before entering into any Further Securitisation, the Issuer is required, *inter alia*, to obtain the written confirmation of the Representative of the Noteholders and to obtain confirmation from the Rating Agencies that the then current ratings of the Class A Notes will not be adversely affected by such Further Securitisation.

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction carried out by a company are stated to be segregated from all other assets of the company and from those related to each other securitisation transaction, and, therefore, 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. Accordingly, the right, title and interest of the Issuer in and to the Claims should be segregated from all other assets of the Issuer (including, for the avoidance of doubt, any other portfolio purchased by the Issuer pursuant to any Further Securitisation) and amounts deriving therefrom should be available on a winding-up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and the payment of any amounts due and payable to the other Issuer Creditors.

Although the Securitisation Law provides for the assets relating to a securitisation transaction carried out by the Issuer to be segregated and separated from those of the Issuer or of other securitisation transactions carried out by the Issuer, such as the Previous Securitisation or any Further Securitisation, this segregation principle will not extend to the tax treatment of the Issuer and should not affect the applicable methods of calculation of the net taxable income of the Issuer.

### **Tax treatment of the Issuer**

Taxable income of the Issuer is determined, without any special rights, in accordance with Italian presidential decree No. 917 of 22 December 1986 as subsequently amended (the Italian Income Taxes Consolidated Code). Pursuant to the regulations issued by the Bank of Italy on 22 March 2000 (*schemi di bilancio delle società per la cartolarizzazione dei crediti*)

and on 14 February 2006 (*istruzioni per la redazione dei bilanci degli intermediari finanziari iscritti nell'Elenco Speciale, degli Istituti di moneta elettronica, delle Società di gestione del risparmio e delle Società di intermediazione mobiliare*), the assets, liabilities, costs and revenues of the Issuer in relation to the Securitisation will be treated as off-balance sheet assets, liabilities, costs and revenues. Based on the general rules applicable to the calculation of the net taxable income of a company, pursuant to which such taxable income should be calculated on the basis of accounting earnings (i.e. on-balance sheet earnings), subject to such adjustments as are specifically provided for by applicable income tax rules and regulations and according to the guidelines of the Italian tax authorities (circular No. 8/E of 6 February 2003), no taxable income should accrue to the Issuer as a result of the Securitisation until the satisfaction of the obligations of the Issuer to the holders of the Notes, to the Other Issuer Creditors and to any third-party creditor in relation to whom the Issuer has incurred costs, liabilities, fees and expenses in relation to the Securitisation of the Claims. Future rulings, guidelines, regulations or letters relating to the Securitisation Law issued by the Italian Ministry of Economy and Finance, or other competent authorities, may alter or affect the tax position of the Issuer, as described above.

As confirmed by the Italian Tax Authority (*Agenzia delle Entrate*) Resolution No. 139/E of 17 November 2004, issued in relation to the EU Court of Justice sentence of June 26, 2003 on case C-305/01, the transfer of the Portfolios to the Issuer qualifies as a financial service rendered by the Issuer to the Originators, to be subject to VAT at the zero per cent. rate (*operazione esente IVA*) because it does not represent a mere credit recovery activity which would be subject to VAT at a 21 percent rate. The characterisation of the transfer of Portfolios as a financial service is supported by the evidence that the transfer takes place in the context of a financial transaction where (a) the Originators transfer the Portfolios to the Issuer in order to enable the latter to raise funds (through the issuance of Notes collateralised by the Portfolios) to be advanced to the Originators as transfer price of the Portfolios; (b) the Issuer will effectively be entitled to retain for itself all collection and recoveries proceeds of the Portfolios to the extent necessary to repay the principal amount of the Notes and to pay interest thereon and all costs borne by the Issuer in the context of the Securitisation. It is however possible that future rulings, guidelines, regulations or letters of the Italian Tax Authority (*Agenzia delle Entrate*) or other competent authorities might propose a different interpretation. The Portfolio is not transferred for a consideration due by the Originators to the Issuer, nor at a discount below the face value of the receivables. As a consequence of this and according to Circular No. 32/E of 11 March 2011, the Italian Tax Authority (*Agenzia delle Entrate*) would argue that the transaction does not qualify for VAT purposes as *operazione esente* (VAT exempt) and qualify instead as *operazione fuori campo* (out of the scope of VAT). Should for any reason the Transfer Agreements or the Master Transfer Receivables Agreements be subject, either voluntarily or in case of use or enunciation, to registration, 0.5% registration tax will be payable by the relevant parties thereto on the nominal value of the transferred receivables.

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

**The Issuer believes that the risks described above are the principal risks inherent in the Securitisation for holders of the Class A Notes but the inability of the Issuer to pay interest or repay principal on the Class A Notes of any such Class of Notes may occur**

**for other reasons and the Issuer does not represent that the above statements of the risks of holding the Class A Notes are exhaustive. While the various structural elements described in this Prospectus are intended to lessen some of these risks for holders of the Class A Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Class A Notes of such Classes of interest or principal on such Class A Notes on a timely basis or at all.**



## CREDIT STRUCTURE

### Ratings of the Notes

It is a condition precedent to the issue of the Notes that the Class A Notes will be rated A (sf) by DBRS Ratings Limited and A2 (sf) by Moody's Italia S.r.l.

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 DBRS Ratings Limited and Moody's Italia S.r.l.

The Junior Notes will not be assigned a rating.

### Cash flow through the Accounts

Collections in respect of the Mortgage Loans will be paid by the Borrowers to each of the Servicers. Under the Servicing Agreement, each Servicer is required to transfer the Collections into the relevant Interim Account by no later than the receipt date, for value as at the relevant receipt date, provided that, in the case of exceptional circumstances causing an operational delay in the transfer, the Collections are required to be transferred to the relevant Interim Account by no later than the day on which the operational delay in the transfer has been resolved.

In particular, payments made (i) through the direct debit mechanism will automatically pass from the current account of the relevant Borrower to the relevant Interim Account; and (ii) by, respectively, cash, inter-banking direct debit of the Borrowers' bank account opened with a bank other than the Originator (*R.I.D. – rimessa interbancaria diretta*) and payment request (*MAV – mediante avviso*) will be credited by the Servicer on the relevant Interim Account through an automatic process.

The Interim Account Bank is then required to transfer by 1 p.m. (Milan time) on each Business Day all amounts standing to the credit of the Interim Accounts into the Collection Account which is held with the Transaction Bank.

Under the Agency and Accounts Agreement, the Transaction Bank has agreed to pay interest on funds on deposit from time to time in the Transaction Accounts at a rate agreed between the Issuer and the Transaction Bank.

Monies standing to the credit of the Equity Capital Account, including interest accruing thereon from time to time, will not constitute Issuer Available Funds and will not be used to pay interest or repay principal on the Notes.

### Cash Reserve

The Issuer will establish a reserve fund in the Cash Reserve Account.

“**Cash Reserve**” means the monies standing to the credit of the Cash Reserve Account at any given time.

The Cash Reserve Account will be funded on the Issue Date by (i) the amounts to be drawdown by the Issuer under the Subordinated Loan Agreement and (ii) the amounts being equal to a portion of the aggregate amounts collected under the Mortgage Loans between the Valuation Date (included) and the Signing Date (but excluding those collections constituting

repayment of principal and prepayments).

On each Interest Payment Date, the Cash Reserve will be increased or replenished, as the case may be, up to the Target Cash Reserve Amount out of the Issuer Available Funds and in accordance with the Pre-Enforcement Priority of Payments.

### **Subordination**

Payments of interest and repayment of principal under the Class A Notes are subject to certain subordination and ranking provisions. For a more detailed description of the ranking among the various Classes of Notes and the relative subordination provisions see “*Key features - Summary of the Notes – Ranking*” and Condition 3(b) (*Ranking*).

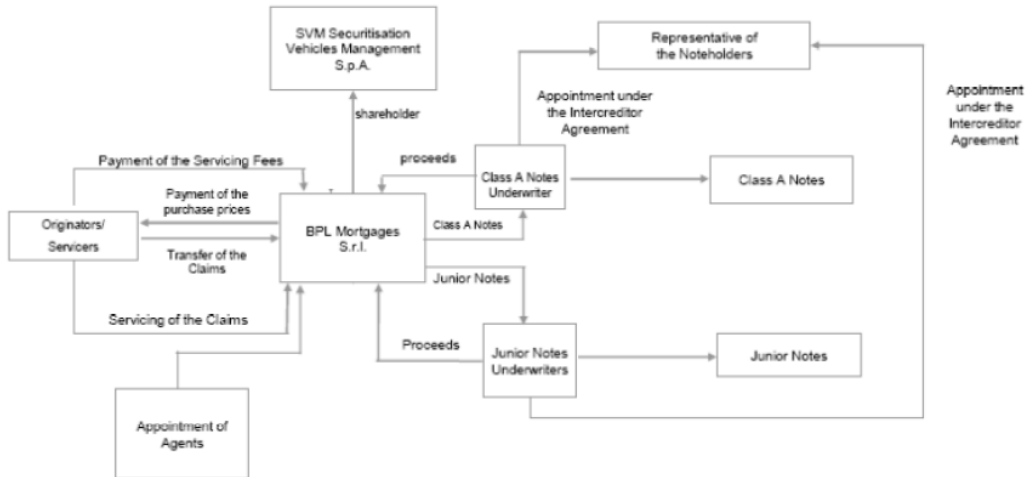
See “*Key features - Priority of Payments*”, “*Risk factors – Subordination*” and “*Terms and Conditions of the Notes*”.

### **Note Security**

The Notes will be secured by the Note Security. See “*Key features - Summary of the Notes, Security for the Notes*”.

## STRUCTURE DIAGRAM

*The following structure diagram does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this structure diagram.*



## FINANCIAL STATEMENTS OF THE ISSUER

The statutory financial statements as of 2010 and as of 2011 have been prepared on behalf of BPL Mortgages S.r.l. and are set out in this Prospectus.

The Issuer's auditor is Reconta Ernst & Young S.p.A., registered in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*), whose offices are at Via Po, 32, 00198 Rome, Italy. The Issuer's accounting reference date is 31 December in each year. The next statutory financial statements will be prepared as at 31 December 2012.

The preparation of the Issuer's financial statements in compliance with the Italian regulations governing financial statements is the responsibility of BPL Mortgages S.r.l.'s sole director. The independent auditors' responsibility is to express an opinion on these financial statements based on their audits. The financial statements have been prepared for the purpose of their inclusion in this Prospectus prepared by BPL Mortgages S.r.l. for the issue of certain floating rate notes due 2058. The independent auditors' report is not issued pursuant to the provisions of the Italian law, as BPL Mortgages S.r.l. for the years ended 31 December 2010 and 2011 was not required to the statutory audit, pursuant to art. 2477 of the Italian Civil Code.

Reconta Ernst & Young S.p.A. has provided the auditor's reports under this section and, together with the Issuer, accepts responsibility for the information contained in such auditor's reports. To the best of the knowledge of the Reconta Ernst & Young S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, Reconta Ernst & Young S.p.A. has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.

The auditor's reports have been included in this Prospectus, in the form and context below, with the consent of Reconta Ernst & Young S.p.A..

The information contained in the auditor's reports below has been obtained from Reconta Ernst & Young S.p.A.. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by Reconta Ernst & Young S.p.A., no facts have been omitted which would render the reproduced information inaccurate or misleading.

Please see below the financial statements and the auditor's report.

# **BPL MORTGAGES S.r.l.**

*Via V. Alfieri 1, Conegliano (TV) - Italy  
Share capital Euro 12,000.00 fully paid in  
Treviso Register of Companies no. 04078130269, Econ. Fin. Index no. 321099  
Tax Code and VAT no. 04078130269  
Registered on the General Register pursuant to art. 106, Legislative Decree 385/93, Reg. no. 38491*

## **FINANCIAL STATEMENTS AS AT 31 DECEMBER 2010**

Dear Investor,

The Separate Financial Statements as at 31 December 2010, comprising the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Cash Flow Statement, Notes to the Financial Statements and attached Report on Operations, are hereby submitted for your approval; the statements refer to the fifth year of business.

## 1) REPORT ON OPERATIONS

BPL Mortgages S.r.l. is a company established pursuant to art. 3, Italian Law no. 130/1999, registered on the General Register of Financial Intermediaries pursuant to art. 106 subsection 1 of Legislative Decree no. 385 of 1 September 1993, as amended (the Consolidated Law on Banking - CLB). Note that the company was also registered on the Special List of Intermediaries pursuant to art. 107, subsection 1, Legislative Decree no. 385 of 1 September 1993, as amended (the Consolidated Law on Banking), until the Bank of Italy cancelled the company from this list in accordance with the Supervisory Instructions of 25 September 2009.

The share capital of Euro 12,000.00 is broken down as follows: SVM Securitisation Vehicles Management S.r.l. holder of 100% of the nominal value of the share capital. As envisaged in the related *Agency and Accounts Agreement*, on completion of the securitisation all costs incurred by the company are covered by an equal amount in commission income recognised to the separate equity of each securitisation to ensure the company remains a going concern.

### Business operations

In compliance with the Articles of Association and provisions of the aforementioned law, the Company's sole purpose is the implementation of one or more loan securitisations pursuant to the aforementioned Italian Law no. 130 of 30 April 1999, through acquisition against payment of existing or future monetary loans, financed by the issue of securities in accordance with art. 1, subsection 1, paragraph b) of Law 130/1999 in such a way as to exclude any assumption of direct risk to the Company. In compliance with provisions of the aforementioned law, the loans relating to each securitisation constitute equity to all intents and purposes separate to that of the Company and to that of other transactions for which no action by creditors other than the holders of securities issued to finance said loans is permitted. Within the limits of the provisions of Law 130/1999, the Company may perform accessory transactions required for the success of the securitisations or in any event instrumental to pursuing the company purpose, including reinvestment of funds deriving from management of the acquired loans, not used immediately to satisfy obligations on the aforementioned securities, in other financial assets.

By resolution of the Extraordinary Meeting of Investors held on 12 December 2008, art. 4 of the Articles of Association were amended to extend the life of the Company to 31 December 2060.

As at 31 December 2010, two securitisations of residential and commercial mortgages are in existence; during the year two securitisations were closed which began respectively in December 2007 ("Residential 2007") and in December 2008 ("Residential 2008"). The two transactions were dismantled prior to the subsequent disposal of repurchased portfolios to BP Covered Bond S.r.l. in order that the parent company, Banco Popolare Soc. Coop., could issue the Covered Bonds.

On 10 February 2009 the Company completed the acquisition of a third land and residential mortgages portfolio for a total of Euro 3,001,799,498, excluding matured interest, as specified below:

Bank	Value as at 31.12.2010	% portfolio as at 31.12.2010	Value as at 31.12.2009	% portfolio as at 31.12.2009	Value as at 07.02.2009	% portfolio as at 07.02.2009
Banca Popolare Verona	622,673,593	27.44%	715,372,592	27.21%	818,415,432	27.26%
Banca Popolare Novara	359,310,538	15.84%	413,282,368	15.72%	473,814,813	15.78%
Banca Popolare Lodi	623,046,427	27.46%	730,405,426	27.79%	830,922,037	11.58%
Credito Bergamasco	268,132,626	11.82%	305,999,343	11.64%	347,649,516	27.69%
Cassa di Risparmio Lucca Pisa Livorno	288,622,965	12.72%	336,948,501	12.82%	387,611,414	12.91%
Caripe	107,270,225	4.72%	126,663,805	4.82%	143,386,286	4.78%
<b>Total</b>	<b>2,269,056,374</b>	<b>100.00%</b>	<b>2,628,672,035</b>	<b>100.00%</b>	<b>3,001,799,498</b>	<b>100.00%</b>

(1) The amounts indicated represent the loans that were maturing or had matured as at 31 December 2010, net of the relative write-down provisions. They do not include doubtful loans.

The Company financed acquisition of the loans portfolio through the issue of two classes of senior and junior securities on 16 March 2009.

On 16 June 2009 the Company completed the acquisition of a fourth residential and commercial mortgages portfolio for a total of Euro 3,990,474,210, excluding matured interest, as specified below:

Bank	Value as at 31.12.2010	% portfolio as at 31.12.2010	Value as at 31.12.2009	% portfolio as at 31.12.2009	Value as at 13.06.2009	% portfolio as at 13.06.2009
Banca Popolare Verona	1,042,395,471	32.83%	1,209,916,630	32.98%	1,318,819,783	33.05%
Banca Popolare Novara	562,324,111	17.71%	634,805,215	17.31%	677,498,869	16.98%
Banca Popolare Lodi	530,614,433	16.71%	614,528,016	16.75%	668,100,227	16.74%
Credito Bergamasco	517,213,072	16.29%	601,703,516	16.40%	656,061,342	16.44%
Cassa di Risparmio Lucca Pisa Livorno	278,761,730	8.78%	325,625,233	8.88%	356,859,196	8.94%
Banca Popolare di Cremona	138,515,881	4.36%	160,574,510	4.38%	180,250,005	4.52%
Banca Popolare di Crema	105,322,699	3.32%	121,152,058	3.30%	132,884,788	3.33%
<b>Total</b>	<b>3,175,147,397</b>	<b>100.00%</b>	<b>3,668,305,178</b>	<b>100.00%</b>	<b>3,990,474,210</b>	<b>100.00%</b>

(1) The amounts indicated represent the loans that were maturing or had matured as at 31 December 2010, net of the relative write-down provisions. They do not include doubtful loans.

The Company financed acquisition of the loans portfolio through the issue of two classes of senior and junior securities on 30 July 2009.

#### Significant events which took place in 2010

Through the resolution of the shareholders' meeting which took place on 18 December 2009, the Company approved the retrocession of the loans purchase as part of the first two securitizations which were concluded in December 2007 ("Residentials 2007") and December 2008 ("Residentials 2008") respectively and approve the early redemption of the securities issued as part of the first securitization; furthermore the economic/financial restructuring of the second securitization was approved. In particular, on 18 January 2010, Banca Popolare di Crema S.p.A., Banca Popolare di Cremona S.p.A., Banca Popolare di Lodi S.p.A. and Cassa di Risparmio Lucca Pisa Livorno S.p.A. (The "Originator Banks"), Banca Popolare di Verona – S. Geminiano e S. Prospero S.p.A. and Banca Popolare di Novara S.p.A repurchased, pursuant to article 58 of the Consolidated Law on Banking, the loan portfolios deriving from land and residential mortgages which had been originally owned by these banks and subsequently transferred to the company as part of the "Residentials 2007" securitization. The company has the option of redeeming these Securities early if the overall residual debt for the capital of the securitized loans is lower than or equal to 10% of the lower of i) the initial residual debt of the securitized loans and (ii) the purchase price of these loans. The Company has used the revenue from the transferral of the repurchased loans to redeem the Asset-Backed Securities issued and to carry out other payments due by the company. The purchase loans amounted to Euro 643,444,815 which, together with the company's available funds on that date, made it possible to redeem the funds to the subscribers on 20 January 2010 with an amount equal to Euro 648,914,070.

On 18 January 2010, Banca Popolare di Novara S.p.A., Banca Popolare di Verona S.p.A. - S. Geminiano e S. Prospero S.p.A. and Credito Bergamasco S.p.A. (The "Originator Banks") repurchased, pursuant to article 58 of the Consolidated Law on Banking, the loan portfolios deriving from land and residential mortgages which had been originally owned by these banks and subsequently transferred to the company as part of the "Residentials 2008" securitization. It is noted that the early redemption of the securities in this transaction took place on 29 October 2010, 18 months after the issue date of the securities. The Company used the revenues from the transferral of the loans to the Originator Banks to redeem the Asset-Backed Securities issued and to carry out other payments due by the company.

The repurchase loans amounted to Euro 913,264,562 which, together with the company's available funds on that date, made it possible to regain the securities to the subscribers on 29 October 2010 in an amount equal to Euro 1,052,000,000.

It is noted that in regard to the "Residentials March 2009" securitisation, Banco Popolare, the counterparty in the interest rate swap, was replaced by the counterparty Natixis as from 22 March 2010.

## Report on corporate governance and ownership structure

Pursuant to the provisions of article 3, Italian Law 130/99, the company's sole purpose is to carry out one or more securitisations pursuant to Law 130 of 30 April 1999, as it is currently applicable and subsequent implementation provisions ("Law 130/1999"), through acquisition against payment by the company or another company established pursuant to Law 130/1999, of monetary loans, whether in existence or to be granted in the future, identified as a bloc in the event of more than one loans, funded through the issuing by the company or another company established pursuant to Law 130/1999 through the issuing of securities as per article 1. Par. 1.b and 5 of Law 130/1999.

The Company may also carry out securitisations pursuant to the procedures set forth under article 7 of Law 130/1999 and in the form of schedules for subsequent issues of securities as part of the same transaction. The Company may also carry out transactions with a revolving structure, that is that use collections from the management of the loans purchased prior to or concurrently with the issue of the securities for the purchase of further loans. Pursuant to article 3 of Law 130/1999, these latter loans will also constitute separate assets on which creditors other than the holders of the securities issued cannot act. Pursuant to the provisions of Law 130/1999, the loans related to each securitisation constitute separate equity to all of facts and purposes from that of the company and the equity of other securitizations carried out by the company. Each of these separate equities shall be used exclusively to satisfy the rights incorporated into the securities issued, by the company or by other companies, to finance the purchase of loans that are part of the aforementioned equity and to pay the costs relating to the securitization. Therefore, no action by creditors other than the holders of securities issued to finance said loans is permitted on the separate equity. To the extent permitted by the provisions of Law 130/1999, the Company may conclude contingent financial transactions, stipulated exclusively with a view to the success of its securitisations, or in any event instrumental to the company purpose, including reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned securities. As part of the securitisations it carries out, the Company may appoint third parties to collect the loans purchased and provide the collection and payment services and also other transactions involving the transferral of the loans purchased and reinvesting in other financial assets (including loans with features that are similar to those that were securitised) the funds resulting from the management of the loans that were purchased which are not immediately used to fulfil the rights deriving from the abovementioned securities, and any other activity allowed by Law 130/1999.

As described above, in relation to the Company purpose, the Company has implemented four securitisations involving the acquisition of performing loans and issuing listed securities on regulated markets. Consequently, pursuant to art. 123-bis, Legislative Decree no. 58 of 24 February 1998, the report on operations of issuers with securities listed on regulated markets must contain a specific section, the "Report on corporate governance and ownership structure", which in accordance with subsection 2, paragraph b) of that article must provide information on the "main characteristics of the risk management and internal control systems for separate or consolidated financial reporting processes, as appropriate."

The Company has no employees. To pursue the company purpose and therefore also in relation to risk management and internal control systems for the financial reporting process, the company makes use of appointed ad hoc agents. The contractual documentation of the securitisation governs the appointment of agents and specifies the activities each agent is expected to perform for the company. This information is also provided in Part D, Section F.3 of the Notes to the Financial Statements.

The agents are appointed from among persons who perform duties assigned by the company in a professional manner. Agents must complete their assignments in compliance with governing regulations and in such a way as to allow the company to promptly comply with all securitisation-related and legal obligations.

The main roles covered by such agents are as follows:

- (i) the Servicer, which amongst other things is responsible for management of the acquired loans;
- (ii) the Administrative Servicer, responsible for the company's administrative and accounting management;
- (iii) the Cash Manager, Calculation Agent and Paying Agent, who perform duties related to such roles;
- (iv) Corporate Servicer who ensures that regulations of a corporate nature are complied with.

Specifically, we note that the Servicer is the "party appointed to collect the transferred loans and to perform collection and payment services" pursuant to article 2, subsection 3, paragraph c), Law 130/1999. In accordance with art. 2, subsection 6 of Law 130/1999 the Servicer may be a bank or intermediary entered on the Special Register pursuant to art. 107, Legislative Decree no. 385 of 1 September 1993, responsible for verifying compliance of the transactions with law and the prospectus. Also pursuant to the Bank of Italy Instructions of 23 August 2000, Servicers are responsible for operational tasks and for ensuring the correct implementation of securitisations in the interest of



investors and, in general, of the market. Lastly, with regard to the financial data, it should be mentioned that these are prepared by the Servicers based mainly on data provided by the Servicer. The financial data process controls are therefore assigned to the respective internal control departments of parties involved in the securitisation, in particular the Corporate Servicer. Upon entrance into effect on 7 April 2010 of Legislative Decree 39 of 27 January 2010 which was published on the Official Gazette of 23 March 2010 (the "Decree"), which implemented Directive 2006/43/EC in Italy regarding the auditing of annual and consolidated accounts, introduced Section V "*special provisions regarding entities of public relevance*"; in particular, we note that pursuant to art. 16.a, "entities of public interest" are Italian companies that issue securities which are listed on regulated Italian and European Union markets and those that have requested admission to such trading: as the Company is an entity of public relevance pursuant to article 16, par. 1.a of the Decree and has issued debt securities which are traded on the Irish Stock Exchange, as at 23 December 2010, Reconta Ernst & Young S.p.A. was appointed to carry out the legal audit of the accounts for the nine year period from 2010-2018.

### **Secondary branches**

The Company has no secondary branches.

### **Financial Instruments**

Pursuant to art. 2428, 6-Bis of the Italian Civil Code, in regard to information relating to the use by the Company of financial instruments and the data required for assessment of the company equity and income situation and the result for the period, it is hereby specified that the Company did not use financial instruments for its own ordinary operations during 2010.

### **Treasury shares**

The Company does not own treasury shares or shares of the parent company, directly or through trustee companies, nor has it acquired and/or sold such shares during the year.

### **Research and development activities**

Given the particular nature of the Company, no specific research and activity activities took place.

### **Event after the closing date.**

It is noted that as at 24 February 2011, the Company retroceded to the respective originator banks the loans purchased as part of the securitisation concluded in March 2009 (Residential March 2009) and approved the early redemption of the securities issued, which was set for the end of March 2011, in order to use the underlying mortgages for the Covered Bonds Issue program.

It is furthermore noted that the attribution of a second rating to the senior security issued by the Company in July 2009 is currently underway, following the provisions of the ECB, in order to use the securities as collateral in refinancing transactions on the interbank market. In order to obtain the additional rating, the Company will carry out the necessary contractual amendments, including the increase of the cash reserves, in order to ensure adequate coverage of the Senior security; to this end, in February 2011 the Originator Banks have concluded subordinated loan contracts for an overall amount of Euro 230 million.

### **Programme Document on Security**

The Company has assessed its position insofar as compliance with the privacy regulations and has concluded that it is not required to draw up a Programme Document on Security.

### **Relations with subsidiaries, associates, parent companies and parent company subsidiaries**

The company is 100% owned by SVM Securitisation Vehicles Management S.r.l., with which it has no intercompany relations.

### **Outlook for business operations**

Future operations will aim to ensure the pursuit of the current securitizations.

#### **Proposed resolution**

The financial statements close with a profit of Euro 2, which we propose should be applied to the legal reserve.

Conegliano, 1 March 2011

**BPL Mortgages S.r.l.**

Single Member Company

*Sole Director*

Claudia Calcagni

## 2) STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

### STATEMENT OF FINANCIAL POSITION

	<b>Assets</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
<b>10.</b>	Cash and cash equivalents	-	-
<b>60.</b>	Loans and Receivables	12,854	12,574
<b>120.</b>	Tax assets	153	306
	a) current		
	b) prepaid	153	306
<b>140.</b>	Other assets	59,671	95,260
	<b>Total assets</b>	<b>72,678</b>	<b>108,140</b>

	<b>Liabilities and equity</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
<b>70.</b>	Tax liabilities	898	1,204
	a) current	898	1,204
	b) deferred	-	-
<b>90.</b>	Other liabilities	58,592	93,750
<b>120.</b>	Quota Capital	12,000	12,000
<b>160.</b>	Reserves	1,186	1,161
<b>180.</b>	Net income (loss) for the period	2	25
	<b>Total liabilities and quotaholders' equity</b>	<b>72,678</b>	<b>108,140</b>

### 3) INCOME STATEMENT

		<b>31.12.2010</b>	<b>31.12.2009</b>
<b>10.</b>	Interest and similar income	27	78
<b>20.</b>	Interest and similar expense	-	-
	<b>Interest margin</b>	<b>27</b>	<b>78</b>
<b>30.</b>	Fee and commission income	80,990	142,217
<b>40.</b>	Fee and commission expense	(19)	(27)
	<b>Net fee and commission income</b>	<b>80,971</b>	<b>142,190</b>
	<b>Net trading income (expense)</b>	<b>80,998</b>	<b>142,268</b>
<b>110.</b>	Administrative expenses:	(78,297)	(139,289)
	a) personnel expenses	(17,690)	(17,661)
	b) other administrative expenses	(60,607)	(121,628)
<b>160.</b>	Other operating income (expenses)	(1,648)	(1)
	<b>Operating profit (loss)</b>	<b>1,053</b>	<b>2,978</b>
	<b>Income (loss) before tax from operations</b>	<b>1,053</b>	<b>2,978</b>
<b>190.</b>	Income taxes on operations	(1,051)	(2,953)
	<b>Income (loss) after tax from operations</b>	<b>2</b>	<b>25</b>
	<b>Net income (loss) for the period</b>	<b>2</b>	<b>25</b>

#### 4) STATEMENT OF COMPREHENSIVE INCOME

Items		31.12.2010	31.12.2009
<b>10.</b>	<b>Net income (loss) for the period</b>	<b>2</b>	<b>25</b>
	<b>Other comprehensive income, net of taxes</b>		
<b>20.</b>	Financial assets available for sale		
<b>30.</b>	Property and equipment		
<b>40.</b>	Intangible assets		
<b>50.</b>	Foreign investment hedges		
<b>60.</b>	Cash flow hedges		
<b>70.</b>	Translation differences		
<b>80.</b>	Non-current assets being sold		
<b>90.</b>	Actuarial profits (losses) on defined benefit plans		
<b>100.</b>	Valuation reserve portion valued under the equity method		
<b>110.</b>	<b>Total comprehensive income, net of taxes</b>		
<b>120.</b>	<b>Total Comprehensive income (Items 10+110)</b>	<b>2</b>	<b>25</b>

5) STATEMENT OF CHANGES IN QUOTAHOLDERS' EQUITY AS AT 31 DECEMBER 2010

	At 31.12.09	Changes opening balances	At 01.01.10	Allocation of prior year profit		Changes of the year						Comprehensive income for 2010	Equity at 31.12.2010
					Dividends and other distributions	Changes in reserves	Operations on quotaholders'equity						
							Issue of new quotas	Repurchase of own quotas	Distribution of extraordinary dividends	Changes in equity instruments	Other changes		
Reserves													
Quota Capital	12,000		12,000										12,000
Quota premium Reserve													
Reserves:	1,161		1,161	25									1,186
a) retained earnings	(1,977)		(1,977)	25									(1,952)
b) other	3,138		3,138										3,138
Valuation reserves													
Equity instruments													
Treasury shares													
Income (loss) for the year	25		25	(25)									2
Equity	13,186		13,186	-									13,188

5) STATEMENT OF CHANGES IN QUOTAHOLDERS' EQUITY AS AT 31 DECEMBER 2009

	At 31.12.2008	Changes opening balances	At 01.01.09	Allocation of prior year profit		Changes of the year						Comprehensive income for 2009	Equity at 31.12.2009
					Dividends and other distributions	Changes in reserves	Operations on quotaholders' equity						
							Issue of new quotas	Repurchase of new quotas	Distribution of extraordinary dividends	Changes in equity instruments	Other changes		
				Reserves									
Quota Capital	12,000		12,000										12,000
Quota premium Reserve													
Reserves:	1,195		1,195			(35)							1,161
a) retained earnings	(1,943)		(1,943)			(35)							(1,977)
b) other	3,138		3,138										3,138
Valuation reserves													
Equity instruments													
Treasury shares													
Income (loss) for the year	(35)		(35)			35						25	25
Equity	13,161		13,161									25	13,186

## 6) STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2010

<b>A. CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
<b>1. Operating activities</b>	<b>(218)</b>	<b>82,768</b>
interest income collected (+)	27	78
interest expenses paid (-)		
dividend and similar income(+)		
commission income (expenses) (+/-)	23,101	142,190
personnel expenses (-)	(17,690)	(17,661)
other expense (-)	(4,605)	(38,887)
other revenues (+)		
taxes (-)	(1,051)	(2,953)
profit (loss) from disposal groups, net of tax effects (+/-)		
<b>2. Cash flows from / used in financial assets</b>	<b>93,459</b>	<b>(48,899)</b>
financial assets held for trading		
financial assets value at fair value		
available-for-sale financial assets		
loans to financial entities		
loans and advances to customer		
other assets	93,459	(48,899)
<b>3. Cash flows from / used in financial liabilities</b>	<b>92,961</b>	<b>(33,913)</b>
bank loans and borrowings		
financial entities loans and borrowings		
trade payables		
outstanding securities		
financial liabilities held for trading		
financial liabilities at fair value		
other liabilities	(92,961)	(33,913)
<b>Net cash flows from / used in operating activities</b>	<b>280</b>	<b>(44)</b>
<b>B. INVESTING ACTIVITIES</b>		
<b>1. Cash flows generated by</b>		<b>0</b>
sales of equity investments		
dividends collected on equity investments		
sales/repayment of held-to-maturity financial assets		
sales of property and equipment		
sales of intangible assets		
sales of business units		
<b>2. Cash flows used in</b>		<b>0</b>
purchases of equity investments		
purchase of held-to-maturity financial assets		
purchases of tangible property and equipment		
purchases of intangible assets		
purchase of business units		
<b>Net cash flows from / used for investing activities</b>		<b>0</b>
<b>C. FINANCING ACTIVITIES</b>		
issue/repurchase of own quotas		
issue/repurchase of equity instruments		
dividend and other distributions		
<b>Net cash flows from / used in financing activities</b>		<b>0</b>
<b>NET CASH FLOWS GENERATED (USED) IN THE YEAR (D=A+B+C)</b>	<b>280</b>	<b>(44)</b>

## RECONCILIATION

Balance sheet items	31.12.2010	31.12.2009
Opening cash and cash equivalents	12,574	12,618
Total net cash flows generated (used) in the year	280	(44)
Closing cash and cash equivalents	12,854	12,574

## 7) NOTES TO THE FINANCIAL STATEMENTS

### PART A – ACCOUNTING POLICIES

#### A.1 - General Section

##### Section 1 - Declaration of compliance with international accounting standards

The Separate Financial Statements as at 31 December 2010 were drawn up in compliance with the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and relevant interpretations by the International Financial Reporting Interpretation Committee (IFRIC) in the text approved by the European Commission, as per EU Regulation No. 1606 dated 19 July 2002.

The financial statements were prepared in compliance with the regulations for financial intermediaries entered on the Special Register according to Bank of Italy Instructions of 16 December 2009, which fully replaced instructions attached to the Bank of Italy Regulations of 14 February 2006. Further to the company's cancellation from the Special Register of Financial Intermediaries pursuant to art. 107, in compliance with the Supervisory Instructions of 25 September 2009, the financial statements were no longer required to be prepared according to IAS/IFRS. However, as during previous years the company had opted to prepare its financial statements in application of IAS/IFRS, exercising the option offered by Italian Legislative Decree no. 38 of 28 February 2005 for companies included in consolidated financial statements, and for standard representation purposes with previous reports, the company has prepared its financial statements according to IAS.

The statements contain, in addition to the amounts for the year in question, also the corresponding comparative data as at 31 December 2009. Pursuant to art. 5 of Legislative Decree no. 38 of 28 February 2005 and IAS 1/46, the Euro was used as the currency of account. The amounts in this document are stated, unless otherwise specified, in Euro.

##### Section 2 – General preparation principles

The financial statements were prepared on an ongoing concern basis, using the accruals basis of accounting and meet the criteria of competence, relevance and meaningfulness of the accounting information, with the economic substance taking precedence over the legal form. Each relevant class of similar items is listed separately in the financial statements. Dissimilar items are presented distinctly, unless they are irrelevant. Assets and liabilities, and income and expenses, are not offset unless required or permitted by a Standard or an Interpretation.

The financial statements comprise the balance sheet, income statement, statement of changes in shareholders' equity, statement of comprehensive income, cash flow statement and notes to the financial statements, accompanied by the Report on Operations.

The recognition of the financial assets and liabilities from securitisations in the notes is carried out in compliance with the administrative provisions issued by the Bank of Italy pursuant to art. 9 of Legislative Decree 38/2005 and International Accounting Standards. This is also in line with the provisions of Law 130/99 pursuant to which the receivables from each transaction constitute a separate asset from those of the company and the assets of other transactions. To complete the information, it is noted that pursuant to the International Accounting Standards, the accounting treatment the financial assets and/or groups of financial assets and liabilities that result from securitisations is now being studied by the organisations in charge of interpreting the accounting standards.

Reconta Ernst & Young S.p.A. performed a legal audit of the financial statements. This company has been granted the mandate to perform audits for the nine year period from 2010 to 2018.

#### Securitisations



As at 31 December 2010 there were two securitisations, implemented pursuant to Law 130/1999. The reporting format for the securitisations fully complies with the aforementioned "Instructions for the preparation of financial statements of Italian intermediaries entered on the Special List, electronic money institutes, asset management companies and investment companies" issued by the Bank of Italy in its Instruction of 16 December 2009. Information on the securitisations is provided in a separate section of the Notes to the Financial Statements (Section F) and does not form part of the Financial Statements tables. Consequently, securitisation-related values are not affected by the application of IAS/IFRS.

With reference to this type of transaction, Bank of Italy instructions specifically state that:

- the accounting information relating to each securitisation be provided separately in the Notes;
- the information must contain all the qualitative and quantitative data that is required for a clear and complete representation of each transaction.

In particular, the Bank of Italy requires that the Notes to the Financial Statements include a minimum of information as specified below. In part D, "Other information", a section must be included to summarise the following: total loans acquired (nominal and disposal value); total securities issued, distinguished by category and related level of subordination. It remains implicit that the provision requiring that all information, even where not specifically requested, is included to provide a full picture of the situation, whilst information which, by nature or for its excessive content, reduces the clarity and immediate understanding of the information documented, should be omitted.

For each securitisation a special section ("F") should be included, illustrating at least the related qualitative and quantitative information. For further information on the securitisation, reference should be made to "Section F", part D "Other Information" in these Notes to the Financial Statements.

### **Section 3 - Events subsequent to the balance sheet date**

The Sole Director has examined the financial statements for the year and authorised publication thereof on 1 March 2011. There were no situations that caused the company's status as an ongoing concern to be questioned. Please see the paragraph titled "Events subsequent to the balance sheet date" in the Report on Operations.

### **A.2 – Notes on the main financial statement items**

#### **ASSETS**

##### *Due from banks and due from customers*

##### *Recognition and classification criteria*

Loans comprise amounts due from customers and banks in any contractual format, including business loans. Initial recognition of a receivable occurs as at the date of disbursement, or the date of purchase if in reference to a debt security.

##### *Valuation criteria*

After initial recognition, loans are measured at amortised cost, equal to the initial cost less/plus capital repayments, write-downs/reversals and amortisation - calculated using the effective interest rate method - of the difference between the amount disbursed and that redeemable on maturity, normally attributed to cost/income items assigned directly to each loan. The amortised cost method is not used for loans for which the short-term residual life renders the effect of time-discounting negligible. These loans are measured at historic cost and the related costs/income are recognised in the income statement on a line-by-line basis throughout the contractual life of the loan. A similar measurement criterion is adopted for loans without a finite life or cancelled loans. At each financial statements date or interim reporting date, impairment testing is performed on the loans to identify any post-recognition impairment. Any impaired loans are subjected to analytical assessment. The amount of the impairment is recognised in the income statement. The original value of the loans is re-recognised in subsequent years to the extent that they may be objectively linked to an event occurring after write-down. The amount of the reversal is recognised in the income statement, and cannot in any event exceed the amortised cost that would have been recorded for the loan had no write-down been made.

##### *Elimination criteria*

Loans are derecognised from assets in the annual or interim financial statements only if their disposal involved the essential transfer of all loan-related risks and benefits. Vice versa, if the related risks and benefits of such loans are retained, they continue to be recognised under assets in the annual or interim financial statements until legal ownership of the loan is actually transferred.

##### *Tax assets and tax liabilities*

##### *Recognition and classification criteria*

These items include current and prepaid tax assets and current and deferred tax liabilities, respectively. Income taxes are recognised in the income statement except for those relating to items recognised directly at equity. Tax provisions are calculated on the basis of a prudential forecast of current taxes payable, prepaid and deferred taxes in accordance with current tax regulations. Prepaid and deferred taxes are calculated on the temporary differences, without time limits, between the book values and tax values of each asset or liability. Prepaid tax assets are recognised in the annual or interim financial statements if their recovery, assessed on the basis of the company's capacity to generate taxable income as a going concern in future years, is reasonably certain. Deferred tax liabilities are recognised in the annual or interim financial statements, except with regard to assets recognised for an amount higher than their accepted tax value and withholding tax reserves, for which it is reasonable to believe that no transactions will be implemented that affect their taxation.

*Valuation criteria*

Assets and liabilities recognised for prepaid and deferred taxes are systematically measured to take into account any changes in the tax regulations or tax rates. Tax provisions also include expenses relating to any tax disputes.

*Elimination criteria*

Current taxes are written off when the various taxes levied as substitute taxes are paid within the deadline stipulated by the law. The deferred taxes are written off when they are no longer expected to be recovered.

*Other assets*

This item includes assets not recognisable to other asset items in the balance sheet. It includes securitisation receivables for the chargeback of commissions payable from separate equity for normal business operations.

**LIABILITIES**

*Other liabilities*

This item includes liabilities which do not refer to other liability items in the balance sheet. It includes liabilities linked to trade payables for goods and services.

**INCOME STATEMENT**

*Recognition of costs and revenues*

Costs are stated in accordance with the accruals principle.

In consideration of the exclusivity of the operations carried out by the Company, the operating expenses incurred are charged to separate assets up to the amount required to ensure the Company's equity and income balance, but also as contractually required. This amount is classified among commission income.

**A.3 Fair value disclosure**

Assets or liabilities measured at fair value are not presented in the financial statements.

## PART B - INFORMATION REGARDING THE BALANCE SHEET

### Assets

#### Section 6 – Loans – Item 60

##### 6.1 Due from banks

Breakdown	31.12.2010	31.12.2009
1. Deposits and current accounts	12,854	12,574
2. Loans		
2.1 Repurchase agreements		
2.2 Finance leases		
2.3 Factoring		
- with recourse		
- without recourse		
2.4 Other loans		
3. Debt securities		
- structured securities		
- other debt securities		
4. Other assets		
<b>Total book value</b>	<b>12,854</b>	<b>12,574</b>
<b>Total fair value</b>	<b>12,854</b>	<b>12,574</b>

Amounts due from banks totalled Euro 12,854 and refer to the current account with Deutsche Bank S.p.A. on which the share capital is held.

#### Section 12 – Tax assets and liabilities

##### 12.1 Breakdown of Item 120 “Tax assets: current and prepaid”

	With balancing entry in the income statement	With balancing entry in equity	31.12.2010	31.12.2009
IRES	130		130	260
IRAP	23		23	46
Other	-		-	-
<b>Total</b>	<b>153</b>		<b>153</b>	<b>306</b>

Prepaid tax assets are calculated by applying the estimated current tax rate to the deferred taxable amount for temporary difference reversal periods. These items mainly refer to administrative expenses for the year to be paid in future years. Specifically, the tax rates used are 27.5% for IRES (company earnings tax) and 4.82% for IRAP (regional business tax).

##### Article I. 12.2 Composition of item 70 “Tax liabilities: current and deferred”

	31.12.2010	31.12.2009
IRES		
IRAP	898	1,204
<b>Total</b>	<b>898</b>	<b>1,204</b>

The current tax liabilities contain allocations for IRAP equal to Euro 898 as determined through application of the 4.82% rate.

**12.3 Changes in prepaid tax assets (with balancing entry in the income statement)**

	31.12.2010	31.12.2009
<b>1. Initial balances</b>	<b>306</b>	<b>2,055</b>
<b>2. Increases</b>		
2.1 Prepaid tax assets recognised during the year		
a) related to previous financial years		
b) due to changes in accounting standards		
c) recoveries		
d) other		
2.2 New taxes or tax rate increases		
2.3 Other increases		
<b>3. Decreases</b>	<b>(153)</b>	<b>(1,749)</b>
3.1 Prepaid tax assets derecognised during the year	(153)	(1,749)
a) reallocations	(153)	(1,749)
b) write-downs due to non-recoverability		
c) changes in accounting standards		
3.2 Tax rate decreases		
3.3 Other decreases		
<b>4. Closing Balance</b>	<b>153</b>	<b>306</b>

**Section 14 – Other Assets – Item 140**

**14.1- Breakdown of item 140 "Other assets"**

	31.12.2010	31.12.2009
Receivables from securitisations for commissions	58,460	94,084
Due from tax authorities - withholding tax	7	63
Due from tax authorities - prepayments	1,204	1,113
<b>Total</b>	<b>59,671</b>	<b>95,260</b>

"Receivables from securitisations for commissions" refers to the amount receivable as commissions to maintain company business operations.

## Liabilities

### Section 7 – Tax liabilities – Item 70

See section 12 under Assets.

### Section 9 – Other Liabilities – Item 90

#### 9.1-Breakdown of item 90 "Other liabilities"

	31.12.2010	31.12.2009
Trade payables for administrative services received	13,820	86,974
Trade payables for invoices to be received or paid	43,830	3,870
Tax payables for the reversal of third party expenses	220	240
Due to separate equity	722	-
Other payables	-	2,666
<b>Total</b>	<b>58,592</b>	<b>93,750</b>

The payables for invoices to be received are represented by the allocations made on 31 December 2010 relating to the costs for the year or the invoices for which were received subsequently to the closing date of the financial statements.

### Section 12 – Equity – Items 120, 130, 140, and 150

#### 12.1 Breakdown of item 120 "Capital"

Items/Amounts	31.12.2010
A. Capital	12,000
A.1 Ordinary shares	
A.2 Quotas	12,000

The capital is composed of indivisible quotas of the company which are fully paid in.

#### 12.5 Breakdown of Item 160 "Reserves"

	Legal reserve	Retained losses	Other Capital reserves	Other Reserves First Time Adoption IAS/IFRS	Total as at 31.12.10
<b>A. Initial balances</b>	<b>0</b>	<b>(1,977)</b>	<b>4,602</b>	<b>(1,464)</b>	<b>1,161</b>
<b>B. Increases</b>		<b>25</b>			<b>25</b>
B.1 Attribution of profits		25			25
B.2 Other changes					
<b>C. Decreases</b>					
C.1 Uses					
- loss cover					
- distribution					
- transfer to capital					
C.2 Other changes					
<b>D. Closing balances</b>	<b>0</b>	<b>(1,952)</b>	<b>4,602</b>	<b>(1,464)</b>	<b>1,186</b>

Other Reserves includes the FTA reserve calculated according to the application of IAS/IFRS to intangible assets and totals Euro 1,464.

The following statement illustrates the source, utilisation and distribution options of equity items.

Type/description	Amount	Possibility of use	Portion available	Summary of usage in the last three years	
				for coverage of losses	for other reasons
<b>Capital</b>	12,000				
<b>Capital reserves</b>	4,602				
Reserve for capital accounts payments	4,602	B			
<b>Retained earnings:</b>	(1,464)				
Legal reserve	-	B			
Other reserves	(1,464)				
<b>Retained earnings</b>	(1,952)	A,B,C	0	25	
<b>TOTAL</b>	<b>13,186</b>		<b>0</b>	<b>25</b>	
Restricted portion			<b>0</b>		
Residual unrestricted portion			<b>0</b>		

Key: A – for capital increases, B – as loss cover, C – for distribution to investors

## PART C – INFORMATION REGARDING THE INCOME STATEMENT

### Section 1 – Interests – Items 10 and 20

#### 1.1 Breakdown of Item 10 “Interest and similar income”

Items/Technical forms	Debt securities	Loans	Impaired assets	Other assets	31.12.2010	31.12.2009
1. Financial assets held for trading						
2. Financial assets designated at fair value through profit and loss						
3. Financial assets available for sale						
4. Financial assets held to maturity						
5. Loans					<b>27</b>	<b>78</b>
5.1 Due from banks					<b>27</b>	<b>78</b>
5.2 Loans to financial institutions						
5.3 Loans to customers						
6. Other assets						
7. Hedging derivatives						
<b>Total</b>					<b>27</b>	<b>78</b>

## 1.2 Interest and similar income: other information

Interest and similar income refers to the current account held with Deutsche Bank S.p.A..

## Section 2 – Commissions – Items 30 and 40

### 2.1 Breakdown of item 30 "Fee and commission income"

Detail	31.12.2010	31.12.2009
1. finance lease transactions		
2. factoring transactions		
3. consumer credit		
4. merchant banking		
5. guarantees given		
6. services:		
- fund management for third-parties		
- foreign exchange trading		
- product distribution		
- other		
7. collection and payment services		
8. services involving securitisation		
9. other commissions – in favour of the issuer	80,990	142,217
<b>Total</b>	<b>80,990</b>	<b>142,217</b>

Fee and commission income refers to retrocessions contractually provided for and recognized in separate equity as per the regular execution of operations.

### 2.2 Breakdown of item 40 "Fee and commission expense"

Detail/Segment	31.12.2010	31.12.2009
1. guarantees received		
2. distribution of third party services		
3. collection and payment services		
4. other commissions	19	27
<b>Total</b>	<b>19</b>	<b>27</b>

Commission expense refers to bank charges on current accounts held with Deutsche Bank S.p.A..

## Section 9 - Administrative expenses - Item 110

### 9.1 Breakdown of item 110.a "Personnel expenses"

Item/Segment	31.12.2010	31.12.2009
<b>1. Employed staff</b>		
a) salaries and wages		
b) social security expenses		
c) staff severance indemnities		
d) social security costs		
e) allocation to employee termination indemnities		
f) allocation to the provision for pension and similar obligations.		
- defined contribution plans		
- defined benefit plans		
g) amounts paid to external complementary social security funds:		
- defined contribution plans		
- defined benefit plans		
H) other expenses		
<b>2. Other staff employed</b>		
<b>3. Directors and auditors</b>	(17,690)	(17,661)
<b>4. Non working personnel</b>		
<b>5. Recovery of expenses for staff seconded to other companies</b>		
<b>6. Reimbursement of expenses for staff seconded to the Company</b>		
<b>Total</b>	<b>(17,690)</b>	<b>(17,661)</b>

### Article II. 9.3 Breakdown of item 110.b "Other administrative expenses"

Description	31.12.2010	31.12.2009
1) Professional service costs:	(54,700)	(121,563)
- Fees to professionals		
- Financial statements audit	(47,610)	(88,234)
- Advisory services		
- Notary public fees	(6,519)	(32,745)
- Government concession tax		(310)
- Other indirect taxes	(571)	(274)
2) Postal charges		
3) Fees to directors and statutory auditors		
4) Third party data processing		
5) Overheads	(5,907)	
6) SIA data transmission costs		
7) Travel expenses		
8) Other expenses		(65)
<b>Total</b>	<b>(60,607)</b>	<b>(121,628)</b>



## Section 14 – Other operating income and expenses – Item 160

### 14.1 Breakdown of item 160 “Other operating income and expenses”

Items	31.12.2010	31.12.2009
Contingent assets	-	-
Out of period expenses	(1,648)	(1)
<b>Total</b>	<b>(1,648)</b>	<b>(1)</b>

Out of period expenses refer to auditing expenses for the previous year.  
Contingent assets refer to lower costs paid for services of previous years.

## Section 17 - Taxes on income from current operations – Item 190

### 17.1 Breakdown of item 190 “Taxes on income from current operations”

Component/Amounts	31.12.2010	31.12.2009
1. Current taxes	(898)	(1,204)
2. Changes in current taxes for previous years		
3. Reduction in current taxes for the financial year		
4. Change in prepaid taxes	(153)	(1,749)
5. Changes in deferred taxes		
<b>Taxes pertaining to the year</b>	<b>(1,051)</b>	<b>(2,953)</b>

Current taxes refer to the provision for IRAP of Euro 184. The changes in prepaid taxes refer to their release, as specified in greater detail in Section 12 "tax assets and liabilities".

### 17.2 Reconciliation between theoretical and balance sheet tax charges

Items	31.12.2010
<b>Theoretical tax charge IRES</b>	<b>290</b>
Permanent increases	453
Temporary increases	
Permanent decreases	(10)
Temporary decreases	(130)
Use of tax losses from prior years	(603)
<b>Actual tax charge IRES</b>	<b>0</b>
<b>Theoretical tax charge IRAP</b>	<b>1,275</b>
Permanent increases	
Temporary increases	
Permanent decreases	
Temporary decreases	(23)
IRAP deductions	(354)
<b>Actual tax charge IRAP</b>	<b>898</b>

## PART D - OTHER INFORMATION

### Section 1 – Specific business activities

#### F. SECURITISATIONS OF LOANS

##### Valuation criteria

The main valuation criteria are set forth below:

##### *Securitised assets*

Loans are initially recognised at their nominal value and shown subsequently at their expected realizable value. Any impairment is recognised as a write-down of the acquisition cost of the loans and is determined analytically with reference to the solvency and objective impairment of the positions of each borrower. Default interest is prudentially accounted for at the time it is received; Any impairment is not maintained if the reasons causing it no longer apply, in which case the portion of the recovered loan is written back or assessed at a higher amount than the previously presumed realisable value. The determination of the accruals and deferrals took place according to the accruals principle in order to define the portion of the income and costs that actually pertains to the year in question.

##### *Use of cash and cash equivalents*

Receivables from banks are recognised at their nominal value and according to the presumable realizable value, including any accrued interest coming due.

##### *Securities issued*

The securities issued and outstanding are recognised at their respective face value.

##### *Other liabilities*

The liabilities comprising the aforementioned item are recognised at their nominal value. The determination of the accruals and deferrals took place according to the accruals principle in order to define the portion of the income and costs that actually pertains to the year in question.

##### *Costs and revenues*

The costs and revenues are recognised according to the accruals principle, including through recognition of accruals and deferrals. Where technically appropriate, accruals and deferrals are adjusted directly in the assets and liabilities they refer to.

Derivatives are concluded for hedging purposes only and valued according to the asset or liability item to which they refer. Related spreads are recognised to other assets or other liabilities, with balancing entry under interest income and interest expense calculated on an accruals basis.

## F.1 – Summary statement of securitised assets and securities issued RESIDENTIAL 2007 SECURITISATION

### BPL MORTGAGES SOCIETÀ A RESPONSABILITÀ LIMITATA

Registered offices: Via Alfieri, 1 - Conegliano Registered under no. 04078130269  
Treviso Register of Companies Tax Code 04078130269 – VAT Code  
04078130269 Share capital: Euro 12,000 Entry no. 38491, General Register  
pursuant to art. 106, Italian Leg. Decree 385/93A – SECURITISATION POSITION  
2007

#### SUMMARY STATEMENT OF SECURITISED ASSETS AND SECURITIES ISSUED

	Position as at 31.12.2010	Position as at 31.12.2009	Changes in the period
<b>A. Securitised assets</b>	<b>0</b>	<b>645,177,813</b>	<b>-645,177,813</b>
A.1) Mortgage loans	0	643,302,594	-643,302,594
A.2) Securities	0	0	0
A.3) Other (doubtful loans)	0	1,875,219	-1,875,219
<b>B. Use of cash and cash equivalents from the asset management</b>	<b>2,382,671</b>	<b>36,323,109</b>	<b>-33,940,438</b>
B.1) Debt securities	0	0	0
B.2) Capital instruments	0	0	0
B.3) Liquidity	0	32,550,315	-32,550,315
B.4) Repurchase agreement transactions	0	0	0
B.5) Other loans	2,382,671	3,772,794	-1,390,123
<b>C. Securities issued</b>	<b>0</b>	<b>648,914,070</b>	<b>-648,914,070</b>
C.1 Class A securities	0	589,185,070	-589,185,070
C.2 Class B securities	0	14,900,000	-14,900,000
C.3 Class C securities	0	24,900,000	-24,900,000
C.4 Class D securities	0	19,929,000	-19,929,000
<b>D. Financing obtained</b>	<b>0</b>	<b>0</b>	<b>0</b>
D.1) Securities lending	0	0	0
D.2) Subordinated loan	0	0	0
<b>E. Other liabilities</b>	<b>2,382,671</b>	<b>5,194,497</b>	<b>-2,811,826</b>
E.1) Payables to the Company	0	26,022	-26,022
E.2) Sundry payables	2,382,671	4,339,378	-1,956,707
E.3) Accrued expenses	0	829,097	-829,097
<b>F. Interest payable on securities issued</b>	<b>27,084,443</b>	<b>19,991,211</b>	<b>7,093,232</b>
<b>G. Commissions and fees imputable to the transaction</b>	<b>1,878,270</b>	<b>29,463,046</b>	<b>-27,584,776</b>
G.1) for the Servicing	30,784	771,717	-740,933
G.2) for other services	1,847,486	28,691,329	-26,843,843
G.2a) Placement. and Rating Comm. on securities issued	0	0	0
G.2b) Bank charges	10,743	753	9,990
G.2c) Cash Manager	4,500	18,000	-13,500
G.2d) Issuer	24	37,156	-37,132
G.2e) Paying Agent, RoN and other	16,421	60,900	-44,479
G.2f) Negative SWAP spread	1,815,798	28,574,520	-26,758,722
<b>H. Other expenses</b>	<b>1,623</b>	<b>2,092,931</b>	<b>-2,091,308</b>
H.1) Legal, Professional and Administrative expense	0	26,942	-26,942
H.2) Losses on loans	0	2,065,983	-2,065,983
H.3) Non deductible VAT	0	0	0
H.4) Interest expense on loans	0	0	0
H.5) Contingent liabilities	1,623	6	1,617
<b>I. Interest generated from securitised assets</b>	<b>758,181</b>	<b>23,652,421</b>	<b>-22,894,240</b>
<b>L. Other revenues</b>	<b>813,800</b>	<b>24,240,897</b>	<b>-23,427,097</b>
L.1) Interest income	21,352	1,430,896	-1,409,544
L.2) Fee and commission income	13,052	418,244	-405,192
L.3) Positive SWAP spreads	685,007	20,348,438	-19,663,431
L.4) Write-backs on loans	130	2,017,856	-2,017,726
L.5) Contingent assets	94,259	25,463	68,796

## QUALITATIVE INFORMATION

### F.2) Description and performance of the securitisation

On 18 January 2010, the loans relating to the transaction concluded in 2007 were repurchased by the originator banks. On 20 January 2010, the Company redeemed the securities in advance.

### F.4) Issue characteristics

Security	Total par value	Residual value 31.12.2009	Redemptions 2010	Residual value as at 31.12.10
Class A senior securities	935,750,000	589,185,070	(589,185,070)	-
Class B mezzanine securities	14,900,000	14,900,000	(14,900,000)	-
Class C mezzanine securities	24,900,000	24,900,000	(24,900,000)	-
Class D junior securities	19,929,000	19,929,000	(19,929,000)	-
<b>Total</b>	<b>995,479,000</b>	<b>648,914,070</b>	<b>(648,914,070)</b>	<b>-</b>

## QUANTITATIVE INFORMATION

### F.7) Cash flows relating to loans

<b>Opening balance as at the date of transfer</b>	<b>995,479,289</b>
<b>Increases</b>	
- Default interest	88,861
- Interest to be collected	1,251,436
<b>Decreases</b>	
- Write-downs of loans for default interest	88,861
- Decreases in receivables	349,719,537
- Decrease in interest to be received	574,885
- Decreases for bad debts and impairment	1,258,489
<b>Position as at 31.12.09</b>	<b>645,177,813</b>
Increases	
- Default interest and expense	
- Increase in interest to be collected	
<b>Total increases</b>	<b>-</b>
Decreases	
- Loan write-downs for default interest	
- Decrease in interest to be collected	676,551
- Decreases in receivables	645,708,304
<b>Total decreases</b>	<b>646,384,855</b>
<b>Position as at 31.12.10 (gross value)</b>	<b>1,207,042</b>
Adjustments to loans as at 31.12.2010	(1,207,042)
<b>Position as at 31.12.10</b>	<b>-</b>

#### F.8) Evolution of past due loans

<b>Position as at 31.12.09</b>	<b>6,511,155</b>
Increases	-
-Decreases for redemption	6,503,852
-Collections of capital	800
-Collection of interest (including default interest)	6,503
Total decreases	6,511,155
<b>Position as at 31.12.10</b>	<b>-</b>

#### F.9) Cash flows

<b>LIQUIDITY AS AT 31.12.09</b>	<b>32,550,315</b>
<b>LIQUIDITY INCREASES</b>	
Collections of capital	645,177,943
Collections of interests	1,828,214
Commissions collected	13,052
Positive IRS spread	
Contingent assets	94,259
Increase in payables	
Decrease in receivables	
<b>TOTAL INCREASES</b>	<b>647,113,468</b>
<b>USE OF LIQUIDITY</b>	
Purchase of securitized loans	
Redemption of class securities	648,914,070
Interest expense on securities and borrowings	27,336,361
Fee and commission expense	149,442
Legal, professional and other expenses	25,000
Negative spread on IRS	1,364,402
Out of period expenses	1,619
Increases in receivables	2,130
Decrease in payables	1,870,759
<b>TOTAL USES</b>	<b>679,663,783</b>
<b>LIQUIDITY AS AT 31.12.10</b>	<b>-</b>

It is noted that the table relating to the data on the "Residentials 2007" portfolio are not shown as the portfolio was repurchased in its entirety.

## F.1 – Statement of securitised assets and securities issued

### RESIDENTIAL 2008 SECURITISATION

## F.1 – Statement of securitised assets and securities issued

### RESIDENTIAL 2008 SECURITISATION

#### BPL MORTGAGES

##### SOCIETÀ A RESPONSABILITÀ LIMITATA

Registered offices: Via Alfieri, 1 - Conegliano Registered under no. 04078130269  
Treviso Register of Companies - Tax Code 04078130269 – VAT Code 04078130269  
Share capital: Euro 12,000 fully paid in, Entry no. 38491, General Register pursuant to  
art. 106, Italian Leg. Decree 385/93

##### A – SECURITISATION POSITION 2008

##### SUMMARY STATEMENT OF SECURITISED ASSETS AND SECURITIES ISSUED

	Position as at 31.12.2010	Position as at 31.12.2009	Changes in the period
<b>A. Securitised assets</b>	<b>0</b>	<b>914,029,384</b>	<b>-914,029,384</b>
A.1) Mortgage loans	0	913,288,028	-913,288,028
A.2) Securities	0	0	0
A.3) Other (doubtful loans)	0	741,356	-741,356
<b>B. Use of cash and cash equivalents from the asset management</b>	<b>89,996</b>	<b>160,991,790</b>	<b>-160,901,794</b>
B.1) Debt securities	0	0	0
B.2) Capital instruments	0	0	0
B.3) Liquidity	0	157,242,920	-157,242,920
B.4) Repurchase agreement transactions	0	0	0
B.5) Other loans	89,996	3,748,870	-3,658,874
<b>C. Securities issued</b>	<b>0</b>	<b>1,052,000,000</b>	<b>-1,052,000,000</b>
C.1 Class A securities	0	973,100,000	-973,100,000
C.2 Class B securities	0	78,900,000	-78,900,000
C.3 Class C securities	0	0	0
C.1 Class D securities	0	0	0
<b>D. Financing obtained</b>	<b>0</b>	<b>0</b>	<b>0</b>
D.1) Securities lending	0	0	0
D.2) Subordinated loan	0	0	0
<b>E. Other liabilities</b>	<b>89,996</b>	<b>16,539,418</b>	<b>-16,449,422</b>
E.1) Payables to the Company	0	22,847	-22,847
E.2) Sundry payables	89,996	7,066,711	-6,976,715
E.3) Accrued expenses	0	9,449,860	-9,449,860
<b>F. Interest payable on securities issued</b>	<b>15,919,239</b>	<b>27,959,785</b>	<b>-12,040,546</b>
<b>G. Commissions and fees imputable to the transaction</b>	<b>2,563,027</b>	<b>39,568,666</b>	<b>-37,005,639</b>
G.1) for the Servicing	13,732	416,622	-402,890
G.2) for other services	2,549,295	39,152,044	-36,602,749
G.2a) Placement and Rating Comm. Securities issued	0	0	0
G.2b) Bank charges	561	475	86
G.2c) Cash Manager	0	0	0
G.2d) Issuer	9,080	35,071	-25,991
G.2e) Paying Agent, RoN and other	25,072	35,645	-10,573
G.2f) Negative SWAP spread	2,514,582	39,080,853	-36,566,271
<b>H. Other expenses</b>	<b>31,467</b>	<b>1,279,271</b>	<b>-1,247,804</b>
H.1) Legal, Professional and Administrative expense	25,820	31,908	-6,088
H.2) Losses on loans	0	1,247,358	-1,247,358
H.3) Non deductible VAT	0	0	0
H.4) Interest payable on loans	0	0	0
H.5) Contingent liabilities	5,647	5	5,642
<b>I. Interest generated from securitised assets</b>	<b>1,573,725</b>	<b>41,474,460</b>	<b>-39,900,735</b>
<b>L. Other revenues</b>	<b>10,458,252</b>	<b>30,235,466</b>	<b>-19,777,214</b>

L.1) Interest income	211,590	298,976	-87,386
L.2) Commission income	1,512	376,312	-374,800
L.3) Positive SWAP spreads	1,065,353	29,396,639	-28,331,286
L.4) Write-backs on loans	78	31,722	-31,644
L.5) Contingent assets	9,179,719	131,817	9,047,902

## QUALITATIVE INFORMATION

### F.2) Description and performance of the securitisation

On 18 January 2010, the loans relating to the transaction concluded in 2008 were repurchased by the originator banks. On 29 October 2010, the Company redeemed the securities in advance.

### F.4) Issue characteristics

Security	Total par value	Residual value 31.12.2009	Redemptions 2010	Residual value as at 31.12.10
Class A senior securities	973,100,000	973,100,000	(973,100,000)	-
Class B junior securities	78,900,000	78,900,000	(78,900,000)	-
<b>Total</b>	<b>1,052,000,000</b>	<b>1,052,000,000</b>	<b>(1,052,000,000)</b>	<b>-</b>

## QUANTITATIVE INFORMATION

### F.7) Cash flows relating to loans

<b>INITIAL POSITION UPON TRANSFERRAL</b>	<b>1,052,000,998</b>
INCREASES	
- Default interest	26,144
- Interest to be collected	1,324,818
DECREASES	
- Write downs of loans for default interest	26,144
- Decreases in receivables	138,049,074
- Decreases for bad debts and impairment	1,247,359
<b>OPENING BALANCE AS AT 31.12.09</b>	<b>914,029,384</b>
INCREASES	
- Default interest and expense	
- Increase in interest to be received	
<b>Total increases</b>	
DECREASES	
- Write downs of loans for default interest	
- Decrease in interest to be received	1,324,818
- Decreases in receivables	913,951,924
<b>Total decreases</b>	<b>915,276,742</b>
<b>POSITION AS AT 31.12.10 (gross value)</b>	<b>1,247,358</b>
Adjustments to loans as at 31.12.2010	(1,247,358)
<b>FINAL POSITION AS AT 31.12.2010</b>	<b>-</b>

Article III.

F.8) Evolution of past due loans

<b>OPENING BALANCE AS AT 31.12.09</b>	<b>1,675,912</b>
<b>INCREASES</b>	<b>-</b>
- Decreases for redemption	1,664,781
- Collections of capital	
- Collection of interest (including default interest)	11,131
<b>Total decreases</b>	<b>1,675,912</b>
<b>FINAL POSITION AS AT 31.12.2010</b>	<b>-</b>

Article IV. F.9) Cash flows

Article V.

<b>LIQUIDITY AS AT 31.12.09</b>	<b>157,242,920</b>
<b>LIQUIDITY INCREASES</b>	
Collections of capital	914,029,462
Collections of interests	1,817,000
Commissions collected	1,512
Positive IRS spread	
Contingent assets	9,179,719
Increase in payables	
Decrease in receivables	
<b>TOTAL INCREASES</b>	<b>925,027,693</b>
<b>USE OF LIQUIDITY</b>	
Purchase of securitized loans	
Redemption of class securities	1,052,000,000
Interest expense on securities and borrowings	18,949,256
Fee and commission expense	209,820
Legal, professional and other expenses	51,300
Negative spread on IRS	4,185,850
Out of period expenses	5,649
Increases in receivables	56,031
Decrease in payables	6,812,707
<b>TOTAL USES</b>	<b>1,082,270,614</b>
<b>LIQUIDITY AS AT 31.12.10</b>	<b>-</b>

It is noted that the table relating to the data on the "Residentials 2007" portfolio are not shown as the portfolio was repurchased in its entirety.



**F.1 – Statement of securitised assets and securities issued**  
**RESIDENTIAL MARCH 2009 SECURITISATION**

**BPL MORTGAGES**

**SOCIETÀ A RESPONSABILITÀ LIMITATA**

Registered offices: Via Alfieri, 1 - Conegliano Registered under no. 04078130269 Treviso Register  
of Companies - Tax Code 04078130269 – VAT Code 04078130269 - Share  
capital: Euro 12,000 fully paid in, Entry no. 38491, General Register pursuant to art.  
106, Italian Leg. Decree 385/93

A – SECURITISATION POSITION 2009

**SUMMARY STATEMENT OF SECURITISED ASSETS AND SECURITIES ISSUED**

	Position as at 31.12.2010	Position as at 31.12.2009	Changes in the period
<b>A. Securitised assets</b>	<b>2,276,264,823</b>	<b>2,629,003,174</b>	<b>-352,738,351</b>
A.1) Mortgage loans	2,269,056,374	2,628,672,035	-359,615,661
A.2) Securities	0	0	0
A.3) Other (doubtful loans)	7,208,449	331,139	6,877,310
<b>B. Use of the cash and cash equivalents from the asset management</b>	<b>184,750,421</b>	<b>445,583,192</b>	<b>-260,832,771</b>
B.1) Debt securities	0	0	0
B.2) Capital instruments	0	0	0
B.3) Liquidity	168,473,973	427,409,300	-258,935,327
B.4) Repurchase agreement transactions	0	0	0
B.5) Other loans	16,276,448	18,173,892	-1,897,444
<b>C. Securities issued</b>	<b>2,386,826,865</b>	<b>3,001,799,000</b>	<b>-614,972,135</b>
C.1 Class A securities	2,184,177,865	2,799,150,000	-614,972,135
C.2 Class B securities	202,649,000	202,649,000	0
C.3 Class C securities	0	0	0
C.1 Class D securities	0	0	0
<b>D. Financing obtained</b>	<b>0</b>	<b>0</b>	<b>0</b>
D.1) Securities lending	0	0	0
D.2) Subordinated loan	0	0	0
<b>E. Other liabilities</b>	<b>44,353,617</b>	<b>50,905,795</b>	<b>-6,552,178</b>
E.1) Payables to the Company	29,245	22,647	6,598
E.2) Sundry payables	11,735,766	11,796,052	-60,286
E.3) Accrued expenses	32,588,606	39,087,096	-6,498,490
<b>F. Interest payable on securities issued</b>	<b>48,386,014</b>	<b>53,078,882</b>	<b>-4,692,868</b>
<b>G. Commissions and fees imputable to the transaction</b>	<b>87,889,445</b>	<b>86,911,240</b>	<b>978,205</b>
G.1) for the Servicing	1,254,129	1,283,683	-29,554
G.2) for other services	86,635,316	85,627,557	1,007,759
G.2a) Placement and Rating Comm. Securities issued	900	0	900
G.2b) Bank charges	622	891	-269
G.2c) Cash Manager	0	0	0
G.2d) Issuer	36,653	36,277	376
G.2e) Paying Agent, RoN and other	35,683	30,419	5,264
G.2f) Negative SWAP spread	86,561,458	85,559,970	1,001,488
<b>H. Other expenses</b>	<b>2,308,947</b>	<b>6,981,691</b>	<b>-4,672,744</b>
H.1) Legal, Professional and Administrative expense	26,779	25,798	981
H.2) Losses on loans	2,277,011	1,361,738	915,273
H.3) Non deductible VAT	0	0	0
H.4) Interest payable on loans	0	5,594,155	-5,594,155
H.5) Contingent losses	5,157	0	5,157
<b>I. Interest generated from securitised assets</b>	<b>85,742,964</b>	<b>100,210,629</b>	<b>-14,467,665</b>
<b>L. Other revenues</b>	<b>60,794,633</b>	<b>68,642,755</b>	<b>-7,848,122</b>
L.1) Interest income	835,877	413,151	422,726
L.2) Commission income	1,022,595	1,030,822	-8,227
L.3) Positive SWAP spreads	57,988,942	67,198,773	-9,209,831
L.4) Write-backs on loans	912,962	0	912,962
L.5) Contingent assets	34,257	9	34,248

## QUALITATIVE INFORMATION

### F.2) Description and performance of the securitisation

#### *Note on the main balance sheet items of the summary statement*

Item B.3 refers to liquidity deposited on current accounts held with Banca Popolare di Lodi S.p.A. and BNP Paribas S.A., and mainly refer to amounts collected as capital and interest on the securitisation's underlying assets and to the cash reserve held as securitisation guarantee.

Item B.5 mainly refers to accrued income of approximately Euro 14.5 million on IRS spreads regarding the swap in existence with Natixis, in addition to interest accrued on the loans of approximately Euro 1.7 million.

Item E.2 includes the accruals on the original loans and interest expense matured on the debt triggered by the temporary gap between acquisition of the loans and issue of the security, necessary to fund the purchase of assets and still payable to the Originators, for a total of approximately Euro 11.5 million and the invoices to settle or receive in addition to the allocations for the period of approximately Euro 290 thousand.

#### *Status*

*of the transaction* The transaction was completed in 2 steps: the first on 10 February 2009 on signing of the transfer agreement without recourse of a residential mortgages portfolio, and the second on 16 March 2009 on issue of the asset backed securities used to fund the loan acquisition.

#### *Originators*

Banca Popolare di Verona – S. Geminiano e S. Prospero S.p.A., with registered office at Piazza Nogara 2, Verona (VR);  
Banca Popolare di Novara S.p.A., with registered office at Via Negroni 12, Novara (NO);  
Credito Bergamasco S.p.A., with registered office at Largo Porta Nuova 2, Bergamo (BG).  
Banca Popolare di Lodi S.p.A with registered offices in Lodi (LO), Via Polenghi Lombardo, 13;  
Cassa di Risparmio di Lucca Pisa Livorno S.p.A. in Lucca (LU), Piazza S.Giusto, 10.  
Banca Caripe S.p.A., with registered office at Corso Vittorio Emanuele 102/104, Pescara (PE).

#### *Loans*

*subject to disposal* The loans transferred are a monetary loans portfolio deriving from real estate mortgage agreements on residential properties concluded with natural persons resident in Italy and identifiable en bloc pursuant to Law 130/99.  
Transfer of the portfolio was at its nominal value given the high quality of the loans transferred. These were selected according to the criteria listed below, pursuant to the combined provisions of articles 1 and 4, Italian Law no. 130 of 30 April 1999 and article 58, Italian Legislative Decree no. 385 of 1 September 1993.

### Characteristics of the loans subject to disposal

The transfer to the Issuer of loans disbursed by the Originator (including capital, interest, default interest, accrued and accruing after 6 February 2009 (exclusive), accessory charges, expense, other non-life repayments, etc.) deriving from mortgage agreements stipulated pursuant to real estate financing regulations under article 38 et seq. of Legislative Decree no. 385 of 1 September 1993, which as at 6 February 2009 were owned by the Originator and at that same date had the following characteristics:

- mortgage loans for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more natural persons, all resident in Italy;
- mortgage loans granted by Banca Popolare di Verona – S. Geminiano e S. Prospero S.p.A. concluded between 25 January 1995 (included) and 31 December 2008 (included);
- mortgage loans granted by Banca Popolare di Novara S.p.A.. concluded between 11 April 1995 (included) and 31 December 2008 (included);

- mortgages granted by Credito Bergamasco S.p.A. concluded between 14 November 1997 (included) and 31 December 2008 (included); (iv) mortgages granted by Banca Popolare di Lodi S.p.A. concluded between 16 November 1994 (included) and 31 December 2008 (included);
- mortgage loans granted by Cassa di Risparmio di Lucca Pisa Livorno S.p.A. concluded between 27 March 1992 (included) and 31 December 2008 (included);
- mortgage loans granted by Banca Caripe S.p.A.. concluded between 29 September 1998 (included) and 31 December 2008 (included);
- mortgage loans with instalments due on 6 February 2009 which are paid in their entirety;
- mortgage loans with at least one instalment, including capital, due and paid;
- mortgage loans for which the ratio between (i) the original amount of the mortgage and (ii) the estimated value of the property calculated near to the date of stipulation of the mortgage, is equal to or less than 80%.
- mortgage loans guaranteed by a first degree financial property mortgage, this being understood as:
  - (i) a voluntary first level legal mortgage; or
  - (ii) a voluntary second level legal mortgage in cases in which the mortgaged-backed securities on the first mortgage are fully satisfied;
- mortgage loans with residual capital debt equal to or higher than Euro 5,000.
- mortgage loans with residual capital debt equal to or lower than Euro 1,000,000.
- mortgage loans with a contractual interest rate belonging to one of the following categories:
  - (a) fixed rate mortgage on which the interest rate is not equal to or less than 1% per year and not equal to or more than 8% per year. A "fixed rate mortgage" refers to mortgages for which the contractually-agreed interest rate does not envisage changes for the entire residual life of the loan;
  - (b) floating rate mortgages:
    - (i) on which the spread over and above the benchmark rate is higher than zero and equal to or lower than 2.5% per year; or
    - (ii) in relation to which a maximum interest rate has been set (cap).  
A "floating rate mortgage" is one in which the interest rate benchmark is the Euribor rate;
  - (c) "discounted rate" mortgages. "Discounted rate mortgages" envisage a compulsory step established under contract from a fixed-rate interest calculation to a floating rate calculation method using the Euribor as benchmark;
  - (d) "modular" mortgages. "Modular" mortgages are those mortgages that provide the option of modifying the method of calculation of interests from a Euribor linked variable rate procedure to a fixed rate procedure, even several times during the life of the loan.

The table below is broken down by Originator portfolio. The data are expressed in units of Euro.

#### Article VI. Distribution of loans by Originator

Bank	Value as at 31.12.2010	% portfolio as at 31.12.10	Value as at 31.12.2009	% portfolio as at 31.12.09	Value as at 07.02.2009	% portfolio as at 07.02.09
Banca Popolare Verona	622,673,593	27.44%	715,372,592	27.21%	818,415,432	27.26%
Banca Popolare Novara	359,310,538	15.84%	413,282,368	15.72%	473,814,813	15.78%
Banca Popolare Lodi	623,046,427	27.46%	730,405,426	27.79%	830,922,037	11.58%
Credito Bergamasco	268,132,626	11.82%	305,999,343	11.64%	347,649,516	27.69%
Cassa di Risparmio Lucca Pisa Livorno	288,622,965	12.72%	336,948,501	12.82%	387,611,414	12.91%
Caripe	107,270,225	4.72%	126,663,805	4.82%	143,386,286	4.78%
<b>Total</b>	<b>2,269,056,374</b>	<b>100.00%</b>	<b>2,628,672,035</b>	<b>100.00%</b>	<b>3,001,799,498</b>	<b>100.00%</b>

(1) The amounts indicated represent the loans which have matured or are maturing as at 31 December 2010, net of the relative write-down provisions. They do not include doubtful loans which are set forth in the table below.

#### Article VII. Business performance

As at 31 December 2010, the amounts collected performed better than envisaged in the provisional amortisation plan. The higher amounts collected during the year are due to early repayments promoted by application of the Bersani Decree.

The doubtful, substandard, past due and restructured loans are shown in the table below:

Bank	Doubtful loans as at 31.12.10	% Doubtful loans as at 31.12.10	Doubtful loans as at 31.12.09	% Doubtful loans as at 31.12.09
Banca Popolare di Verona	3,621,702	50.24%	30,255	9.14%
Banca Popolare di Novara	646,642	8.97%	21,700	6.55%
Banca Popolare Lodi	870,509	12.08%	-	-
Credito Bergamasco	1,395,104	19.35%	-	-
Cassa di Risparmio Lucca Pisa Livorno	535,821	7.43%	279,184	84.31%
Caripe	138,671	1.93%	-	-
<b>Total</b>	<b>7,208,449</b>	<b>100.00%</b>	<b>331,139</b>	<b>100.00%</b>

Bank	Substandard loans as at 31.12.10	% Substandard loans as at 31.12.10	Substandard loans as at 31.12.09	% Substandard loans as at 31.12.09
Banca Popolare di Verona	7,546,308	28.00%	5,224,636	35.25%
Banca Popolare di Novara	7,379,588	27.38%	2,953,422	19.93%
Banca Popolare Lodi	4,251,865	15.78%	2,204,537	14.87%
Credito Bergamasco	2,859,178	10.61%	1,876,251	12.66%
Cassa di Risparmio Lucca Pisa Livorno	2,651,630	9.83%	1,006,823	6.79%
Caripe	2,264,140	8.40%	1,555,000	10.50%
<b>Total</b>	<b>26,952,709</b>	<b>100.00%</b>	<b>14,820,669</b>	<b>100.00%</b>

Bank	Past due loans as at 31/12/10	% Past due loans as at 31/12/10	Past due loans as at 31.12.09	% Past due loans as at 31.12.09	Restructured loans as at 31.12.10	% Restructured loans as at 31.12.10
Banca Popolare di Verona	1,974,736	20.29%	4,419,371	26.75%	553,826	6.74%
Banca Popolare di Novara	3,642,533	37.42%	2,482,206	15.03%	1,359,339	16.55%
Banca Popolare Lodi	1,518,091	15.60%	4,446,265	26.92%	3,016,757	36.73%
Credito Bergamasco	1,420,977	14.60%	3,217,564	19.48%	779,602	9.49%
Cassa di Risparmio Lucca Pisa Livorno	584,718	6.01%	1,318,631	7.98%	2,503,628	30.49%
Caripe	592,034	6.08%	634,367	3.84%	0	0
<b>Total</b>	<b>9,733,089</b>	<b>100.00%</b>	<b>16,518,404</b>	<b>100.00%</b>	<b>8,213,152</b>	<b>100.00%</b>

## Article VIII.

### F.3) information about the entities involved

#### *Purchaser of the Loans*

BPL Mortgages S.r.l., a limited partnership company established on 30 June 2006, pursuant to art. 3, Italian Law no. 130 of 30 April 1999, under the name Giano Finance S.r.l., later renamed BPL Mortgages S.r.l. on 11 May 2007, with registered office at Via V. Alfieri 1, Conegliano (TV), Italy, registration no. 04078130269 in the relevant Register of Companies and registered on the General Register of Financial Intermediaries pursuant to art. 106, Italian Legislative Decree 385/93.

#### *Originators*

Banca Popolare di Verona S. Geminiano e S. Prospero S.p.A., Banca Popolare di Novara S.p.A., Credito Bergamasco S.p.A., Banca Popolare di Lodi S.p.A., Cassa di Risparmio di Lucca Pisa Livorno S.p.A. and Banca Caripe S.p.A..

#### *Obligations of the Originator*

As at the date of transfer the Originators issued a Guarantee Statement by which the Originators guaranteed the existence of the loans transferred and any contingent mortgage security or guarantees. In addition, the Originators agreed to hold the Issuer harmless from all losses, costs, charges, expense and liabilities incurred in the event of default of Originator obligations under the terms of the transfer agreement or if Originator statements should prove incorrect with respect to said agreement and related attachments.

By this Statement the Originators provided guarantees in relation to the following:

- a) the Originator status and general issues relating to the Transfer Agreement and Servicing Contract;
- b) statements and guarantees regarding the Loans, Mortgage Agreements and related Contingent Mortgage Securities and Guarantees;
- c) statements and guarantees regarding the Real Estate;
- d) statements and guarantees regarding the truthfulness of data disclosed;
- e) statements and guarantees regarding insurance policies linked to the mortgage agreements.

#### *The Servicers*

Banca Popolare di Verona S. Geminiano e S. Prospero S.p.A., Banca Popolare di Novara S.p.A., Credito Bergamasco S.p.A., Banca Popolare di Lodi S.p.A., Cassa di Risparmio di Lucca Pisa Livorno S.p.A. and Banca Caripe S.p.A. (the "Servicers"). With the Servicing Contract concluded on 10 February 2009, the Servicers were given a mandate to carry out, in the name and on behalf of the issuer and in regard to the entire mortgage portfolio, the administration, collection of the loans deriving from the mortgages themselves, the management of recovery procedures for the loans in an executive capacity as well as in the case of enforcement or cognizance proceedings involving the loans. Furthermore the Servicers must transfer to the Company all amounts collected on behalf of the latter relating to loans, including the amounts deriving from the collection of capital and interests, including default interest, of substandard and doubtful loans.

#### *Arranger*

Banco Popolare Soc. Coop.

#### *Shareholder*

SVM Securitisation Vehicles Management S.r.l.

#### *Representative*

BNP Paribas Securities Services S.A.

#### *Noteholders*

#### *Swap Counterparty (to 22 March 2010)*

Banco Popolare Soc. Coop.

#### *Swap Counterparty (after 22 March 2010)*

Natixis, London.

#### *Calculation Agent*

BNP Paribas Securities Services S.A.

#### *Principal Paying Agent*

BNP Paribas Securities Services S.A.

#### *and Agent Bank*

#### *Transaction Bank*

BNP Paribas S.A.

#### *Interim Account Bank*

Banca Popolare di Lodi S.p.A.

#### *Corporate Servicer*

Securitisation Services S.p.A.

#### *Administrative Servicer*

Banco Popolare Soc. Coop.

#### *First Demand Guarantor*

Banco Popolare Soc. Coop.

#### F.4) Issue characteristics

BPL Mortgages S.r.l. issued on 16 March 2009 senior securities (Class A) for Euro 2,799,150,000 and junior securities (Class B) for Euro 202,649,000. The junior securities were 100% subscribed by the Originators, proportionate to the loans transferred. All securities issued have restricted recourse on the acquired loans in relation to other related rights and additional guarantees in support of the transaction.

<i>Class A senior securities</i>	Currency	EURO
	Amount	Euro 2,799,150,000
	Rate	Floating
	Benchmark	6-month Euribor + 0.80% per year spread
	Coupon	Half-yearly
	Legal maturity	October 2054
	Ratings	Standard & Poor's AAA
	Listing	Irish Stock Exchange
	Governing law	Italian
<i>Class B junior securities</i>	Currency	EURO
	Amount	Euro 202,649,000
	Rate	n/a
	Benchmark	n/a
	Coupon	half-yearly
	Additional remuneration	Residual yield
	Legal maturity	October 2054
	Ratings	No rating
	Governing law	Italian

Security	Total par value	Redemptions 2010	Residual value as at 31.12.10
Class A senior securities	2,799,150,00	(614,972,135)	2,184,177,865
Class B junior securities	202,649,000	-	202,649,000
<b>Total</b>	<b>3,001,799,000</b>	<b>(614,972,135)</b>	<b>2,386,826,865</b>

The senior securities were 100% subscribed by Banco Popolare Soc. Coop.. It is hereby specified that following the repurchase of the portfolio which is scheduled for the month of February 2011, the securities will be redeemed in full at the end of March 2011. The junior securities were subscribed by the Originators in percentages proportionate to the portfolio transferred, with breakdown as follows:

Bank	Amount as at 31.12.10
Banca Popolare di Verona	55,250,000
Banca Popolare di Lodi	56,095,000
Banca Popolare di Novara	31,987,000
Cassa di Risparmio Lucca, Pisa Livorno	26,168,000
Credito Bergamasco	23,469,000
Banca Caripe	9,680,000
<b>Total</b>	<b>202,649,000</b>

#### Allocation of portfolio cash flows

The allocation of cash flows generated by the transferred loans is to ensure that priority is given to the payment of third parties involved in the securitisation, then the payment of capital and interest on rated securities, and lastly to repayment of credit facilities, with any remaining cash flows assigned to the Junior Notes.

In general, the order of payments for the more recurring items is as follows:

- (i) tax charges;
- (ii) third party costs;
- (iii) reimbursement of expenses to guarantee going concern of the issuer in compliance with current regulations;
- (iv) securitisation-related commissions and SPV overheads (noteholder representative, paying agent, servicer, corporate servicer, administrative expenses);
- (v) amounts due to the Swap counterparty;
- (vi) Interests on Class A securities;
- (vii) - capital on Class A securities (up to full repayment);
- (viii) reintegration of cash reserve (eventual);
- (ix) interest on junior Class B junior securities;
- (x) additional returns on Class B securities.

#### **F.5) Accessory financial transactions**

On issue of the securities the Company has initially concluded a Swap agreement with Banco Popolare Soc. Coop. to hedge mismatching risk between rates on the securitised loans and returns on the bonds issued. On 22 March 2010, the role of swap counterparty was given to Natixis London, to which the company pays interest collected on loans during the "Collection Period" and receives an amount equal to the outstanding principal of the performing portfolio, this equal to the sum of the outstanding principal opening and closing balances, divided by two, for the number of "collection period" days, at a 6-month Euribor rate (360 days) plus a 1.30% spread.

In addition, to hedge the risk of any periods of illiquidity, the company initially allocated a cash reserve named the "Cash Reserve". At each interest payment date the cash reserve is topped up to the target figure of Euro 60,035,980. As at 31 December 2010 the cash reserve totalled Euro 28,836,675.

Amongst others, Banco Popolare, the Originators, Banca Popolare di Lodi (as Interim Account Bank) and the company signed a First and Second Demand Guarantee by which Banco Popolare guarantees the company against obligations deriving from activities performed by the Originators' Servicers and by the Interim Account Bank (Banca Popolare di Lodi), in addition to obligations deriving from "Mutuo Alberto" mortgage agreements signed by borrowers.

The maximum amounts guaranteed are:

- Euro 58,700,000 Banca Popolare di Lodi S.p.A., First Maximum Guaranteed;
- Euro 2,118,363 Banca Popolare di Lodi S.p.A., Second Maximum Guaranteed;
- Euro 10,000,000 Banca Popolare di Novara S.p.A., First Maximum Guaranteed;
- Euro 2,934,371 Banca Popolare di Novara S.p.A., Second Maximum Guaranteed;
- Euro 16,400,000 Banca Popolare di Verona SGSP S.p.A., First Maximum Guaranteed;
- Euro 15,462,700 Banca Popolare di Verona SGSP S.p.A., Second Maximum Guaranteed;
- Euro 2,900,000 Banca Caripe S.p.A., First Maximum Guaranteed;
- Euro 7,400,000 Cassa di Risparmio di Lucca Pisa Livorno S.p.A., First Maximum Guaranteed;
- Euro 58,201 Cassa di Risparmio di Lucca Pisa Livorno S.p.A., Second Maximum Guaranteed.

#### **F.6) Operating powers of the transferring Company**

BPL Mortgages S.r.l. (as Transferee and Issuer) has operating rights limited by the Articles of Association. In particular, article 3 states:

"The company's sole purpose is to carry out one or more securitisations pursuant to Law 130 of 30 April 1999, as it is currently applicable and subsequent implementation provisions ("Law 130/1999"), through acquisition against payment by the company or another company established pursuant to Law 130/1999, of monetary loans, whether in existence or to be granted in the future, identified as a bloc in the event of more than one loans, funded through the issuing by the company or another company established pursuant to Law 130/1999 through the issuing of securities as per article 1. Par. 1.b and 5 of Law 130/1999.

The Company may also carry out securitisations pursuant to the procedures set forth under article 7 of Law 130/1999 and in the form of schedules for subsequent issues of securities as part of the same transaction. The Company may also carry out transactions with a revolving structure, that is that use collections from the management of the loans purchased prior to or concurrently with the issue of the securities for the purchase of further loans. Pursuant to article 3 of Law 130/1999, these latter loans will also constitute separate assets on which creditors other than the holders of the securities issued cannot act.

Pursuant to the provisions of Law 130/1999, the loans related to each securitisation constitute separate equity to all of facts and purposes from that of the company and the equity of other securitizations carried out by the company. Each of these separate equities shall be used exclusively to satisfy the rights incorporated into the securities issued, by the company or by other companies, to finance the purchase of loans that are part of the aforementioned equity and to pay the costs relating to the securitization. Therefore, no action by creditors other than the holders of securities issued to finance said loans is permitted on the separate equity. To the extent permitted by the provisions of Law 130/1999, the company may conclude contingent financial transactions, stipulated exclusively with a view to the success of its securitisations, or in any event instrumental to the company purpose, including reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned securities. As part of the securitisations it carries out, the Company may appoint third parties to collect the loans purchased and provide the collection and payment services and also other transactions involving the transferral of the loans purchased and reinvesting in other financial assets (including loans with features that are similar to those that were securitised) the funds resulting from the management of the loans that were purchased which are not immediately used to fulfil the rights deriving from the abovementioned securities, and any other activity allowed by Law 130/1999".

## QUANTITATIVE INFORMATION

### F.7) Cash flows relating to loans

<b>INITIAL POSITION UPON TRANSFERRAL</b>	<b>3,001,799,498</b>
<b>INCREASES</b>	
- Default interest	20,813
- Interest to be collected	1,953,009
<b>DECREASES</b>	
- Write downs of loans for default interest	20,813
- Decreases in receivables	373,387,595
- Decreases for bad debts and impairment	
<b>OPENING BALANCE AS AT 31.12.09</b>	<b>2,629,003,174</b>
<b>INCREASES</b>	
- Default interest and expense	117,277
- Increase in interests to be received	1,610,913
<b>Total increases</b>	<b>1,728,191</b>
<b>DECREASES</b>	
- Write downs of loans for default interest	117,277
- Decrease in interests to be received	
- Decreases in receivables	352,977,323
<b>Total decreases</b>	<b>353,094,600</b>
<b>POSITION AS AT 31.12.10 (gross value)</b>	<b>2,277,636,765</b>
Adjustments to loans as at 31.12.2010	1,371,941
<b>FINAL POSITION AS AT 31.12.2010</b>	<b>2,276,264,823</b>

As at 31.12.10 the amounts collected performed better than envisaged in the provisional amortisation plan. The higher amounts collected during the year are due to early repayments promoted by application of the Bersani Decree.



#### F.8) Evolution of past due loans

<b>OPENING BALANCE AS AT 31.12.09</b>	<b>1,468,562</b>
INCREASES	8,081,204
DECREASES	
- Collections of capital	654,296
- Collection of interest (including default interest)	103,158
Total decreases	757,454
<b>FINAL POSITION AS AT 10.09.10</b>	<b>8,792,312</b>

It is noted that the amounts contained in this table originate from the Servicer Report which was prepared with reference to 10 September 2010; the amount of past due loans is based therefore on the loans that have been classified as such by the servicing contracts concluded between the Company and the Originator Banks

#### F.9) Cash flows

<b>LIQUIDITY AS AT 31.12.09</b>	<b>427,409,300</b>
<b>LIQUIDITY INCREASES</b>	
Collections of capital	351,374,302
Collections of interests	87,013,266
Commissions collected	1,022,595
Positive IRS spread	
Contingent assets	34,257
Increase in payables	
Decrease in receivables	
<b>TOTAL INCREASES</b>	<b>439,444,420</b>
<b>USE OF LIQUIDITY</b>	
Purchase of securitized loans	
Redemption of Senior securities	614,972,135
Interest expense on securities and borrowings	50,556,615
Fee and commission expense	1,318,770
Legal, professional and other expenses	25,919
Negative spread on IRS	31,427,259
Out of period expenses	5,157
Increases in receivables	10,126
Decrease in payables	767
<b>TOTAL USES</b>	<b>698,379,747</b>
<b>LIQUIDITY AS AT 31.12.10</b>	<b>168,473,973</b>

#### F.10) Situation of the guarantees and the liquidity lines

The cash reserve as at 31 December 2010 amounted to Euro 25,836,675 and has been used to cover temporary liquidity shortages.

### F.11) Distribution by residual life

Loans	Amount
Up to 3 months	165,664
between 3 months and 1 year	3,397,683
1 year to 5 years	180,186,270
over 5 years	2,092,514,756
Unlimited duration	-
<b>Total</b>	<b>2,276,264,823</b>

Doubtful loans amounting to Euro 7,208,449 are included in the "1 year to 5 years category".

### F.12) Distribution by territory

All the mortgage loans were granted in Euro to debtors residing in Italy and are located in the country.

### F.13) Concentration of the risk

Category	no. of positions 31.12.10	Value as at 31.12.10	% Portfolio as at 31.12.10
0-25,000	4,494	61,814,299	2.72%
25,001 – 75,000	9,793	474,933,410	20.93%
75,001 – 250,000	12,100	1,500,618,627	66.13%
Over 250,000	646	231,690,038	10.22%
<b>Total</b>	<b>27,033</b>	<b>2,269,056,374</b>	<b>100.00%</b>

The dimensional classes relating to the doubtful loans are not indicated in the table.

There are no loans with a value in excess of 2% of the loan portfolio, as provided by the contract.

## F.1 – Statement of securitised assets and securities issued

### JULY 2009 RESIDENTIAL AND COMMERCIAL SECURITISATION

#### BPL MORTGAGES SOCIETÀ A RESPONSABILITÀ LIMITATA

Registered offices: Via Alfieri, 1 - Conegliano Registered under no. 04078130269  
Treviso Register of Companies Tax Code 04078130269 – VAT Code 04078130269  
Share capital: Euro 12,000 Entry no. 38491, General Register pursuant to art. 106,  
Italian Leg. Decree 385/93A – SECURITISATION POSITION 2007

#### SUMMARY STATEMENT OF SECURITISED ASSETS AND SECURITIES ISSUED

	Position as at 31.12.2010	Position as at 31.12.2009	Changes in the period
<b>A. Securitised assets</b>	<b>0</b>	<b>645,177,813</b>	<b>-645,177,813</b>
A.1) Mortgage loans	0	643,302,594	-643,302,594
A.2) Securities	0	0	0
A.3) Other (doubtful loans)	0	1,875,219	-1,875,219
<b>B. Use of cash and cash equivalents from the asset management</b>	<b>2,382,671</b>	<b>36,323,109</b>	<b>-33,940,438</b>
B.1) Debt securities	0	0	0
B.2) Capital instruments	0	0	0
B.3) Liquidity	0	32,550,315	-32,550,315
B.4) Repurchase agreement transactions	0	0	0
B.5) Other loans	2,382,671	3,772,794	-1,390,123
<b>C. Securities issued</b>	<b>0</b>	<b>648,914,070</b>	<b>-648,914,070</b>
C.1 Class A securities	0	589,185,070	-589,185,070
C.2 Class B securities	0	14,900,000	-14,900,000
C.3 Class C securities	0	24,900,000	-24,900,000
C.4 Class D securities	0	19,929,000	-19,929,000
<b>D. Financing obtained</b>	<b>0</b>	<b>0</b>	<b>0</b>
D.1) Securities lending	0	0	0
D.2) Subordinated loan	0	0	0
<b>E. Other liabilities</b>	<b>2,382,671</b>	<b>5,194,497</b>	<b>-2,811,826</b>
E.1) Payables to the Company	0	26,022	-26,022
E.2) Sundry payables	2,382,671	4,339,378	-1,956,707
E.3) Accrued expenses	0	829,097	-829,097
<b>F. Interest payable on securities issued</b>	<b>27,084,443</b>	<b>19,991,211</b>	<b>7,093,232</b>
<b>G. Commissions and fees imputable to the transaction</b>	<b>1,878,270</b>	<b>29,463,046</b>	<b>-27,584,776</b>
G.1) for the Servicing	30,784	771,717	-740,933
G.2) for other services	1,847,486	28,691,329	-26,843,843
G.2a) Placement. and Rating Comm. on securities issued	0	0	0
G.2b) Bank charges	10,743	753	9,990
G.2c) Cash Manager	4,500	18,000	-13,500
G.2d) Issuer	24	37,156	-37,132
G.2e) Paying Agent, RoN and other	16,421	60,900	-44,479
G.2f) Negative SWAP spread	1,815,798	28,574,520	-26,758,722
<b>H. Other expenses</b>	<b>1,623</b>	<b>2,092,931</b>	<b>-2,091,308</b>
H.1) Legal, Professional and Administrative expense	0	26,942	-26,942
H.2) Losses on loans	0	2,065,983	-2,065,983
H.3) Non deductible VAT	0	0	0
H.4) Interest expense on loans	0	0	0
H.5) Contingent liabilities	1,623	6	1,617
<b>I. Interest generated from securitised assets</b>	<b>758,181</b>	<b>23,652,421</b>	<b>-22,894,240</b>
<b>L. Other revenues</b>	<b>813,800</b>	<b>24,240,897</b>	<b>-23,427,097</b>
L.1) Interest income	21,352	1,430,896	-1,409,544
L.2) Fee and commission income	13,052	418,244	-405,192
L.3) Positive SWAP spreads	685,007	20,348,438	-19,663,431
L.4) Write-backs on loans	130	2,017,856	-2,017,726
L.5) Contingent assets	94,259	25,463	68,796

## QUALITATIVE INFORMATION

Item B.3 refers to liquidity deposited on current accounts held with Banca Popolare di Lodi S.p.A. and BNP Paribas S.A., and mainly refers to amounts collected as capital and interest on the securitisation's underlying assets and to the cash reserve held as securitisation guarantee.

Item B.5 mainly refers to accrued income of approximately Euro 7.3 million on IRS spreads regarding the swap in existence with Banca IMI, in addition to interest accrued on the loans of approximately Euro 1.9 million and approximately Euro 144 thousand of various other loans.

Item E.2 includes the accruals on the original mortgage loans and interest expense matured on the debt triggered by the temporary gap between acquisition of the loans and issue of the security, necessary to fund the purchase of assets and still payable to the Originators, for a total of approximately EUR 18 million and the invoices to settle or receive in addition to the allocations for the period of approximately EUR 400 thousand.

### F.2) Description and performance of the securitisation

#### *Status*

*of the transaction* The transaction was completed in 2 steps: the first on 16 June 2009 on signing of the transfer agreement without recourse of a residential and commercial mortgages portfolio, and the second on 30 July 2009 on issue of the asset backed securities used to fund the loan acquisition.

*Originators* Banca Popolare di Verona – S. Geminiano e S. Prospero S.p.A., with registered office at Piazza Nogara 2, Verona (VR);  
Banca Popolare di Novara S.p.A., with registered office at Via Negroni 12, Novara (NO);  
Credito Bergamasco S.p.A., with registered office at Largo Porta Nuova 2, Bergamo (BG).  
Banca Popolare di Lodi S.p.A with registered offices in Lodi (LO), Via Polenghi Lombardo, 13;  
Cassa di Risparmio di Lucca Pisa Livorno S.p.A. in Lucca (LU), Piazza S.Giusto, 10.  
Banca Popolare di Crema S.p.A., with registered office at Via XX Settembre 18, Crema (CR);  
Banca Popolare di Cremona S.p.A., with registered office at Via Cesare Battisti 14, Cremona (CR).

#### *Loans*

##### *subject to disposal*

The loans transferred are a performing monetary loans portfolio based on classification criteria adopted by the Originators in compliance with Bank of Italy instructions in relation to a portfolio of (i) residential and commercial real estate mortgages (the "Real Estate Mortgages") disbursed pursuant to real estate mortgage agreements and (ii) mortgages backed by voluntary residential and commercial properties (the "Secured Mortgages") disbursed pursuant to secured mortgage agreements.

### Characteristics of the loans subject to disposal

The transfer to the Issuer of loans disbursed by the Originator (including capital, interest, default interest, accrued and accruing after 12 June 2009 (exclusive), accessory charges, expense, other non-life repayments, etc.) deriving from mortgage agreements stipulated pursuant to real estate financing regulations under article 38 et seq. of Legislative Decree no. 385 of 1 September 1993, which as at 12 June 2009 were owned by the Originator and at that same date had the following characteristics:

- mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are:

1. one or more natural persons resident in Italy; or
2. one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.) with registered offices in Italy;

Specifically:

(i) The loans granted by Banca Popolare di Verona S. Geminiano and S. Prospero S.p.A. the conclusion date of which includes: - restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, between 10 January 1995 (inclusive) and 20 April 2009 (inclusive); - restricted to mortgages for which the main borrowers (if

appropriate, also after mortgage takeover and/or split) are one or more S.p.A., S.r.l., S.n.c. or S.a.s., stipulated between 22 July 1997 (inclusive) and 7 May 2009 (inclusive);

(ii) mortgage loans granted by Banca Popolare di Novara S.p.A. which were concluded: - restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, between 22 October 1991 (inclusive) and 6 April 2009 (inclusive); - restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more S.p.A., S.r.l., S.n.c. or S.a.s., stipulated between 28 April 1998 (inclusive) and 30 April 2009 (inclusive);

(iii) mortgage loans granted by Credito Bergamasco S.p.A. which were concluded on: - restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, between 30 September 1991 (inclusive) and 6 June 2008 (inclusive); - restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more S.p.A., S.r.l., S.n.c. or S.a.s., stipulated between 28 January 1999 (inclusive) and 30 April 2009 (inclusive);

(iv) mortgage loans granted by Banca Popolare di Lodi S.p.A. of which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, between 13 January 1995 (inclusive) and 2 March 2009 (inclusive); - restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more S.p.A., S.r.l., S.n.c. or S.a.s., stipulated between 19 May 1997 (inclusive) and 30 April 2009 (inclusive);

(v) mortgage loans granted by Cassa di Risparmio di Lucca Pisa Livorno S.p.A. concluded: - restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, between 23 March 1994 (inclusive) and 30 March 2009 inclusive; - restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more S.p.A., S.r.l., S.n.c. or S.a.s., stipulated between 21 August 1996 (inclusive) and 20 April 2009 (inclusive);

-(vi) mortgage loans granted by Banca Popolare di Crema S.p.A. of which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, between 23 November 1995 (inclusive) and 30 March 2009 (inclusive); - restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more S.p.A., S.r.l., S.n.c. or S.a.s., stipulated between 1 April 1999 (inclusive) and 23 April 2009 (inclusive);

-(vii) mortgage loans granted by Banca Popolare di Cremona S.p.A. restricted to mortgages of which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, between 26 October 1998 (inclusive) and 30 March 2009 (inclusive); - restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more S.p.A., S.r.l., S.n.c. or S.a.s., stipulated between 19 July 1999 and 8 May 2009, inclusive;

- mortgage loans with instalments due on 12 June 2009 which are paid in their entirety;

- mortgage loans with at least one instalment, including capital, due and paid;

- (A) mortgage loans for which the ratio between (i) the original amount of the mortgage and (ii) the estimated value of the property pursuant to criterion no. 11 below, calculated near to the date of stipulation of the mortgage, is equal to or less than 100%.

- mortgage loans guaranteed by a first degree financial property mortgage, this being understood as:

(i) a voluntary first level legal mortgage; or

(ii) a voluntary second level legal mortgage in cases in which the mortgaged-backed securities on the first mortgage are fully satisfied;

- mortgage loans for which the outstanding capital is equal to or higher than Euro 5,000;

- mortgage loans with residual capital debt equal to or lower than Euro 5,000,000.

- mortgage loans with a contractual interest rate belonging to one of the following categories:

- fixed rate mortgages on which the interest rate is equal to or not less than 1% per year. A "fixed rate mortgage" refers to mortgages for which the contractually-agreed interest rate does not envisage changes for the entire residual life of the loan;

- floating rate mortgages:

- on which the spread over and above the benchmark rate is higher than zero per year; or

- for which an interest rate cap is envisaged.

A "floating rate mortgage" is one in which the interest rate benchmark is the Euribor rate;

- "discounted rate" mortgages. "Discounted rate mortgages" envisage a compulsory step established under contract from a fixed-rate interest calculation to a floating rate calculation method using the Euribor as benchmark;

- "flexible" mortgages. "Modular" mortgages are those mortgages that provide the option of modifying the method of calculation of interests from a Euribor linked variable rate procedure to a fixed rate procedure, even several times during the life of the loan.

The table below is broken down by Originator portfolio. The data is expressed in units of Euro.

**Table 1 Breakdown of the loans by Originator**

Bank	Value as at 31.12.10	% portfolio as at 31.12.10	Value as at 31.12.09	% portfolio as at 31.12.09	Value as at 13.06.09	% portfolio as at 13.06.09
Banca Popolare Verona	1,042,395,471	32.83%	1,209,916,630	32.98%	1,318,819,783	33.05%
Banca Popolare Novara	562,324,111	17.71%	634,805,215	17.31%	677,498,869	16.98%
Banca Popolare Lodi	530,614,433	16.71%	614,528,016	16.75%	668,100,227	16.74%
Credito Bergamasco	517,213,072	16.29%	601,703,516	16.40%	656,061,342	16.44%
Cassa di Risparmio Lucca Pisa Livorno	278,761,730	8.78%	325,625,233	8.88%	356,859,196	8.94%
Banca Popolare di Cremona	138,515,881	4.36%	160,574,510	4.38%	180,250,005	4.52%
Banca Popolare di Crema	105,322,699	3.32%	121,152,058	3.30%	132,884,788	3.33%
<b>Total</b>	<b>3,175,147,397</b>	<b>100.00%</b>	<b>3,668,305,178</b>	<b>100.00%</b>	<b>3,990,474,210</b>	<b>100.00%</b>

(1) The amounts indicated represent the loans which have matured or are maturing as at 31 December 2010, net of the relative write-down provisions. They do not include doubtful loans which are set forth in the table below.

### Business performance

As at 31 December 2010 the amounts collected were essentially in line with the figures forecast in the provisional amortisation plan. The higher amounts collected during the year are due to early repayments promoted by application of the Bersani Decree.

It is noted that in the presence of regular collections, the increase in past due loans (see Note F.8) was verified upon correct application of the contractual criteria provided for the extraction thereof; consequently the Servicers reviewed their reports during 2011, including the relative payments reports. The application of the contractual criteria has generated a shortfall situation that will result in the total absorption of the especially set up cash reserve and the intervention of the originator banks to resolve on the issuing of the subordinated bonds.

The doubtful, substandard, past due and restructured loans are shown in the table below:

Bank	Doubtful loans as at 31/12/10	% Doubtful loan as at 31/12/10	Doubtful loans as at 31.12.09	% Doubtful loans as at 31.12.09
Banca Popolare di Verona	8,527,375	43.28%	-	-
Banca Popolare di Novara	1,273,452	6.46%	-	-
Banca Popolare Lodi	2,451,985	12.44%	-	-
Credito Bergamasco	4,101,908	20.82%	21,918	100.00%
Cassa di Risparmio Lucca Pisa Livorno	1,797,972	9.13%	-	-
Banca Popolare di Cremona	224,448	1.14%	-	-
Banca Popolare di Crema	1,326,394	6.73%	-	-
<b>Total</b>	<b>19,703,534</b>	<b>100.00%</b>	<b>21,918</b>	<b>100.00%</b>

Bank	Substandard loans as at 31/12/10	% Substandard loans as at 31/12/10	Substandard loans as at 31.12.09	% Substandard loans as at 31.12.09
Banca Popolare di Verona	19,125,327	30.81%	3,255,922	36.00%
Banca Popolare di Novara	19,043,904	30.68%	1,896,239	20.97%
Banca Popolare Lodi	6,304,675	10.16%	458,522	5.07%
Credito Bergamasco	11,033,769	17.77%	1,323,466	14.63%
Cassa di Risparmio Lucca Pisa Livorno	2,763,984	4.45%	1,801,180	19.91%
Banca Popolare di Cremona	1,620,737	2.61%	309,071	3.42%
Banca Popolare di Crema	2,186,875	3.52%	-	-
<b>Total</b>	<b>62,079,271</b>	<b>100.00%</b>	<b>9,044,400</b>	<b>100.00%</b>

Bank	Past due loans as at	% Past due loans as at	Past due loans as at	% Past due loans as at	Restructured loans as at	% Restructured loans
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	31/12/10	31/12/10	31.12.09	31.12.09	31.12.10	as at 31.12.10
Banca Popolare di Verona	5,736,542	22.66%	14,918,853	32.40%	1,228,605	15.55%
Banca Popolare di Novara	6,244,280	24.67%	9,309,399	20.22%	2,389,663	30.25%
Banca Popolare Lodi	4,623,351	18.26%	9,404,404	20.43%	3,554,467	45.00%
Credito Bergamasco	2,980,090	11.77%	9,627,125	20.91%	507,094	6.42%
Cassa di Risparmio Lucca Pisa Livorno	477,499	1.89%	1,903,925	4.14%	219,978	2.78%
Banca Popolare di Cremona	4,945,505	19.54%	108,697	0.24%	0	0
Banca Popolare di Crema	307,511	1.21%	767,069	1.66%	0	0
<b>Total</b>	<b>25,314,778</b>	<b>100.00%</b>	<b>46,039,472</b>	<b>100.00%</b>	<b>7,899,807</b>	<b>100.00%</b>

### F.3) information about the entities involved

<i>Purchaser of the loans</i>	BPL Mortgages S.r.l., a limited partnership company established on 30 June 2006, pursuant to art. 3, Italian Law no. 130 of 30 April 1999, under the name Giano Finance S.r.l., later renamed BPL Mortgages S.r.l. on 11 May 2007, with registered office at Via V. Alfieri 1, Conegliano (TV), Italy, registration no. 04078130269 in the relevant Register of Companies and registered on the General Register of Financial Intermediaries pursuant to art. 106, Italian Legislative Decree 385/93.
<i>Originators</i>	Banca Popolare di Verona S. Geminiano e S. Prospero S.p.A., Banca Popolare di Novara S.p.A., Credito Bergamasco S.p.A., Banca Popolare di Lodi S.p.A., Cassa di Risparmio di Lucca Pisa Livorno S.p.A., Banca Popolare di Crema S.p.A. and Banca Popolare di Cremona.
<i>Obligations of the Originator</i>	As at the date of transfer the Originators issued a guarantee statement by which the Originators guaranteed the existence of the loans transferred and any contingent mortgage security or guarantees. In addition, the Originators agreed to hold the Issuer harmless from all losses, costs, charges, expense and liabilities incurred in the event of default of Originator obligations under the terms of the transfer agreement or if Originator statements should prove incorrect with respect to said agreement and related attachments. By this Statement the Originators provided guarantees in relation to the following: a) the Originator status and general issues relating to the Transfer Agreement and Servicing Contract; b) statements and guarantees regarding the Loans, Mortgage Agreements and related Contingent Mortgage Securities and Guarantees; c) statements and guarantees regarding the Real Estate; d) statements and guarantees regarding the truthfulness of data disclosed; e) statements and guarantees regarding insurance policies linked to the mortgage agreements.
<i>Servicers</i>	Banca Popolare di Verona S. Geminiano e S. Prospero S.p.A., Banca Popolare di Novara S.p.A., Credito Bergamasco S.p.A., Banca Popolare di Lodi S.p.A., Cassa di Risparmio di Lucca Pisa Livorno S.p.A., Banca Popolare di Crema S.p.A. and Banca Popolare di Cremona S.p.A. With the Servicing Contract concluded on 16 June 2009, the Servicers were given a mandate to carry out, in the name and on behalf of the issuer and in regard to the entire mortgage portfolio, the administration, collection of the loans deriving from the mortgages themselves, the management of recovery procedures for the loans in an executive capacity as well as in the case of enforcement or cognizance proceedings involving the loans. Furthermore the Servicers must transfer to the Company all amounts collected on behalf of the latter relating to loans, including the amounts deriving from the collection of capital and interests, including default interest, of substandard and doubtful loans.
<i>Arranger</i>	Banco Popolare Soc. Coop.
<i>Shareholder</i>	SVM Securitisation Vehicles Management S.r.l.
<i>Representative of Noteholders</i>	BNP Paribas Securities Services S.A.
<i>Swap Counterparty</i>	Banca IMI S.p.A.
<i>Calculation Agent</i>	BNP Paribas Securities Services S.A.
<i>Principal Paying Agent and Agent Bank</i>	BNP Paribas Securities Services S.A.
<i>Transaction Bank</i>	Banco Popolare Soc. Coop.
<i>Interim Account Bank</i>	Banca Popolare di Lodi S.p.A.
<i>Corporate Servicer</i>	Securitisation Services S.p.A.
<i>Administrative Servicer</i>	Banco Popolare Soc. Coop.
<i>First Demand Guarantor</i>	Banco Popolare Soc. Coop.



#### F.4) Issue characteristics

BPL Mortgages S.r.l. issued on 30 July 2009 senior securities (Class A) for Euro 3,411,850,000 and junior securities (Class B) for Euro 578,624,000. The junior securities were 100% subscribed by the Originators, proportionate to the loans transferred. All securities issued have restricted recourse on the acquired loans in relation to other related rights and additional guarantees in support of the transaction.

<i>Class A senior securities</i>	Currency	EURO
	Amount	Euro 3,411,850,000
	Rate	Floating
	Benchmark	6-month Euribor + 0.80% per year spread
	Coupon	half-yearly
	Legal maturity	May 2055
	Redemption	Amortisation linked to collection performance of the loans
	Ratings	Standard & Poor's AAA
	Listing	Irish Stock Exchange
<i>Class B junior securities</i>	Governing law	Italian
	Currency	EURO
	Amount	Euro 578,624,000
	Rate	n/a
	Benchmark	n/a
	Coupon	n/a
	Additional remuneration	Additional Return
	Legal maturity	May 2055
	Redemption	Amortisation linked to collection performance of the loans
	Ratings	No rating
	Governing law	Italian

Security	Total par value	Residual value as at 31.12.2009	Redemptions 2010	Residual value as at 31.12.10
Class A senior securities	3,411,850,000	3,411,850,000	-	3,411,850,000
Class B junior securities	578,624,000	578,624,000	-	578,624,000
<b>Total</b>	<b>3,990,474,000</b>	<b>3,990,474,000</b>	<b>-</b>	<b>3,990,474,000</b>

The senior securities were 100% subscribed by Banco Popolare Soc. Coop; the first redemption of the senior securities is scheduled for May 2011.

The junior securities were subscribed by the Originators in percentages proportionate to the portfolio transferred, with breakdown as follows:

Bank	Amount as at 31.12.10
Banca Popolare di Verona	191,230,000
Banca Popolare di Novara	98,238,000
Banca Popolare di Lodi	96,875,000
Credito Bergamasco	95,130,000
Cassa di Risparmio Lucca, Pisa Livorno	51,746,000
Banca Popolare di Cremona	26,137,000
Banca Popolare di Crema	19,268,000
<b>Total</b>	<b>578,624,000</b>

#### Allocation of portfolio cash flows

The allocation of cash flows generated by the transferred loans is to ensure that priority is given to the payment of third parties involved in the securitisation, then the payment of capital and interest on rated securities, and lastly to repayment of credit facilities, with any remaining cash flows assigned to the Junior Notes.

In general, the order of payments for the more recurring items is as follows:

- (xi) tax charges;

- (xii) third party costs;
- (xiii) reimbursement of expenses to guarantee going concern of the issuer in compliance with current regulations;
- (xiv) securitisation-related commissions and SPV overheads (noteholder representative, paying agent, servicer, corporate servicer, administrative costs);
- (xv) amounts due to the Swap counterparty;
- (xvi) Interests on Class A securities;
- (xvii) Capital on Class A securities (up to full repayment);
- (xviii) *Cash reserve account*;
- (xix) Interests on Class B securities;
- (xx) Additional returns on Class B securities.

#### **F.5) Accessory financial transactions**

On issue of the securities the Company concluded a Swap agreement with Banca IMI S.p.A. to hedge mismatching risk between rates on the securitised loans and returns on the bonds issued. More precisely, the company pays Banca IMI S.p.A. the interest collected on the loans and receives an amount equal to the outstanding principal of the performing portfolio, this equal to the sum of the outstanding principal opening and closing balances, for the number of "collection period" days, at a 6-month Euribor rate (360 days) plus a 1.40% spread.

In addition, to hedge the risk of any periods of illiquidity, the company has allocated a cash reserve; at each interest payment date, the cash reserve is topped up from any amounts remaining after payments are made until the target of Euro 119,714,220 is reached. At 31 December 2010 the amount of the cash reserve was Euro 57,592,661.

It is hereby noted that in February 2011, following the review of the servicer reports prepared for 2010 which showed an increase in past due loans and of the relative payment reports, the cash reserve was completely absorbed and therefore, in order to ensure adequate coverage of the senior security, the originator banks resolved to issue subordinated bonds.

Banco Popolare Soc. Coop., the Originators, Banca Popolare di Lodi S.p.A. (as Interim Account Bank) and the company signed a First and Second Demand Guarantee by which Banco Popolare guarantees the company against obligations deriving from activities performed by the Originators' Servicers and by the Interim Account Bank (Banca Popolare di Lodi), in addition to obligations deriving from "Mutuo Alberto" mortgage agreements signed by borrowers.

The maximum amounts guaranteed are:

- Euro 4,300,000 Banca Popolare di Crema, First Demand Guarantee;
- Euro 6,200,000 Banca Popolare di Cremona, First Demand Guarantee;
- Euro 21,000 Banca Popolare di Cremona, Second Demand Guarantee;
- Euro 106,500,000 Banca Popolare di Lodi S.p.A., First Demand Guarantee;
- Euro 1,099,000 Banca Popolare di Lodi S.p.A., Second Demand Guarantee;
- Euro 15,300,000 Banca Popolare di Novara S.p.A., First Demand Guarantee;
- Euro 2,568,000 Banca Popolare di Novara S.p.A., Second Demand Guarantee;
- Euro 37,300,000 Banca Popolare di Verona SGSP S.p.A., First Demand Guarantee;
- Euro 10,186,000 Banca Popolare di Verona SGSP S.p.A., Second Demand Guarantee;
- Euro 11,500,000 Cassa di Risparmio di Lucca, Pisa, Livorno S.p.A., First Demand Guarantee;
- Euro 126,000 Cassa di Risparmio di Lucca, Pisa, Livorno S.p.A., Second Demand Guarantee.

#### **F.6) Operating powers of the transferring Company**

BPL Mortgages S.r.l. (as transferee and issuer) has operating rights limited by the Articles of Association. In particular, article 3 states:

"The company's sole purpose is to carry out one or more securitisations pursuant to Law 130 of 30 April 1999, as it is currently applicable and subsequent implementation provisions ("Law 130/1999"), through acquisition against payment by the company or another company established pursuant to Law 130/1999, of monetary loans, whether in existence or to be granted in the future, identified as a bloc in the event of more than one loans, funded through the issuing by the company or another company established pursuant to Law 130/1999 through the issuing of securities as per article 1. Par. 1.b and 5 of Law 130/1999.

The company may also carry out securitisations pursuant to the procedures set forth under article 7 of Law 130/1999 and in the form of schedules for subsequent issues of securities as part of the same transaction. The Company may also carry out transactions with a revolving structure, that is that use collections from the management of the loans purchased prior to or concurrently with the issue of the

securities for the purchase of further loans. Pursuant to article 3 of Law 130/1999, these latter loans will also constitute separate assets on which creditors other than the holders of the securities issued cannot act.

Pursuant to the provisions of Law 130/1999, the loans related to each securitisation constitute separate equity to all of facts and purposes from that of the company and the equity of other securitizations carried out by the company. Each of these separate equities shall be used exclusively to satisfy the rights incorporated into the securities issued, by the company or by other companies, to finance the purchase of loans that are part of the aforementioned equity and to pay the costs relating to the securitization. Therefore, no action by creditors other than the holders of securities issued to finance said loans is permitted on the separate equity.

To the extent permitted by the provisions of Law 130/1999, the company may conclude contingent financial transactions, stipulated exclusively with a view to the success of its securitisations, or in any event instrumental to the company purpose, including reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned securities. As part of the securitisations it carries out, the Company may appoint third parties to collect the loans purchased and provide the collection and payment services and also other transactions involving the transferral of the loans purchased and reinvesting in other financial assets (including loans with features that are similar to those that were securitised) the funds resulting from the management of the loans that were purchased which are not immediately used to fulfil the rights deriving from the abovementioned securities, and any other activity allowed by Law 130/1999.

## QUANTITATIVE INFORMATION

### F.7) Cash flows relating to loans

<b>INITIAL POSITION UPON TRANSFERRAL</b>	<b>3,990,474,210</b>
<b>INCREASES</b>	
- Default interest	40,703
- Interest to be collected	4,385,815
<b>DECREASES</b>	
- Write downs of loans for default interest	40,703
- Decreases in receivables	324,545,959
- Decreases for bad debts and impairment	1,986,970
<b>OPENING BALANCE AS AT 31.12.09</b>	<b>3,668,327,096</b>
<b>INCREASES</b>	
- Default interest and expense	215,567
- Increase in interest to be received	1,104,509
<b>Total increases</b>	<b>1,320,076</b>
<b>DECREASES</b>	
- Write downs of loans for default interest	215,567
- Decrease in interest to be received	
- Decreases in receivables	470,997,815
<b>Total decreases</b>	<b>471,213,382</b>
<b>POSITION AS AT 31.12.10 (gross value)</b>	<b>3,198,433,789</b>
Adjustments to loans as at 31.12.2010	3,582,859
<b>FINAL POSITION AS AT 31.12.2010</b>	<b>3,194,850,931</b>

As at 31 December 2010 the amounts collected were essentially in line with the figures forecast in the provisional amortisation plan. The higher amounts collected during the year are due to early repayments promoted by application of the Bersani Decree.

### F.8) Evolution of past due loans

<b>OPENING BALANCE AS AT 31.12.09</b>	<b>4,360,944</b>
INCREASES	60,719,088
DECREASES	
-Collections of capital	7,286
-Collection of interest (including default interest)	211,620
Total decreases	218,906
<b>FINAL POSITION AS AT 10.11.10</b>	<b>64,861,125</b>

It is noted that the amounts contained in this table originate from the Servicer Report which was prepared with reference to 10 November 2010; the amount of past due loans is based therefore on the loans that have been classified as such by the servicing contracts concluded between the Company and the Originator Banks

### F.9) Cash flows

<b>LIQUIDITY AS AT 31.12.2009</b>	<b>372,018,753</b>
<b>LIQUIDITY INCREASES</b>	
Collections of capital	469,771,745
Collections of interests	103,213,083
Commissions collected	1,767,520
Positive IRS spread	
Contingent assets	48,547
Increase in payables	139,234
Decrease in receivables	
<b>TOTAL INCREASES</b>	<b>574,940,129</b>
<b>USE OF LIQUIDITY</b>	
Purchase of securitized loans	
Redemption of class securities	
Interest expense on securities and borrowings	61,955,216
Fee and commission expense	1,450,633
Legal, professional and other expenses	26,266
Negative spread on IRS	18,819,655
Out of period expenses	2,687
Increases in receivables	144,093
Decrease in payables	
<b>TOTAL USES</b>	<b>82,398,550</b>
<b>LIQUIDITY AS AT 31.12.10</b>	<b>864,560,333</b>

### F.10) Situation of the guarantees and the liquidity lines

In addition, to hedge the risk of any periods of illiquidity, the company has allocated a cash reserve totalling Euro 57,592,661 as at 31 December 2010.

### F.11) Distribution by residual life

<b>Loans</b>	<b>Amount</b>
Up to 3 months	352,055
Between 3 months and 1 year	13,070,805
1 year to 5 years	465,041,911
Over 5 years	2,716,386,160

Unlimited duration

**Total** 3,194,850,931

It is specified that doubtful loans amounting to Euro 19,703,534 are included in the "1 year to 5 years category".

## F.12) Distribution by territory

All the loans were granted in Euro to debtors residing in Italy and are located in the country.

## F.13) Concentration of the risk

Category	No. of positions 31/12/10	Value as at 3 31/12/10	% Portfolio as at 31.12.10
0-25,000	3,111	42,152,107	1.33%
25,001 – 75,000	7,259	360,573,547	11.36%
75,001 – 250,000	11,783	1,543,186,225	48.60%
Over 250,000	2,078	1,229,235,518	38.71%
<b>Total</b>	<b>24,231</b>	<b>3,175,147,397</b>	<b>100.00%</b>

The dimensional classes relating to doubtful loans are not indicated in the table.

There are no loans with a value in excess of 2% of the loan portfolio, as provided by the contract.

## Section 3– Information on risks and related hedging policies

### 3.1 CREDIT RISKS

#### QUALITATIVE INFORMATION

In its balance sheet, the Company has only on demand loans for which no credit risk is considered to exist.

#### QUANTITATIVE INFORMATION

##### 1. Distribution of financial assets by portfolios of pertinence and credit quality

Portfolios/quality	Doubtful loans	Substandard assets	Restructured assets	Past due assets	Other Assets	Total
1. Financial assets held for trading						
2. Financial assets designated at fair value through profit and loss						
3. Financial assets available for sale						
4. Financial assets held to maturity						
5. Due from banks					12,854	12,854
6. Loans to financial institutions						
7. Loans to customers						
8. Hedging derivatives						
<b>Total 2010</b>					<b>12,854</b>	<b>12,854</b>
<b>Total 2009</b>					<b>12,574</b>	<b>12,574</b>

### 3.2 – MARKET RISKS

#### 3.2.1 Interest rate risk

#### QUALITATIVE INFORMATION

The Company has no exposure to interest rate risk.

## QUANTITATIVE INFORMATION

### 1. Distribution by residual maturity (by repricing date) of the financial assets and liabilities

Items/remaining duration	Up to 3 months	Over 3 months less than 6 months	Over 6 months less than 1 year	Over 1 year less than 5 years	More than 5 years up to 10 years	Over 10 years	Unlimited duration
<b>1. Assets</b>							
1.1 Debt securities							
1.2 Loans	12,854						
1.3 Other assets:	59,671						
<b>2. Liabilities</b>							
2.1 Debts							
2.2 Debt securities							
2.3 Other liabilities	58,592						
<b>3. Financial derivatives</b>							
<b>Options</b>							
3.1 Long positions							
3.2 Short positions							
<b>Other derivatives</b>							
3.3 Long positions							
3.4 Short positions							

#### 3.2.2 Price risk

The table has not been compiled as there are no such risk positions.

#### 3.2.3 Exchange rate risk

The table has not been compiled as there are no such risk positions.

### 3.3 OPERATING RISKS

Processes have been defined for the correct execution of operations connected to the management of securitizations as part of the management model for the securitizations carried out by the banks which belong to the Banco Popolare Group; in particular those referring to management and accounting of collections, the reporting activity, management of defaults, the drafting of the financial statements, ordinary management of swaps and the supporting activities. These processes ensure compliance with the regulations and execution of first and second level controls, which are also carried out through the risk management carried out by the Group Finance division.

## Section 4 - Information on equity

### 4.1. COMPANY EQUITY

#### 4.1.1 Qualitative information

The company's equity is composed exclusively of the entirely paid in share capital of Euro 12,000.00

divided into shares and the profit for the year of Euro 1,186. The share capital as at 31 December 2010 of Euro 12,000.00 is held by SVM Securitisation Vehicles Management S.r.l., 100% holder of the nominal value of the share capital. The company is not subject to external minimum mandatory equity requirements or the special regulations regarding the regulatory capital for Shareholders.

#### 4.1.2 Quantitative information

##### 4.1.2.1 Company equity: break-down

Items/Amounts	31.12.2010	31.12.2009
1. Capital	12,000	12,000
2. Share premium reserve		
3. Reserves		
-of profits	(1,952)	(1,977)
a) legal		
b) statutory		
c) treasury shares		
d) other	(1,464)	(1,464)
-other	4,602	4,602
4. (Treasury shares)		
5. Valuation reserves		
-Financial assets available for sale		
-Tangible assets		
-Intangible assets		
-Foreign investment hedges		
-Cash flow hedges		
-Differences on foreign exchange		
-Non-current assets held for sale and discontinued operations		
-Special revaluation laws		
-Actuarial gains (losses) on defined benefit plans		
-Share of valuation reserves related to investments carried at equity		
6. Equity instruments	2	25
7. Net income (loss) for the year		
<b>Total</b>	<b>13,188</b>	<b>13,186</b>

#### 4.2 EQUITY AND SUPERVISORY RATIOS

The Company is not subject to external minimum mandatory equity requirements or the special regulations regarding the regulatory capital.

#### Section 5 -Detailed statement of comprehensive income

		Gross amount	Taxation on income	Net amount
10.	Net income (loss) for the year	1,053	(1,051)	2
120.	Comprehensive income (Items 10+110)	1,053	(1,051)	2

The table items are not indicated as at 31 December 2010 they were not measured.

#### Section 6 -Transactions with related parties

##### 6.1 Information on the remuneration of directors and executives with strategic responsibilities

The total fees to the sole director for 2010 were Euro 17,688 euro (excluding contributions payable by the company).

##### 6.2 Loans and guarantees granted to directors

The Company has not issued guarantees in favour of the sole director.

##### 6.3 Transactions with related parties

The Company has no employees as the management of the assets purchased is assigned to the Originator Banks on the basis of the servicing contract. The administrative, accounting and fiscal functions have been assigned to Banco Popolare.

## Section 7 - Other information

**Article IX.** Pursuant to article 149 duodecies of the Consob Issuers' Regulation, by virtue of the provisional regime as provided by art. 43, par. 2 of Legislative Decree 39/2010, following is the information relating to the consideration paid to Reconta Ernst & Young S.p.A.. The amounts shown in the table for 2010 are the contractually determined and specified amounts, including any indexing and deductible VAT (but not any out of pocket expenses or a regulatory contribution).

Description of the service	Consideration paid
<b>Auditing</b>	<b>37,200</b>
Attestation services	1,200
<b>Total</b>	<b>38,400</b>

Conegliano, 1 March 2011

**BPL Mortgages S.r.l.**

Single Member Company

*Sole Director*

Claudia Calcagni



## INDEPENDENT AUDITORS' REPORT

**Pursuant to articles 14 and 16 of Legislative Decree n. 39 of January 27, 2010  
(Translation from the original Italian text)**

To the sole Quotaholder of BPL Mortgages S.r.l.

1. We have audited the financial statements of BPL Mortgages S.r.l. as of and for the year ended December 31, 2010, comprising the statement of financial position, income, other comprehensive income, changes in quotaholders' equity and cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n. 38 of February 28, 2005 is the responsibility of the BPL Mortgages S.r.l.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the prior year are presented for comparative purposes pursuant to the provisions of the Italian law. Being the first year audit, we haven't audited the comparative financial data and we don't express our opinion on the financial statements as of and for the year ended December 31, 2009.

3. In our opinion, the financial statements of BPL Mortgages S.r.l. at December 31, 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with art. 9 of Italian Legislative Decree n. 38 of February 28, 2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of BPL Mortgages S.r.l. for the year then ended.

4. The recognition of financial assets and liabilities in the explanatory notes to the financial statements is done, in conformity with the administrative provisions issued by the Bank of Italy based on art. 9 of Italian Legislative Decree n. 38 of February 28, 2005, in accordance with International Financial Reporting Standards. Such an approach is also in line with what is established by Law n. 130 of April 30, 1999, according to which the loans concerning each securitization represent, to all effects, net assets separated from the net assets of the Company and of the other securitizations.

For completeness of information it is noted that according to International Financial Reporting Standards, the financial assets and/or groups of financial assets and financial liabilities deriving from securitization transactions is still the under

discussion by the committees responsible for the interpretation of International Financial Reporting Standards.

5. The management of BPL Mortgages S.r.l. is responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance and ownership structure, limited to the information as required by paragraph 2, subparagraph b) of art. 123-bis of Italian Legislative Decree 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the report on operations and the information as required by paragraph 2, subparagraph b) of art. 123-bis of Italian Legislative Decree 58/98 presented in the specific section of the same report are consistent with the financial statements of BPL Mortgages S.r.l. as of December 31, 2010.

Verona, March 16, 2011

Reconta Ernst & Young S.p.A.

Signed by: Marco Bozzola (Partner)

# **BPL MORTGAGES S.r.l.**

*Via V. Alfieri 1, Conegliano (TV)  
Share Capital Euro 12,000.00 fully paid up  
Treviso Register of Companies reg. no. 04078130269 and Econ. Admin. Index no. 321099  
Tax code and VAT number 04078130269  
Registered on the List of Special Purpose Vehicles pursuant to  
Bank of Italy Instructions of 29 April 2011*

## **FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011**

## **CORPORATE BODIES AND OFFICERS**

### **SOLE DIRECTOR**

Calcagni Claudia

### **BOARD OF STATUTORY AUDITORS**

Belviolandi Vittorio

Bronzato Marco

Bavagnoli Francesco

Chairman

Standing Auditor

Standing Auditor

### **INDEPENDENT AUDITORS**

RECONTA ERNST & YOUNG SPA

Distinguished Shareholders,

The Separate Financial Statements as at 31 December 2011, comprising the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements and this accompanying Report on Operations, are hereby submitted for your approval.

These separate financial statements were prepared in application of international accounting standards issued by the International Accounting Standards Board (IASB) and related interpretations issued by IFRIC, all endorsed by the European Union, and in accordance with Bank of Italy Instructions of 16 December 2009, also adopting the integrations/changes to the Bank of Italy consultation paper issued in November 2011 on the formats and rules for preparing financial statements by financial intermediaries in accordance with the new standards.

## 1) REPORT ON OPERATIONS

### Business operations

BPL Mortgages S.r.l. is a company established pursuant to Art. 3, Italian Law 130/1999. Following the entry into force on 13 May 2011 of the Bank of Italy Instructions of 29 April 2011, on "Reporting and statistical obligations of special purpose vehicles involved in securitisations" (implementing Italian Legislative Decree 141/2010, which amends Art. 3, paragraph 3, Italian Law no. 130 of 30 April 1999) there is no longer a requirement for securitisation SPVs to be registered in the General List according to Art. 106 of the Consolidated Banking Act. Pursuant to Art. 11 of the Instructions, securitisation SPVs already registered on the General List according to Art. 106 of the Consolidated Banking Act have been cancelled from the List and instead entered on the List of Special Purpose Vehicles envisaged in Art. 4 of the Bank of Italy Instructions.

The share capital of Euro 12,000.00 is broken down as follows: SVM Securitisation Vehicles Management S.r.l. holder of 100% of the nominal value of the share capital. In accordance with the related "Agency and Accounts Agreement", with effect from completion of the securitisation, all costs incurred by the company are covered by an equal amount of commission income recognised from the segregated assets for each securitisation with a view to guaranteeing regular company operations.

In compliance with the Articles of Association and the aforementioned legal provisions, the sole purpose of the Company is the implementation of one or more loan securitisations pursuant to Italian Law no. 130 of 30 April 1999, as amended and according to subsequent implementing rules, by the purchase against payment of monetary loans and receivables, both existing and future, identifiable en bloc if in relation to multiple loans, financed through the Company's issue of securities as referred to in Art. 1 paragraph 1b) and Art. 5, Italian Law 130/1999. Pursuant to the provisions of Italian Law 130/1999, the loans related to each securitisation constitute segregated assets to all effects and purposes from those of the Company and those of other securitisations performed by the Company. Each series of segregated assets shall be used exclusively to satisfy the rights incorporated in the securities issued, by the Company or by other companies, to finance the purchase of loans and receivables forming such assets and to pay the securitisation-related costs. Therefore, no action by creditors other than the holders of securities issued to finance the loans is permitted on the segregated assets. To the extent permitted by the provisions of Italian Law 130/1999, the Company may conclude accessory transactions, stipulated exclusively with a view to the success of its securitisations, or in any event instrumental to the corporate purpose, including reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned securities. As part of its securitisations, the Company may appoint third parties to collect sums on the loans acquired and to provide cash and payment services.

By resolution of the Extraordinary Meeting of Investors held on 12 December 2008, art. 4 of the Articles of Association were amended to extend the life of the Company to 31 December 2060.

As at 31 December 2011 there is 1 securitisation of residential and commercial mortgages ("BPL Mortgages 4"). During the year the securitisation originated in March 2009 ("BPL Mortgages 3") was closed. The dismantling of the securitisation was a preliminary measure to the subsequent transfer to

BP Covered Bond S.r.l. of repurchased portfolios, allowing the parent company Banco Popolare Soc. Coop. to arrange issue of the Covered Bonds.

### Composition of mortgages portfolio by Originator

As at 31 December 2011 the total mortgages portfolio amounted to 2,759,999,916 euro, divided between: - performing, delinquent, past due and restructured loans, net of related provisions for write-downs, of 2,694,378,920 euro; - defaulted loans, net of related provisions for write-downs, of 65,620,996 euro.

#### a) Total credit portfolio

Bank	31/12/2011 (1)	% Portfolio as at 31/12/2011	31/12/2010	%Portfolio as at 31/12/2010	13/06/2009	% Portfolio as at 13/06/2009
<b>Banco Popolare (*)</b>	<b>2,243,983,146</b>	<b>81.30%</b>	<b>2,673,535,951</b>	<b>83.68%</b>	<b>3,334,412,868</b>	<b>83.56%</b>
<i>Banco Popolare (formerly BPV)</i>	<i>897,259,942</i>	<i>32.51%</i>	<i>1,050,922,845</i>	<i>32.89%</i>	<i>1,318,819,783</i>	<i>33.05%</i>
<i>Banco Popolare (formerly BPN)</i>	<i>493,149,382</i>	<i>17.87%</i>	<i>563,597,563</i>	<i>17.64%</i>	<i>677,498,869</i>	<i>16.98%</i>
<i>Banco Popolare (formerly BPL)</i>	<i>445,977,446</i>	<i>16.16%</i>	<i>533,066,419</i>	<i>16.69%</i>	<i>668,100,227</i>	<i>16.74%</i>
<i>Banco Popolare (formerly Lupili)</i>	<i>244,412,002</i>	<i>8.85%</i>	<i>280,559,702</i>	<i>8.78%</i>	<i>356,859,196</i>	<i>8.94%</i>
<i>Banco Popolare (formerly Cremona)</i>	<i>81,643,808</i>	<i>2.96%</i>	<i>138,740,329</i>	<i>4.34%</i>	<i>180,250,005</i>	<i>4.52%</i>
<i>Banco Popolare (formerly Crema)</i>	<i>81,540,566</i>	<i>2.95%</i>	<i>106,649,093</i>	<i>3.34%</i>	<i>132,884,788</i>	<i>3.33%</i>
<b>Credito Bergamasco</b>	<b>516,016,770</b>	<b>18.70%</b>	<b>521,314,980</b>	<b>16.32%</b>	<b>656,061,342</b>	<b>16.44%</b>
<b>Total</b>	<b>2,759,999,916</b>	<b>100.00%</b>	<b>3,194,850,931</b>	<b>100.00%</b>	<b>3,990,474,210</b>	<b>100.00%</b>

(1) The amounts indicated represent the loans which have matured or are maturing as at 31 December 2011, net of related provisions for write-downs.

(\*) For comparison purposes the figures were aggregated to take into account the merger of area banks into Banco Popolare on 27 December 2011, as better illustrated in the Report on Operations.

As described above, the value of the loans is net of related provisions for write-downs, which at 31 December 2011 totalled: provision for write-down of defaulted loans 5,289,653 euro, provision for write-down of delinquent loans 4,227,330 euro, provision for write-down of past due loans 531,942 euro and provision for write-down of restructured loans 106,635 euro.

#### b) of which performing, delinquent, past due and restructured loans

Bank	31/12/2011	% Portfolio as at 31/12/2011	31/12/2010	% Portfolio as at 31/12/2010
<b>Banco Popolare (*)</b>	<b>2,188,821,216</b>	<b>81.24%</b>	<b>2,657,934,325</b>	<b>83.71%</b>
<i>Banco Popolare (formerly BPV)</i>	<i>873,630,479</i>	<i>32.42%</i>	<i>1,042,395,471</i>	<i>32.83%</i>
<i>Banco Popolare (formerly BPN)</i>	<i>483,247,606</i>	<i>17.94%</i>	<i>562,324,111</i>	<i>17.71%</i>
<i>Banco Popolare (formerly BPL)</i>	<i>438,167,193</i>	<i>16.26%</i>	<i>530,614,433</i>	<i>16.71%</i>
<i>Banco Popolare (formerly Lupili)</i>	<i>239,695,775</i>	<i>8.90%</i>	<i>278,761,730</i>	<i>8.78%</i>
<i>Banco Popolare (formerly Cremona)</i>	<i>75,330,731</i>	<i>2.80%</i>	<i>138,515,881</i>	<i>4.36%</i>
<i>Banco Popolare (formerly Crema)</i>	<i>78,749,432</i>	<i>2.92%</i>	<i>105,322,699</i>	<i>3.32%</i>
<b>Credito Bergamasco (2)</b>	<b>505,557,704</b>	<b>18.76%</b>	<b>517,213,072</b>	<b>16.29%</b>
<b>Total</b>	<b>2,694,378,920</b>	<b>100.00%</b>	<b>3,175,147,397</b>	<b>100.00%</b>

Note that the classification indicated for delinquent, past due and restructured loans is that recorded in the accounting records and IT systems of the Servicers.

c) of which defaulted loans

Bank	Defaulted as at 31/12/2011	% Defaulted as at 31/12/2011	Defaulted as at 31/12/2010	% Defaulted as at 31/12/2010
<b>Banco Popolare (*)</b>	<b>55,161,930</b>	<b>84.06%</b>	<b>15,601,626</b>	<b>79.18%</b>
<i>Banco Popolare (formerly BPV)</i>	23,629,463	36.01%	8,527,375	43.28%
<i>Banco Popolare (formerly BPN)</i>	9,901,776	15.09%	1,273,452	6.46%
<i>Banco Popolare (formerly BPL)</i>	7,810,254	11.90%	2,451,985	12.44%
<i>Banco Popolare (formerly Lupili)</i>	4,716,227	7.19%	1,797,972	9.13%
<i>Banco Popolare (formerly Cremona)</i>	6,313,076	9.62%	224,448	1.14%
<i>Banco Popolare (formerly Crema)</i>	2,791,134	4.25%	1,326,394	6.73%
<b>Credito Bergamasco (1)</b>	<b>10,459,066</b>	<b>15.94%</b>	<b>4,101,908</b>	<b>20.82%</b>
<b>Total</b>	<b>65,620,996</b>	<b>100.00%</b>	<b>19,703,534</b>	<b>100.00%</b>

(\*) For comparison purposes the figures were aggregated to take into account the merger of area banks into Banco Popolare on 27 December 2011.

(1) As a result of the branch redistribution of 1 August 2011, Credito Bergamasco increased its investment in the securitisation.

## Significant events during the year

### Group-related transactions

The accounting effects of mergers into Banco Popolare of the following banks commence from 27 December 2011, on registration of the deeds of merger with the relevant Registers of Companies: Banca Popolare di Verona – S. Geminiano e S. Prospero ("BPV-SGSP"), Banca Popolare di Novara ("BPN"), Banca Popolare di Lodi ("BPL"), Cassa di Risparmio di Lucca Pisa Livorno ("CRLUPILI"), Banca Popolare di Cremona ("BP Cremona") and Banca Popolare di Crema ("BP Crema").

The legal entry into force of the corporate merger transactions is therefore from 27 December 2011. With effect from that date therefore, pursuant to Art. 2504-bis of the Italian Civil Code, Banco Popolare takes over all rights and obligations of the companies merged, with continuity of all relations in force prior to that date. In accordance with Art. 2504-bis, paragraph 3 of the Italian Civil Code, transactions of the merged companies are recognised to the Banco Popolare financial statements with effect from 1 January 2011. All effects of the merger for income tax purposes will enter into force on that date in accordance with Art. 172, paragraph 9, Italian Presidential Decree 917/1986.

As part of Banco Popolare's 2011-2013 Business Plan, the Boards of Directors of a number of the area banks held on 11 May 2011 approved the project for "Redistribution of branches of local banks pertaining to the Group", to be implemented through transfer of the branches among the various area banks. In relation to this project, designed to rationalise the overlaps among Group banks at municipal level, standardise the brand at local level and enhance commercial effectiveness in the areas covered, the following business unit disposals to Credito Bergamasco were finalised with effect from 1 August 2011:

- disposal of a business unit comprising 8 branches of Banca Popolare di Crema;
- disposal of a business unit comprising 21 branches of Banca Popolare di Cremona;
- disposal of a business unit comprising 18 branches of Banca Popolare di Lodi;
- disposal of a business unit comprising 4 branches of Banca Popolare di Verona-SGSP;
- disposal of a business unit comprising 1 branch of Banca Popolare di Novara.

With the aim of improving management of the credits transferred, the new model requires that the servicers for each securitisation delegate certain activities, e.g. of mortgage payment collection, handling of requests for takeover, granting of constraints on mortgages, credit collection and the management of procedures involving the early settlement of securitised mortgages to Credito Bergamasco as transferee of the branches at which the securitised positions were domiciled.

## Corporate transactions

On 15 February 2011 the Shareholders' Meeting approved the sell-back of loans acquired as part of the securitisation completed in March 2009 "BPL Mortgages 3") and approved early redemption of the securities issued; in particular, on 21 February 2011 and pursuant to Art. 58 of the Consolidated Banking Act, Banca Popolare di Lodi S.p.A., Banca Popolare di Novara S.p.A., Banca Popolare di Verona – S. Geminiano e S. Prospero S.p.A. and Cassa di Risparmio Lucca Pisa Livorno S.p.A., now Banco Popolare following the merger of 27 December 2011, and Credito Bergamasco S.p.A. (the "Originators") bought back the loan portfolios deriving from land and residential mortgages which had been originally owned by these banks and subsequently transferred to the Company as part of the "BPL Mortgages 3" securitisation. The Company used the proceeds from the disposal of these loans to redeem the Asset-Backed Securities issued and to make other payments owed by the Company. The residual debt on the loans amounted to 2,218,236,405 euro and the sale price was 2,236,415,634 euro, which together with the company's available funds on that date made it possible to redeem the securities from subscribers on 31 March 2011 for a total of 2,386,826,865 euro.

Note also that on 28 February 2011 the Senior security issued by the Company as part of the "BPL Mortgages 4" securitisation was assigned a second rating as a result of the ECB measures allowing use of the securities as collateral in refinancing transactions on the interbank market. To obtain the additional rating the company made the necessary changes to contracts, including the increase of cash reserves, so as to guarantee adequate cover for the Senior security. In this respect, in February 2011 the Originators signed subordinated loan agreements for a total of around 223 million euro. The rating assigned by Moody's was Aaa.

## Securitisation performance

As at 31 December 2011 an increase in the prepayments rate was recorded (advances and early redemptions) and in the cumulative default rate, respectively to 5.2% per year (from 4.5% per year in 2010) and to 3.04% (from 0.6% per year in 2010). This performance was mainly due to the inclusion in the securitised portfolio of mortgages issued to businesses.

Note that following the European Central Bank's decision announced on 20 November 2009 in relation to eligibility criteria for monetary policy transactions of securities originating from securitisations, on 28 February 2011 the Class A securities were rated Aaa by Moody's. In order to assign a rating, Moody's requested certain changes to the structural elements of the securitisation, including a significant increase in the target level of the cash reserve, which from 3% of the securities issued (or 119,714,220 euro) was raised to 5.47% of the securities issued (218,233,231 euro). In this respect, on 25 February 2011 the Originators disbursed a limited recourse loan to BPL Mortgages S.r.l. for a total of 222,771,400 euro.

Note that in December 2011 the Senior Class A security was placed on watch negative and downgraded in January 2012 by Standard & Poor's from "AAA" to "AA+". Moreover, the security was downgraded by Moody's in February 2012 from "Aaa" to "Aa2".

Also note that in February 2012 the Swap counterparty, Banca IMI, was downgraded by Standard & Poor's from an "A" rating to "BBB+". Under the terms of the current swap contract, Banca IMI will be required to pay an amount agreed with the rating agency and calculated in accordance with the S&P Criteria for Swap Counterparties of December 2010, to a collateral account opened in the name of the Company with BNP Paribas.

## Report on corporate governance and ownership structure

In accordance with Art. 3, Italian Law 130/99, the sole purpose of the Company is the implementation of one or more loan securitisations pursuant to Italian Law no. 130 of 30 April 1999, as amended and according to subsequent implementing rules ("Law 130/1999), by the purchase against payment by the Company or another company established in accordance with Law 130/1999 of monetary loans and receivables, both existing and future, identifiable en bloc if in relation to multiple loans, financed through the Company's issue of securities - or by another company established in accordance with Law 130/99 - as referred to in Art. 1 paragraph 1b) and Art. 5, Law 130/1999.

The Company may also perform securitisations pursuant to Art. 7 of Law 130/1999 and in the form of subsequent securities issue programmes as part of the same securitisation. The Company may also carry out revolving transactions, i.e. using collections from the management of the loans purchased prior to or concurrently with the issue of securities for the purchase of additional loans. Pursuant to Art. 3 of Law 130/1999, additional loans will also constitute segregated assets on which creditors other than the holders of the securities issued cannot take action. Pursuant to the provisions of Law 130/1999, the loans related to each securitisation constitute segregated assets to all effects and purposes from those



of the Company and those of other securitisations performed by the Company. Each series of segregated assets shall be used exclusively to satisfy the rights incorporated in the securities issued, by the Company or by other companies, to finance the purchase of loans and receivables forming such assets and to pay the securitisation-related costs. Therefore, no action by creditors other than the holders of securities issued to finance the loans is permitted on the segregated assets. To the extent permitted by the provisions of Law 130/1999, the Company may conclude accessory financial transactions, stipulated exclusively with a view to the success of its securitisations, or in any event instrumental to the corporate purpose, including reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned securities. As part of its securitisations, the Company may appoint third parties to collect sums on the loans acquired and to provide cash and payment services, and to perform other disposal transactions on the loans acquired and reinvestment in other financial assets (including loans with similar characteristics to those securitised) from funds deriving from management of the loans acquired that are not immediately usable to satisfy rights on the aforementioned securities, together with any other activity permitted by Law 130/1999.

As described above, as part of its corporate purpose the Company arranged four securitisations through the purchase of performing loans and by issuing securities listed on regulated markets. Consequently, pursuant to Art. 123-bis, Italian Legislative Decree no. 58 of 24 February 1998, the report on operations of issuers with securities listed on regulated markets must contain a specific section, the "Report on corporate governance and ownership structure", which in accordance with paragraph 2b) of that article must provide information on the "main characteristics of the risk management and internal control systems for separate or consolidated financial reporting processes, as appropriate."

The Company has no employees. To pursue the company purpose and therefore also in relation to risk management and internal control systems for the financial reporting process, the company makes use of agents appointed ad hoc. The contractual documentation of the securitisation governs the appointment of agents and specifies the activities each agent is expected to perform for the Company. This information is also provided in Part D, Section F.3 of the Notes to the Financial Statements.

The agents are appointed from among persons who perform the duties assigned by the company in a professional manner. Agents must complete their assignments in compliance with governing regulations and in such a way as to allow the Company to promptly comply with all securitisation-related and legal obligations.

The main roles covered by such agents are as follows:

- (i) the Servicer, which amongst other things is responsible for management of the acquired loans;
- (ii) the Administrative Servicer, responsible for the Company's administrative and accounting management;
- (iii) the Cash Manager, Calculation Agent and Paying Agent, which perform duties related to such roles;
- (iv) the Corporate Servicer, which handles formalities of a corporate nature.

Specifically, the Servicer is the "party appointed to collect the transferred loans and to perform collection and payment services" pursuant to Art. 2, paragraph 3c), Law 130/1999. In accordance with Art. 2, paragraph 6 of Law 130/1999, the role of Servicer may be performed by banks or by intermediaries entered on the Special List envisaged in Art. 107, Italian Legislative Decree no. 385 of 1 September 1993, and are responsible for verifying that securitisations are performed in compliance with the law and the prospectus. Also pursuant to the Bank of Italy Instructions of 23 August 2000, Servicers are responsible for operational tasks and for ensuring the correct implementation of securitisations in the interest of investors and, in general, of the market. Lastly, with regard to the financial data, it should be mentioned that these are prepared by the Servicers based mainly on data provided by the entity appointed to manage the loans acquired.

Controls relating to the financial reporting process are therefore assigned to the respective internal control departments of the entities involved in the securitisation, particularly the Servicer.

## Other information

On 4 April 2011 the Shareholders' Meeting appointed the Board of Statutory Auditors (for the 3-year period 2011-2013) in accordance with Art. 2477, paragraph 1 of the Italian Civil Code.

As the Company is an "entity of public interest" pursuant to Art. 16, paragraph 1a), Italian Legislative Decree no. 39 of 27 January 2010, since it has issued debt securities for trading on the Irish Stock Exchange, on 23 December 2010 the Shareholders' Meeting appointed Reconta Ernst & Young S.p.A. to complete statutory audits for the 9-year period 2010-2018.

## **Secondary offices**

The Company has no secondary offices.

## **Financial Instruments**

Pursuant to Art. 2428, paragraph 6-*bis* of the Italian Civil Code, with regard to information on the Company's use of financial instruments and the data required for assessment of the equity and financial position and the result for the period, it is hereby specified that the Company did not use financial instruments for its ordinary operations during 2011.

## **Treasury shares**

The Company does not own treasury shares or shares of the parent company, directly or through trustee companies, nor has it purchased and/or sold such shares during the year.

## **Research and development activities**

Given the specific nature of the Company, no specific research and development activities were performed.

## **Subsequent events after the balance sheet date**

Since 31 December 2011 the securitisation has operated as normal. Note that in February 2012 Moody's downgraded the Senior Class A security from "Aaa" to "Aa2".

## **Program Document on Security**

The Company has assessed its position in relation to privacy-related obligations and has reached the conclusion that it is not obliged to prepare a Security Policy Document.

## **Relations with subsidiaries, associates, parent companies and group companies**

The company is 100% owned by SVM Securitisation Vehicles Management S.r.l., with which it has no intercompany relations.

## **Business outlook**

Future operations will continue to pursue the aims of the current securitisation.

## **Proposed resolution**

It is proposed that the Financial Statements profit of 30 euro be allocated to the legal reserve.

Conegliano, 1 March 2012

**BPL Mortgages S.r.l.**  
Single Member Company  
*The Sole Director*  
Claudia Calcagni



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**Independent auditors' report**  
**Pursuant to articles 14 and 16 of Legislative Decree n. 39 of January 27, 2010**  
**(Translation from the original Italian text)**

To the sole Quotaholder  
of BPL Mortgages S.r.l.

1. We have audited the financial statements of BPL Mortgages S.r.l. as of and for the year ended December 31, 2011, comprising the statement of financial position, income, other comprehensive income, changes in quotaholders' equity and cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n. 38 of February 28, 2005 is the responsibility of the BPL Mortgages S.r.l.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For our opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 16, 2011.

3. In our opinion, the financial statements of BPL Mortgages S.r.l. at December 31, 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with art. 9 of Italian Legislative Decree n. 38 of February 28, 2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of BPL Mortgages S.r.l. for the year then ended.
4. The recognition of financial assets and liabilities in the explanatory notes to the financial statements is done, in conformity with the administrative provisions issued by the Bank of Italy based on art. 9 of Italian Legislative Decree n. 38 of February 28, 2005, in accordance with International Financial Reporting Standards. Such an approach is also in line with what is established by Law n. 130 of April 30, 1999, according to which the loans concerning each securitization represent, to all effects, net assets separated from the net assets of the Company and of the other securitizations.

For completeness of information it is noted that according to International Financial Reporting Standards, the financial assets and/or groups of financial assets and financial liabilities deriving from securitization transactions is still the under discussion by the committees responsible for the interpretation of International Financial Reporting Standards.

Reconta Ernst & Young S.p.A.  
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Capitale Sociale € 1.402.500,00 i.v.  
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5. The management of BPL Mortgages S.r.l. is responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance and ownership structure, limited to the information as required by paragraph 2, subparagraph b) of art. 123-bis of Italian Legislative Decree 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the report on operations and the information as required by paragraph 2, subparagraph b) of art. 123-bis of Italian Legislative Decree 58/98 presented in the specific section of the same report are consistent with the financial statements of BPL Mortgages S.r.l. as of December 31, 2011.

Verona, March 19, 2012

Reconta Ernst & Young S.p.A.  
Signed by: Marco Bozzola, partner

## 2) BALANCE SHEET

	<b>Assets</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
10.	Cash and cash equivalents		
60.	Receivables	12,678	12,854
120.	Tax assets	936	1,364
	a) current	936	1,211
	b) deferred	-	153
140.	Other assets	2,514,902	58,460
	<b>Total assets</b>	<b>2,528,516</b>	<b>72,678</b>

	<b>Liabilities and quotaholders' equity</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
70.	Tax liabilities	1,271	898
	a) current	1,271	898
	b) deferred	-	-
90.	Other liabilities	2,514,027	58,592
120.	Capital	12,000	12,000
160.	Reserves	1,188	1,186
180.	Net income (loss) for the period	30	2
	<b>Total liabilities and quotaholders' equity</b>	<b>2,528,516</b>	<b>72,678</b>

Note that for comparison purposes the current tax assets which as at 31 December 2010 were recognised to "Other assets" have been reclassified to "Current tax assets".

## 3) INCOME STATEMENT

		<b>31.12.2011</b>	<b>31.12.2010</b>
10.	Interest and similar income	114	27
20.	Interest and similar expense	-	-
	<b>Interest margin</b>	<b>114</b>	<b>27</b>
30.	Fee and commission income	69,722	80,990
40.	Fee and commission expense	(167)	(19)
	<b>Net fee and commission income</b>	<b>69,555</b>	<b>80,971</b>
	<b>Net interest and other banking income</b>	<b>69,669</b>	<b>80,998</b>
110.	Administrative expenses:	(68,215)	(78,297)
	a) personnel expenses	(19,165)	(17,690)
	b) other administrative expenses	(49,050)	(60,607)
160.	Other operating income and expenses	-	(1,648)
	<b>Result from operations</b>	<b>1,454</b>	<b>1,053</b>
	<b>Income (loss) before tax from operations</b>	<b>1,454</b>	<b>1,053</b>
190.	Income taxes on operations	(1,424)	(1,051)
	<b>Net income (loss) after tax from operations</b>	<b>30</b>	<b>2</b>
	<b>Net income (loss) for the period</b>	<b>30</b>	<b>2</b>

#### 4) STATEMENT OF COMPREHENSIVE INCOME

Item		31.12.2011	31.12.2010
<b>10.</b>	<b>Net income (loss) for the period</b>	<b>30</b>	<b>2</b>
	<b>Other income after tax</b>		
<b>20.</b>	Financial assets available for sale		
<b>30.</b>	Property and equipment		
<b>40.</b>	Intangible assets		
<b>50.</b>	Foreign investment hedges		
<b>60.</b>	Cash flow hedges		
<b>70.</b>	Currency differences		
<b>80.</b>	Non-current assets held for sale		
<b>90.</b>	Actuarial profit (losses) on defined benefit plans		
<b>100.</b>	Reserves for valuation of equity investment carried at equity		
<b>110.</b>	<b>Total other income after tax</b>		
<b>120.</b>	<b>Comprehensive income (Items 10+110)</b>	<b>30</b>	<b>2</b>

5) STATEMENT OF CHANGES IN QUOTAHOLDERS' EQUITY AS AT 31 DECEMBER 2011

	Balance as at 31.12.10	Changes in opening balances	Balance as at 01.01.11	Allocation of prior year profit		Changes of the year						Comprehensive income for 2011	Quotaholders' equity as at 31.12.11
						Changes in reserves	Operations on quotaholders' equity						
				Reserves	Dividends and other allocations		Issue of new quotas	Repurchase of own quotas	Distribution of extraordinary dividends	Changes in equity instruments	Other changes		
Quota Capital	12,000		12,000										12,000
Quota premium reserve													
Reserves:	1,186		1,186	2									1,188
a) retained earnings	(1,952)		(1,952)										(1,950)
b) other	3,138		3,138										3,138
Valuation reserves													
Equity instruments													
Treasury shares													
Net income (loss) for the period	2		2	(2)								30	30
Quotaholders' equity	13,188		13,188	-								30	13,218

5) STATEMENT OF CHANGES IN QUOTAHOLDERS' EQUITY AS AT 31 DECEMBER 2010

	Balance as at 31.12.09	Changes in opening balances	Balance as at 01.01.10	Allocation of prior year profit		Changes of the year						Comprehensive income for 2010	Quotaholders' equity as at 31.12.10
						Changes in reserves	Operations on quotaholders' equity						
				Reserves	Dividends and other allocations		Issue of new quotas	Repurchase of own quotas	Distribution of extraordinary dividends	Changes in equity instruments	Other changes		
Quota Capital	12,000		12,000										12,000
Quota premium reserve													
Reserves:	1,161		1,161	25									1,186
a) retained earnings	(1,977)		(1,977)	25									(1,952)
b) other	3,138		3,138										3,138
Valuation reserves													
Equity instruments													
Treasury shares													
Net income (loss) for the period	25		25	(25)								2	2
Quotaholders' equity	13,186		13,186	-								2	13,188



## 6) CASH FLOWS STATEMENT

<b>A. Operating activities</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>1. CASH FLOW from operations</b>	<b>(1,979)</b>	<b>(218)</b>
interest and similar income received (+)	114	27
interest expenses paid (-)		
dividend and similar income (+)		
net fee and commission income (+/-)	85,190	23,101
personnel expenses (-)	(19,165)	(17,690)
other costs (-)	(66,694)	(4,605)
other revenues (+)		
Taxes and duties (-)	(1,424)	(1,051)
Income (loss) on non-current assets being sold, net of taxes (+/-)		
<b>2. Cash flows from / used in financial assets</b>	<b>(2,471,497)</b>	<b>93,459</b>
financial assets held for trading		
financial assets designated at fair value		
financial assets available-for-sale		
loans to financial entities		
loans and advances to customer		
other assets	(2,471,497)	93,459
<b>3. Cash flows from / used in financial liabilities</b>	<b>2,473,300</b>	<b>92,961</b>
due to banks		
due to financial institutions		
due to customers		
debt securities issued		
financial liabilities held for trading		
financial liabilities designated at fair value		
other liabilities	2,473,300	(92,961)
<b>Net cash flows from / used in operating activities</b>	<b>(176)</b>	<b>280</b>
<b>B. INVESTING ACTIVITIES</b>		
<b>1. Cash flows from</b>		
sales of equity investments		
dividends collected on equity investments		
sales/redemption of financial assets held to maturity		
sales of tangible assets		
sales of intangible assets		
sales of company branches		
<b>2. Cash flows used in</b>		
purchases of equity investments		
purchases of financial assets held to maturity		
purchases of tangible assets		
purchases of intangible assets		
purchases of company branches		
<b>Net cash flows from / used for investing activities</b>		
<b>C. FINANCING ACTIVITIES</b>		
issue/repurchase of treasury shares		
issue/repurchase of capital instrument		
distribution of dividends and other allocations		
<b>Net cash flows from / used in financing activities</b>		
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR</b>	<b>(176)</b>	<b>280</b>
<b>RECONCILIATION</b>		
	<b>31.12.2011</b>	<b>31.12.2010</b>
opening cash	12,854	12,574
closing cash and cash equivalents	(176)	280
Cash and cash equivalents – at the end of the year	12,678	12,854

## **7) NOTES TO THE FINANCIAL STATEMENTS**

### **PART A – ACCOUNTING POLICIES**

#### **A.1 - General section**

##### **Section 1 - Statement of compliance with international accounting standards**

In compliance with Art. 4, paragraph 1, Italian Legislative Decree 38/2005, as an issuer of financial instruments admitted to trading on regulated markets, the Company prepares its separate financial statements according to international accounting standards issued by the International Accounting Standards Board (IASB) and related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission and introduced to Italian law by the aforementioned Italian Legislative Decree 38/2005.

As in previous years, the financial statements were prepared using the formats envisaged in the “Instructions for the preparation of financial statements for financial intermediaries entered on the Special List of electronic money institutions (IMEL), asset management companies (SGR) and securities trading companies (SIM)” issued by the Bank of Italy on 16 December 2009, which fully replaced instructions attached to the Bank of Italy Regulations of 14 February 2006. The Company has also implemented the integrations/changes contained in the Bank of Italy consultation paper of November 2011.

##### **Section 2 – General preparation principles**

These separate financial statements were prepared in application of international accounting standards issued by the International Accounting Standards Board (IASB) and related interpretations issued by IFRIC, all endorsed by the European Union, and in accordance with Bank of Italy Instructions of 16 December 2009, also adopting the integrations/changes to the Bank of Italy consultation paper issued in November 2011 on the formats and rules for preparing financial statements by financial intermediaries in accordance with the new standards.

The financial statements comprise the statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes to the financial statements, accompanied by the Report on Operations and position of the Company.

In line with the terms of Law 130/99, the loans relating to each securitisation constitute assets completely segregated from those of the company and from those relating to other transactions.

In order to provide complete information, it should be mentioned that, according to international accounting standards, the treatment of financial assets and/or groups of financial assets and financial liabilities arising from securitisations is still under consideration by the accounting standards interpretation committees.

In addition to figures for the year in question, the statements also provide corresponding comparison data as at 31 December 2010. In compliance with Art. 5, Italian Legislative Decree no. 38 of 28 February 2005 and IAS 1/46, the financial statements use euro as the functional currency. Unless indicated otherwise, all amounts are in euro.

The financial statements were prepared on going concern assumptions, in accordance with the accruals basis of accounting, in compliance with the principle of data materiality and significance, the principle of substance over form and with a view to consistency with future reports. Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless immaterial. Assets, liabilities, income and expenses are not offset unless required or permitted by a Standard or an Interpretation.

The financial statements were submitted for audit by Reconta Ernst & Young S.p.A., appointed independent auditors for the nine-year period 2010-2018.

##### **Securitisations**

As at 31 December 2011 there is one securitisation, implemented pursuant to Law 130/1999. The presentation of securitisation accounts complies with the aforementioned “Instructions for the preparation of financial statements for financial intermediaries entered on the Special List of electronic money institutions (IMEL), asset management companies (SGR) and securities trading companies (SIM)” issued by the Bank of Italy on 16 December 2009.

Information on the securitisations is provided in Section F of the Notes to the Financial Statements and does not form part of the actual Financial Statements. Consequently, these values relating to the securitisation were not affected by the adoption of IAS/IFRS.

With reference to this type of transaction, Bank of Italy instructions specifically state that:

- the accounting information relating to each securitisation should be provided separately in the Notes;
- the information must contain all the qualitative and quantitative data required for a clear and complete representation of each securitisation.

In particular, the Bank of Italy requires that the Notes to the Financial Statements include at least the following in Part D "Other information": total amount of loans acquired (nominal and disposal value), the total amount of securities issued with a breakdown by class of securities and related level of subordination.

The provision requiring that all information, even where not specifically requested, is included to provide a full picture of the situation remains implicit, whilst information which by its nature or excessive content reduces the clarity and immediate understanding of the information documented should be omitted. For each securitisation a special section ("F") should be included, illustrating at least the related qualitative and quantitative information.

### **Section 3 - Events subsequent to the balance sheet date**

The Sole Director has today completed preparation of the Company's pro forma financial statements as at 31 December 2011 and a copy of the statements will also be provided, in compliance with Art. 2429 of the Italian Civil Code, to the Board of Statutory Auditors and the independent auditors for the preparation of their respective reports. No material events occurred that would give rise to doubts regarding the company's capacity to operate as a going concern. Please see the paragraph "Events after year end" in the Report on Operations.

### **Section 4 - Other aspects**

The Company has not prepared consolidated financial statements pursuant to paragraph 10 of IAS 27 as it has no controlling interests in other companies.

### **A.2 – Information on the main aggregates of the financial statements**

The main accounting standards adopted for preparation of the Financial Statements as at 31 December 2011, with reference to items of the statement of financial position and income statement only, are described below. The recognition, classification, measurement, income item identification and elimination criteria are indicated for each item.

## **ASSETS**

### **Loans and receivables**

#### *Recognition and classification criteria*

Initial recognition of a loan or receivable occurs as at the date of disbursement, or the date of purchase if in reference to a debt security. Initial recognition is at fair value, normally corresponding with the total disbursed or price paid. This item includes trade receivables and amounts due from banks, regardless of their contractual conditions, and also includes business loans.

#### *Measurement criteria*

After initial recognition, loans and receivables are measured at amortised cost, equal to the initial recognition value less/plus capital repayments, write-downs/reversals and amortisation - calculated using the effective interest rate method – of the difference between the amount disbursed and that redeemable on maturity, normally attributed to cost/income items assigned directly to each loan or receivable. The amortised cost method is not used for loans and receivables for which the short-term residual life renders the effect of time-discounting negligible. These loans and receivables are measured at historic cost and the related costs/income are recognised to the income statement on a line-by-line basis throughout the contractual life of the loan or receivable. A similar measurement criterion is adopted for L&R without a finite life or cancelled loans. At each annual or interim reporting date, L&R impairment testing is performed if there have been signs of any post-recognition impairment, to confirm any impairment loss. Such impaired loans and receivables are subjected to analytical measurement. The amount of the impairment is recognised to the income statement. The original value of the loans or receivables is re-recognised in subsequent years to the extent that they may be objectively associated with an event occurring after write-down. The amount of the reversal is recognised to the income statement, and cannot in any event exceed the amortised cost that would have been recorded for the loan or receivable had no write-down been made. Loans and receivables for which no objective evidence of impairment has been found, i.e. performing loans, are measured collectively. This measurement is performed on L&R classes that are similar in terms of credit risk and the related loss percentages are estimated by taking into consideration time series that offer an estimation of the loss value latent in each L&R class. Collective impairment amounts are recognised to the income statement. On each annual or interim reporting date any additional write-downs or reversals are recalculated on a differential basis with reference to the entire performing portfolio as at that date.

#### *Elimination criteria*

The loans transferred are derecognised from assets in the annual or interim financial statements only if their disposal essentially involved the transfer of all loan-related risks and benefits. Vice versa, if the related risks and benefits of such loans are retained, they continue to be recognised under assets in the annual or interim financial statements until legal ownership of the loan is actually transferred.

### **Current and deferred taxation**

#### *Recognition and classification criteria*

Taxes are recognised at the time the various types of withholdings and taxes can be ascertained. This item includes current and prepaid tax assets and current and deferred tax liabilities, respectively.

#### *Measurement criteria*

Initial recognition of current and deferred tax assets and liabilities is without offsetting of any kind.

Current tax assets are recognised at the nominal value of loans and receivables in relation to the tax prepayments made. Current tax liabilities are recognised at nominal value based on withholdings applied, whilst income tax allocations are calculated on a prudential forecast of the current, prepaid and deferred tax charges in accordance with current tax regulations. Income taxes are recognised to the income statement except for those relating to items credited or debited directly to equity.

Prepaid and deferred taxes are calculated on the temporary differences, without time limits, between the book values and tax values of each asset or liability.

Prepaid tax assets are recognised to the financial statements if their recovery, assessed on the basis of the Company's capacity to generate taxable income as a going concern in future years, is reasonably certain. Deferred tax liabilities are recognised to the financial statements regardless of the current or prospective tax loss position.

Assets and liabilities recognised for prepaid and deferred taxes are systematically measured to take into account any changes in the tax regulations or tax rates. Tax provisions also include expenses relating to any tax disputes.

#### *Elimination criteria*

Current taxes (assets and liabilities) are eliminated when the various taxes levied as substitute taxes are paid by the legal deadline. Deferred taxes are eliminated when their recovery can no longer be expected.

### **Other assets**

This item includes assets not recognisable to other asset items in the statement of financial position. Specifically, it includes the loans acquired under the “Residential 2007” and “Residential 2008” securitisations after their conclusion and securitisation receivables for the chargeback of commissions payable to the Company from the segregated assets for normal business operations.

## **LIABILITIES**

### **Other liabilities**

This item includes liabilities not recognisable to other liability items in the statement of financial position. This item includes trade payables and amounts due to the Originators of the “Residential 2007” and “Residential 2008” securitisations as reverse cash flows as due to each Originator in relation to the chargeback of withholdings on current account interest income from the securitisations.

## **COSTS AND REVENUES**

For costs and revenue the accruals principle is adopted.

Given the exclusive nature of the Company’s business operations, operating costs incurred are charged to the segregated assets to the extent necessary to guarantee the Company’s economic and financial balance, as also envisaged under contract. This amount is classified as fee and commission income.

### **A.3 – Fair value disclosure**

No assets or liabilities measured at fair value are presented in the financial statements.

## PART B - INFORMATION ON THE BALANCE SHEET

### Assets

#### Section 6 - Loans and receivables - Item 60

##### 6.1 Due from banks

Composition	31.12.2011	31.12.2010
1. Deposits and current accounts	12,678	12,854
2. Loans		
2.1 Repurchase agreements		
2.2 Finance leases		
2.3 Factoring		
- with recourse		
- without recourse		
2.4 Other loans		
3. Debt securities		
- structured securities		
- other debt securities		
4. Other assets		
<b>Total book value</b>	<b>12,678</b>	<b>12,854</b>
<b>Total fair value</b>	<b>12,678</b>	<b>12,854</b>

Amounts due from banks totalled 12,678 euro and refer to the current account with Deutsche Bank S.p.A. in which the company capital is held.

#### Section 12 – Tax assets and tax liabilities

##### 12.1 Composition of Item 120 "Tax assets: current and deferred"

	31.12.2011	31.12.2010
<b>Current tax assets</b>		
Advance IRES	-	-
Advance IRAP	592	1,204
Tax receivables on withholdings	31	7
IRES credit to be retained	7	-
IRAP credit to be retained	306	-
<b>Total</b>	<b>936</b>	<b>1,211</b>
<b>Prepaid tax assets</b>		
IRES	-	130
IRAP	-	23
<b>Total</b>	<b>-</b>	<b>153</b>
<b>Total</b>	<b>936</b>	<b>1,364</b>

Current tax assets again include tax receivables due for withholdings on current account interest income and the retained IRAP tax credit. The corresponding amounts for 2010 were restated from "Other assets" to "Current tax assets".

#### 12.2 Composition of Item 70 "Tax liabilities: current and deferred"

	31.12.2011	31.12.2010
<b>Current tax liabilities</b>		
IRES	-	-
IRAP	1,271	898
<b>Total</b>	<b>1,271</b>	<b>898</b>

Current tax liabilities include provisions for IRAP calculated at the rate of 5.57%.

#### 12.3 Changes in deferred tax assets (balancing entry in the income statement)

	31.12.2011	31.12.2010
<b>1. Opening balance</b>	<b>153</b>	<b>306</b>
<b>2. Increases</b>		
2.1 Prepaid tax assets recognised during the year		
a) related to previous financial years		
b) due to changes in accounting standards		
c) write-backs		
d) other		
2.2 New taxes or tax rate increases		
2.3 Other increases		
<b>3. Decreases</b>	<b>(153)</b>	<b>(153)</b>
3.1 Prepaid tax assets derecognised during the year	(153)	(153)
a) reallocations	(153)	(153)
b) write-downs due to non-recoverability		
c) changes in accounting standards		
3.2 Tax rate decreases		
3.3 Other decreases		
<b>4. Closing balance</b>	<b>-</b>	<b>153</b>

Prepaid taxes are calculated by applying the estimated current tax rate to the deferred taxable amount for temporary difference reversal periods. These items mainly refer to administrative costs for the year to be paid in future years. During the year the deferred tax assets from previous years were reversed in relation to costs applying to 2011.

### Section 14 - Other assets - Item 140

#### 14.1 Composition of Item 140 "Other assets"

	31.12.2011	31.12.2010
Tax receivables for bank interest withholdings	2,472,666	-
Due to the securitisation – commissions	42,236	58,460
<b>Total</b>	<b>2,514,902</b>	<b>58,460</b>

"Tax receivables for bank interest withholdings" refer to the tax receivable on withholdings on interest accrued on current accounts opened by the Company on closure - in 2010 - of the 2 securitisations completed in December 2007 and December 2008.

Application was made for reimbursement at the time of submission of the Unico 2011 tax return for 2010 and will then be paid to the banks involved in the securitisation. This value has a balancing entry under "other liabilities" (see Section 9 - Other liabilities).

“Due to the securitisation – commissions” includes the amount receivable from the segregated assets as commissions to maintain Company business operations.

## Liabilities

### Section 7 - Tax liabilities - Item 70

See section 12 under Assets.

### Section 9 – Other liabilities – Item 90

#### 9.1 Composition of Item 90 “Other liabilities”

	31.12.2011	31.12.2010
Trade payables for administrative services provided	-	13,820
Trade payables for invoices to be received or paid	40,007	43,830
Tax payables for chargeback of third party costs	40	220
Due to segregated assets	1,314	722
Other payables	2,472,666	-
<b>Total</b>	<b>2,514,027</b>	<b>58,592</b>

Trade payables for invoices to be received refer to provisions allocated as at 31 December 2011 for costs for the period or for which the invoices were received after closure of the reporting period.

“Other payables” refers to the total of 2,472,666 euro due from the Company to the Originators for the “Residential 2007” and “Residential 2008” securitisations launched in 2007 and 2008, respectively, and both closed during 2010, in relation to reverse cash flow as due to each bank in relation to the withholdings on current account interest income for which reimbursement has been claimed. The amounts involved are as follows:

- Banco Popolare (formerly Banca Popolare di Crema S.p.A.) 142,722 euro;
- Banco Popolare (formerly Banca Popolare di Cremona S.p.A.) 217,776 euro;
- Banco Popolare (formerly Banca Popolare di Lodi S.p.A.) 1,059,812 euro;
- Banco Popolare (formerly Cassa di Risparmio di Lucca Pisa Livorno S.p.A.) 827,263 euro;
- Banco Popolare (formerly Banca Popolare di Verona S. Geminiano e S. Prospero S.p.A.) 105,233 euro;
- Banco Popolare (formerly Banca Popolare di Novara S.p.A.) 101,321 euro;
- Credito Bergamasco S.p.A. 18,539 euro.



## Section 12 - Equity - Items 120, 130, 140 and 150

### 12.1 Composition of Item 120 "Capital"

Item/Amounts	31.12.2011
A. Capital	12,000
A.1 Ordinary shares	
A.2 Other listed shares	12,000

The capital is composed of indivisible, fully paid-up quotas of the Company.

### 12.5 Composition of Item 160 "Reserves"

	Legal reserve	Retained earnings	Other reserves Reserve for capital accounts payments	Other reserves First Time Adoption IAS/IFRS	Total as at 31.12.2011
<b>A. Opening balance</b>	-	(1,952)	4,602	(1,464)	1,186
<b>B. Increases</b>					
B.1 Profit allocation	2				2
B.2 Other changes					
<b>C. Decreases</b>					
C.1 Uses					
- coverage of losses					
- distribution					
- transfer to capital					
C.2 Other changes					
<b>D. Closing balance</b>	2	(1,952)	4,602	(1,464)	1,188

"Other reserves" include the FTA reserve - calculated according to the application of IAS/IFRS to intangible assets - which amounts to (1,464) euro.

The following statement illustrates the source, usage and distribution options of equity items.

Nature/description	Amount	Possibility of use	Portion available	Summary of usage in the last three years	
				for coverage of losses	for other reasons
<b>Capital</b>	12,000				
<b>Capital reserves</b>	4,602				
Reserve for capital accounts payments	4,602	B			
<b>Profit reserves:</b>	(1,462)				
Legal reserve	2	B			
Other reserves	(1,464)				
<b>Retained earnings</b>	(1,952)	A,B,C	-	25	
<b>TOTAL</b>	<b>13,188</b>		-	<b>25</b>	
Restricted portion			-		
Unrestricted portion			-		

Key: A – for capital increases, B – as loss cover, C – for distribution to investors

## PART C - INFORMATION ON THE INCOME STATEMENT

### Section 1 - Interests - Items 10 and 20

#### 1.1 Composition of Item 10 "Interest and similar income"

Items/Type	Debt securities	Loans	Impaired assets	Other assets	31.12.2011	31.12.2010
1. Financial assets held for trading						
2. Financial assets designated at fair value						
3. Financial assets available-for-sale						
4. Financial assets held to maturity						
5. Loans and receivables					114	27
5.1 Due from banks					114	27
5.2 Loans to financial institutions						
5.3 Loans to customers						
6. Other assets						
7. Hedging derivatives						
<b>Total</b>					<b>114</b>	<b>27</b>

#### 1.2 Interest and similar income: other information

Interest income and similar revenue refer to the current account held with Deutsche Bank S.p.A.

### Section 2 - Commissions - Items 30 and 40

#### 2.1 Composition of Item 30 "Fee and commission income"

Details	31.12.2011	31.12.2010
1. finance lease transactions		
2. factoring transactions		
3. consumer credit		
4. merchant banking		
5. guarantees given		
6. services:		
- fund management for third parties		
- foreign exchange trading		
- product distribution		
- other		
7. collection and payment services		
8. services involving securitisation		
9. other commissions in favour of the issuer	69,722	80,990
<b>Total</b>	<b>69,722</b>	<b>80,990</b>

Fee and commission income refers to chargebacks envisaged under contract and paid from segregated assets for normal company business operations.

## 2.2 Composition of Item 40 "Fee and commission expense"

Details/Segment	31.12.2011	31.12.2010
1. guarantees received		
2. distribution of third party services		
3. collection and payment services		
4. other commissions	167	19
<b>Total</b>	<b>167</b>	<b>19</b>

Fee and commission expenses refer to bank charges on the current account held with Deutsche Bank S.p.A.

## Section 9 - Administrative expenses - Item 110

### 9.1 Composition of Item 110.a "Personnel expenses"

Item/Segment	31.12.2011	31.12.2010
<b>1. Employed staff</b>		
a) salaries and wages		
b) social security expenses		
c) employee termination indemnities		
d) social security costs		
e) allocation to employee termination indemnities		
f) allocation to the provision for pension and similar obligations:		
- defined contribution plans		
- defined benefit plans		
g) amounts paid to external complementary social security funds:		
- defined contribution plans		
- defined benefit plans		
h) other expenses		
<b>2. Other staff employed</b>		
<b>3. Directors and Auditors</b>	19,165	17,690
<b>4. Non-working personnel</b>		
<b>5. Recovery of expenses for staff seconded to other companies</b>		
<b>6. Reimbursement of expenses for staff seconded to the company</b>		
<b>Total</b>	<b>19,165</b>	<b>17,690</b>

"Directors and Auditors" includes the Sole Director remuneration of 12,600 euro and the amount of 6,565 euro provisioned as Board of Statutory Auditors remuneration.

### 9.3 Composition of item 110.b "Other administrative expenses"

Description	31.12.2011	31.12.2010
1) Professional service costs:	46,200	54,700
- Advisory and audit services	38,709	47,610
- Notary public expenses	6,889	6,519
- Other indirect taxes	602	571
2) Overheads	2,850	5,907
<b>Total</b>	<b>49,050</b>	<b>60,607</b>

## Section 14 - Other operating income and expenses - Item 160

### 14.1 - Composition of Item 160 "Other operating income and expenses"

Item	31.12.2011	31.12.2010
Contingent assets	-	-
Contingent liabilities	-	(1,648)
<b>Total</b>	<b>-</b>	<b>(1,648)</b>

## Section 17 - Income taxes for the year on current operations - Item 190

### 17.1 Composition of Item 190 "Income taxes on operations"

Component/Amounts	31.12.2011	31.12.2010
1. Current taxes	(1,271)	(898)
2. Change in current tax for previous years	-	-
3. Reduction in current taxes for the financial year	-	-
4. Change in prepaid taxes	(153)	(153)
5. Change in deferred taxes	-	-
<b>Income taxes for the year</b>	<b>(1,424)</b>	<b>(1,051)</b>

Current taxes refer to the provision for IRAP tax of 1.271 euro. The changes in prepaid tax refer to their release, as specified in greater detail in Section 12 "Tax assets and tax liabilities".

### 17.2 Reconciliation between theoretical tax charge and actual tax charge booked

Item	31.12.2011
<b>Theoretical tax charge for IRES</b>	<b>400</b>
Permanent increases	
Temporary increases	
Permanent decreases	(25)
Temporary decreases	(130)
Use of tax losses from previous years	(245)
<b>Actual tax charge for IRES</b>	<b>0</b>
<b>Theoretical tax charge for IRAP</b>	<b>1,706</b>
Permanent increases	
Temporary increases	
Permanent decreases	
Temporary decreases	(26)
IRAP deductions	(409)
<b>Actual tax charge for IRAP</b>	<b>1,271</b>

## PART D - OTHER INFORMATION

### Section 1 – Specific business activities

#### F. SECURITISATIONS OF LOANS

##### *Valuation criteria*

The measurement criteria adopted for the more significant items are described below.

##### *A. Securitised assets - Loans and receivables*

Loans initially recognised are measured according to their estimated realisable value. Any impairment is recognised as a write-down of the acquisition cost of the loans and is determined analytically with reference to the solvency and objective impairment of the positions of each borrower. Arrears interest receivables are conservatively recorded as at the time of collection. Any write-downs are not retained when the reason for the write-down no longer applies, giving rise to reversal of part of the receivable recovered or measured in excess of the previous estimated realisable value. The calculation of accruals and deferrals is performed according to the accruals principle, to define the effective amount of costs and revenue for the year.

##### *B. Use of cash and cash equivalents*

Amounts due from banks are recognised at their nominal value and on the basis of the estimated realisable value, including any accruing interest.

##### *C. Securities issued*

Securities issued and still outstanding are recognised at their respective nominal issue value.

##### *D. Loans received*

Loans received are recognised at their nominal value.

##### *E. Other liabilities*

Liabilities forming this item are recognised at their nominal value. The calculation of accruals and deferrals is performed according to the accruals principle, to define the effective amount of costs and revenue for the year.

##### *Costs and revenues*

Costs and revenue are recognised on an accruals basis, including the recognition of accruals and deferrals as appropriate. Where technically due, accruals and deferrals directly adjust their related asset or liability items.

##### *Derivative contracts*

Derivatives are arranged for hedging purposes only and are measured according to their related asset and liability elements. Related spreads are recognised to other assets or other liabilities, with balancing entries in the income statement under interest income and expenses, in accordance with the accruals principle.

##### *Tax treatment*

Circular 8/E of 6 February 2003 issued by the Italian Inland Revenue defined the tax treatment of the segregated assets of companies incorporated for securitisation and repeated that the economic results deriving from management of the securitised assets, during execution of the transactions in question, do not qualify as cash and cash equivalents of the SPV. Essentially the restriction on the destination of "segregated" assets excludes the possession of taxable income. It is understood that any operating result from the securitised portfolio which remains once all creditors of the segregated assets - for which the SPV is recipient - have been paid, must be taxed from the moment it enters into the possession of the beneficiary, therefore on expiry of each securitisation.

By Resolution no. 77 of 4 August 2010, the Italian Inland Revenue clarified the tax treatment of withholdings on interest paid to current accounts of the securitisation SPV. These withholding taxes can be deducted in the tax year in which the securitisation was concluded.

## F.1 – Summary statement of securitised assets and securities issued

### RESIDENTIAL SECURITISATION MARCH 2009

#### BPL MORTGAGES Limited Liability Company

Share capital: 12,000 euro fully paid-up

#### RESIDENTIAL 2009

#### A) SUMMARY STATEMENT OF SECURITISED ASSETS AND SECURITIES ISSUED

	Situation as at 31/12/11	Situation as at 31/12/10	Changes in the period
<b>A. Securitised assets</b>	<b>0</b>	<b>2,276,264,823</b>	<b>-2,276,264,823</b>
A.1) Mortgages	0	2,269,056,374	-2,269,056,374
A.2) Securities	0	0	0
A.3) Other (defaulted loans)	0	7,208,449	-7,208,449
<b>B. Use of cash and cash equivalents from the asset Management</b>	<b>71,098</b>	<b>184,750,421</b>	<b>-184,679,323</b>
B.1) Debt securities	0	0	0
B.2) Capital instruments	0	0	0
B.3) Liquidity	0	168,473,973	-168,473,973
B.5) Other loans and receivables	71,098	16,276,448	-16,205,350
<b>C. Securities issued</b>	<b>0</b>	<b>2,386,826,865</b>	<b>-2,386,826,865</b>
C.1 Class A securities	0	2,184,177,865	-2,184,177,865
C.2 Class B securities	0	202,649,000	-202,649,000
C.3 Class C securities	0	0	0
C.1 Class D securities	0	0	0
<b>D. Subordinated loans</b>	<b>0</b>	<b>0</b>	<b>0</b>
D.2) Subordinated loans	0	0	0
<b>E. Other liabilities</b>	<b>71,098</b>	<b>44,353,617</b>	<b>-44,282,519</b>
E.1) Payables to the Company	0	29,245	-29,245
E.2) Other payables	71,098	11,735,766	-11,664,668
E.3) Accrued expenses	0	32,588,606	-32,588,606
<b>F. Interest payable on securities issued</b>	<b>35,973,429</b>	<b>48,386,014</b>	<b>-12,412,585</b>
<b>G. Commissions and fees related to the transaction</b>	<b>13,461,555</b>	<b>87,889,445</b>	<b>-74,427,890</b>
G.1) for the Servicing	236,972	1,254,129	-1,017,157
G.2) for other services	13,224,583	86,635,316	-73,410,733
G.2a) Placement and Rating Commissions on Securities Issued	2,400	900	1,500
G.2b) Bank commissions	415	622	-207
G.2c) Cash Manager	0	0	0
G.2d) Issuer	1,270	36,653	-35,383
G.2e) Paying Agent, RoN and others	3,513	35,683	-32,170
G.2f) Loss margins on swaps	13,216,985	86,561,458	-73,344,473
<b>H. Other expenses</b>	<b>8,500</b>	<b>2,308,947</b>	<b>-2,300,447</b>
H.1) Legal, professional and administrative expenses	8,333	26,779	-18,446
H.2) Losses on loans	0	2,277,011	-2,277,011
H.4) Interest expense on loans	0	0	0
H.5) Contingent losses	167	5,157	-4,990
<b>I. Interest generated by securitised assets</b>	<b>11,321,095</b>	<b>85,742,964</b>	<b>-74,421,869</b>
<b>L. Other revenues</b>	<b>8,287,627</b>	<b>60,794,633</b>	<b>-52,507,006</b>
L.1) Interest income	251,138	835,877	-584,739
L.2) Commission income	111,614	1,022,595	-910,981
L.3) Profit margins on swaps	7,819,165	57,988,942	-50,169,777
L.4) Write-backs on loans	79,064	912,962	-833,898
L.5) Contingent assets	26,646	34,257	-7,611

## QUALITATIVE INFORMATION

### F.2) Description and performance of the transaction

On 21 February 2011 the loans relating to the securitisation completed in March 2009 (BPL Mortgages 3) were bought back by the Originators. On 31 March 2011 the Company arranged redemption of the securities.

### F.4) Issue characteristics

Security	Issue value	Residual value 31/12/2010	Redemptions 2011	Residual value 2011
Class A senior securities	2,799,150,00	2,184,177,865	(2,184,177,865)	-
Class B junior securities	202,649,000	202,649,000	(202,649,000)	-
<b>Total</b>	<b>3,001,799,000</b>	<b>2,386,826,865</b>	<b>(2,386,826,865)</b>	<b>-</b>

(e)

## Article X. QUANTITATIVE INFORMATION

### Article XI. F.7) Cash flows relating to the loans

<b>INITIAL SITUATION UPON TRANSFER</b>	<b>3,001,799,498</b>
INCREASES	
- Default interest	117,277
- Interest to be recognised	3,563,922
DECREASES	
- Write-downs of default interest	117,277
- Decrease in loans	725,459,848
- Decrease for loan losses and write-downs	3,638,749
<b>Closing Balance as at 31/12/2011</b>	<b>2,276,264,823</b>
INCREASES	
- Default interest	133,339
- Interest to be recognised	0
<b>Total increases</b>	<b>133,339</b>
DECREASES	
- Write-downs for default interest	133,339
- interest to be recognised	3,563,922
- Decrease in loans	2,275,434,580
<b>Total decreases</b>	<b>2,279,131,841</b>
<b>SITUATION AS AT 18/02/2011 (gross value)</b>	<b>(2,733,679)</b>
Loans write-downs as at 19/02/2011	(2,733,679)
<b>FINAL SITUATION AS AT 31/12/2011</b>	<b>0</b>

### F.8) Changes in expired loans

<b>INITIAL SITUATION AS AT 31/12/2010</b>	<b>8,792,312</b>
<b>INCREASES</b>	<b>0</b>
<b>DECREASES</b>	
- Collections of capital	169,833
- Collections of interest (including default interest)	59,416
- Amounts collected from buy-backs as at 19/02/2011	8,563,063
Total decreases	8,792,312
<b>FINAL SITUATION AS AT 31/12/2011</b>	<b>0</b>

### F.9) Cash flows

<b>LIQUIDITY AS AT 31/12/2010</b>	<b>168,473,973</b>
<b>INCREASES IN LIQUIDITY</b>	
Capital collected	2,276,343,887
Interest collected	13,287,826
Commissions collected	111,614
Positive difference on IRS	
Contingent assets	26,646
Increase in payables	
Decrease in receivables	0
<b>TOTAL INCREASES</b>	<b>2,289,769,973</b>
<b>USE OF LIQUIDITY</b>	
Purchase of securitised loans	0
Redemption of class securities	2,386,826,866
Interest expenses on securities and borrowings	46,807,679
Fee and commission expenses	509,543
Legal, professional and other expenses	34,193
Negative difference on IRS	12,656,761
Contingent liabilities	167
Increases in receivables	5,657
Decrease in payables	11,403,080
<b>TOTAL USE OF LIQUIDITY</b>	<b>2,458,243,946</b>
<b>LIQUIDITY AS AT 31/12/2011</b>	<b>0</b>

Note that the tables relating to data on the "Residential March 2009" securitisation portfolio are not indicated as the portfolio has been fully repurchased.



## F.1 – Summary Statement of securitised assets and securities issued

### RESIDENTIAL AND COMMERCIAL SECURITISATION JULY 2009

#### BPL MORTGAGES Limited Liability Company

Share capital: 12,000 euro fully paid-up

#### RESIDENTIAL AND COMMERCIAL JULY 2009

#### A) SUMMARY STATEMENT OF ASSETS SECURITISED AND SECURITIES ISSUED

	Situation as at 31/12/11	Situation as at 31/12/10	Changes in the period
<b>A. Securitised assets</b>	<b>2,759,999,916</b>	<b>3,194,850,931</b>	<b>-434,851,015</b>
A.1) Mortgages	2,694,378,920	3,175,147,397	-480,768,477
A.2) Securities	0	0	0
A.3) Other (defaulted loans)	65,620,996	19,703,534	45,917,462
<b>B. Use of cash and cash equivalents from the asset Management</b>	<b>202,064,400</b>	<b>873,968,881</b>	<b>-671,904,481</b>
B.1) Debt securities	0	0	0
B.2) Capital instruments	0	0	0
B.3) Liquidity	192,994,094	864,560,333	-671,566,239
B.5) Other loans and receivables	9,070,306	9,408,548	-338,242
<b>C. Securities issued</b>	<b>2,640,486,839</b>	<b>3,990,474,000</b>	<b>-1,349,987,161</b>
C.1 Class A securities	2,061,862,839	3,411,850,000	-1,349,987,161
C.2 Class B securities	578,624,000	578,624,000	0
C.3 Class C securities	0	0	0
C.1 Class D securities	0	0	0
<b>D. Subordinated loans</b>	<b>222,771,400</b>	<b>0</b>	<b>222,771,400</b>
D.2) Subordinated loans	222,771,400	0	222,771,400
<b>E. Other liabilities</b>	<b>38,317,339</b>	<b>34,671,704</b>	<b>3,645,635</b>
E.1) Payable to the Company	0	0	0
E.2) Other payables	24,621,794	18,702,692	5,919,102
E.3) Accrued expenses	13,695,545	15,969,012	-2,273,467
<b>F. Interest payable on securities issued</b>	<b>64,122,820</b>	<b>62,736,719</b>	<b>1,386,101</b>
<b>G. Commissions and fees related to the transaction</b>	<b>96,158,143</b>	<b>104,461,551</b>	<b>-8,303,408</b>
G.1) for the Servicing	1,499,396	1,609,209	-109,813
G.2) for other services	94,658,747	102,852,342	-8,193,595
G.2a) Placement and Rating Commissions on Securities Issued	1,800	900	900
G.2b) Bank commissions	740	882	-142
G.2c) Cash Manager	0	0	0
G.2d) Issuer	68,453	34,723	33,730
G.2e) Paying Agent, RoN and others	41,900	40,672	1,228
G.2f) Loss margins on swaps	94,545,854	102,775,165	-8,229,311
<b>H. Other expenses</b>	<b>13,104,010</b>	<b>5,182,439</b>	<b>7,921,571</b>
H.1) Legal, professional and administrative expenses	34,140	26,779	7,361
H.2) Losses on loans	6,896,034	5,152,973	1,743,061
H.4) Interest expense on loans	6,164,116	0	6,164,116
H.5) Contingent losses	9,720	2,687	7,033
<b>I. Interest generated by securitised assets</b>	<b>97,657,520</b>	<b>101,376,677</b>	<b>-3,719,157</b>
<b>L. Other revenues</b>	<b>92,542,083</b>	<b>89,438,731</b>	<b>3,103,352</b>
L.1) Interest income	4,224,327	1,554,894	2,669,433
L.2) Fee and commission income	1,349,946	1,767,520	-417,574
L.3) Profit margins on swaps	85,379,423	84,619,217	760,206
L.4) Write-backs on loans	1,552,578	1,448,553	104,025
L.5) Contingent assets	35,809	48,547	-12,738

## QUALITATIVE INFORMATION

The positive difference between costs and revenue for the year, amounting to 16,814,630 euro, is the result of the securitisation and represents remuneration of the Junior security (Additional Return or Excess Spread). The spread between costs and revenue from the start of the securitisation to 31 December 2011 totalled 60,488,738 euro and represents the total amount accrued for distribution to subscribers of the Junior securities on closure of the securitisation, provided that the Senior securities and all other elements of the payments waterfall have already been reimbursed in full, and the Company has funds available to redeem the Junior securities.

Item B.3) refers to liquidity deposited on current accounts held with Banca Popolare di Lodi S.p.A. (now Banco Popolare Soc. Coop.) and BNP Paribas S.A., and mainly refer to amounts collected as capital and interest on the securitisation's underlying assets and to the cash reserve held as securitisation guarantee for a total of 109,420,193 euro.

Item B.5) mainly refers to accrued income of approximately 7.1 million euro on IRS spreads regarding the swap with Banca IMI, in addition to interest accrued on the mortgages of approximately 1.75 million euro and approximately 281 thousand euro in other receivables.

Item E.2) includes accruals on the original mortgages and interest expenses matured on the amount payable from the temporary gap between purchase of the mortgages and issue of the security required to finance their purchase and amounts still due to the Originators, for a total of around 18 million euro. In addition, this item includes interest accrued and not yet paid of approximately 6.2 million euro on the Subordinated Loan, plus invoices payable and to be received and allocations for the period of around 156 thousand euro.

Item E.3) includes accrued expenses on the negative IRS spreads in relation to the swap with Banca IMI for around 9.25 million euro, and interest accrued on the securities issued of approximately 4.5 million euro.

### F.2) Description and performance of the securitisation

<i>Securitisation status</i>	The securitisation was completed in 2 steps: the first on 16 June 2009 on signing of the agreement for transfer without recourse of a residential and commercial mortgages portfolio; then on 30 July 2009 Asset-Backed Securities (ABS) were issued to fund the loan acquisition.
<i>Originators</i>	Banca Popolare di Verona S.G.S.P. S.p.A., Banca Popolare di Novara S.p.A., Banca Popolare di Lodi S.p.A., Cassa di Risparmio di Lucca Pisa Livorno S.p.A., Banca Popolare di Crema S.p.A. and Banca Popolare di Cremona S.p.A., now Banco Popolare Soc. Coop. following the merger of area banks on 27 December 2011, and Credito Bergamasco S.p.A.
<i>Loans transferred</i>	The loans transferred make up a performing monetary loans portfolio, based on classification criteria adopted by the Originators in compliance with Bank of Italy instructions, in relation to a portfolio of (i) residential and commercial land mortgages (the "Land Mortgages") disbursed pursuant to land loan agreements and (ii) mortgages backed by voluntary residential and commercial properties (the "Secured Mortgages") disbursed pursuant to secured mortgage agreements.

### Characteristics of the loans subject to disposal

The transfer to the Acquirer includes loans disbursed by the Originator (including capital, interest and arrears interest, accrued and accruing after 12 June 2009 (exclusive), accessory charges, expenses, other non-life repayments, indemnities, etc.) deriving from mortgage agreements stipulated pursuant to real estate financing regulations under Art. 38 et seq., Italian Legislative Decree no. 385 of 1 September 1993, which as at 12 June 2009 were owned by the Originator and at that same date had the following characteristics:

- mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are:

1. one or more natural persons resident in Italy; or
2. one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.) with registered offices in Italy;

Specifically:

(i) mortgages disbursed by Banca Popolare di Verona S. Geminiano and S. Prospero S.p.A. stipulated on a date between: - 10 January 1995 and 20 April 2009 inclusive, restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons; - 22 July 1997 and 7 May 2009 inclusive, restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or

split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.);

(ii) mortgages disbursed by Banca Popolare di Novara S.p.A. or stipulated on a date between: - 22 October 1991 and 6 April 2009 inclusive, restricted to mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons; - 28 April 1998 and 30 April 2009 inclusive, restricted to mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.);

(iii) mortgages disbursed by Credito Bergamasco S.p.A. stipulated on a date between: - 30 September 1991 and 6 June 2008 inclusive, restricted to mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons; - 28 January 1999 and 30 April 2009 inclusive, restricted to mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.);

(iv) mortgages disbursed by Banca Popolare di Lodi S.p.A. of which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, between 13 January 1995 and 2 March 2009 inclusive; - restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.), stipulated between 19 May 1997 and 30 April 2009 inclusive;

(v) mortgages disbursed by Cassa di Risparmio di Lucca Pisa Livorno S.p.A. stipulated on a date between: - 23 March 1994 and 30 March 2009 inclusive, restricted to mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons; - 21 August 1996 and 20 April 2009 inclusive, restricted to mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.);

(vi) mortgages disbursed by Banca Popolare di Crema S.p.A. of which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, between 23 November 1995 and 30 March 2009 inclusive; - restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.), between 1 April 1999 and 23 April 2009 inclusive;

(vii) mortgages disbursed by Banca Popolare di Cremona S.p.A. restricted to mortgages of which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, between 26 October 1998 and 30 March 2009 inclusive; - restricted to mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.), between 19 July 1999 and 8 May 2009 inclusive;

- mortgages on which instalments past due as at 12 June 2009 were paid in full;

- mortgages with at least one instalment, including capital, due and paid;

- (A) mortgages for which the ratio between (i) the original amount of the mortgage and (ii) the estimated value of the property pursuant to criterion no. 11 below, calculated near to the date of stipulation of the mortgage, is equal to or less than 100%;

- mortgages backed by a first mortgage on property, i.e.:

- (i) a voluntary first mortgage, or

- (ii) a voluntary second mortgage in cases in which the mortgage-backed securities on the first degree mortgage are fully satisfied;

- mortgages for which the outstanding capital is equal to or higher than 5,000 euro;

- mortgages for which the outstanding capital is equal to or less than 5,000,000 euro.

- mortgages with a contractual interest rate in one of the following categories:

- fixed rate mortgages on which the interest rate is not equal to or less than 1% per year. A "fixed rate mortgage" is one in which the contractually-agreed interest rate does not envisage changes for the entire residual life of the loan;

- floating rate mortgages:

- on which the spread over and above the benchmark rate is higher than zero per year; or

- for which an interest rate cap is envisaged.

- A "floating rate mortgage" is intended as a mortgage on which the interest rate benchmark is the Euribor rate;

- "discounted rate" mortgages. "Discounted rate mortgages" envisage a compulsory step established under contract from a fixed-rate interest calculation to a floating rate calculation method using the Euribor as benchmark;

- "flexible" mortgages. "Flexible" mortgages allow the borrower the option of changing the interest calculation method from Euribor-indexed floating rate to fixed rate, once or more during the residual term of the mortgage.

The tables below illustrate the main characteristics of the loans transferred.

## Composition of mortgages portfolio by Originator

As at 31 December 2011 the total mortgages portfolio amounted to 2,759,999,916 euro, divided into: - performing, delinquent, past due and restructured loans, net of related provisions for write-downs, of 2,694,378,920 euro; - defaulted loans, net of related provisions for write-downs, of 65,620,996 euro. Note that the classification indicated for delinquent, past due and restructured loans is that recorded in the accounting records and IT systems of the Servicers.

### a) Total credit portfolio

Bank	31/12/2011	% Portfolio as at 31/12/2011	31/12/2010	% Portfolio as at 31/12/2010	13/06/2009	% Portfolio as at 13/06/2009
<b>Banco Popolare (*)</b>	<b>2,243,983,146</b>	<b>81.30%</b>	<b>2,673,535,951</b>	<b>83.68%</b>	<b>3,334,412,868</b>	<b>83.56%</b>
<i>Banco Popolare (formerly BPV)</i>	897,259,942	32.51%	1,050,922,845	32.89%	1,318,819,783	33.05%
<i>Banco Popolare (formerly BPN)</i>	493,149,382	17.87%	563,597,563	17.64%	677,498,869	16.98%
<i>Banco Popolare (formerly BPL)</i>	445,977,446	16.16%	533,066,419	16.69%	668,100,227	16.74%
<i>Banco Popolare (formerly Lupili)</i>	244,412,002	8.85%	280,559,702	8.78%	356,859,196	8.94%
<i>Banco Popolare (formerly Cremona)</i>	81,643,808	2.96%	138,740,329	4.34%	180,250,005	4.52%
<i>Banco Popolare (formerly Crema)</i>	81,540,566	2.95%	106,649,093	3.34%	132,884,788	3.33%
<b>Credito Bergamasco (1)</b>	<b>516,016,770</b>	<b>18.70%</b>	<b>521,314,980</b>	<b>16.32%</b>	<b>656,061,342</b>	<b>16.44%</b>
<b>Total</b>	<b>2,759,999,916</b>	<b>100.00%</b>	<b>3,194,850,931</b>	<b>100.00%</b>	<b>3,990,474,210</b>	<b>100.00%</b>

As described above, the value of the loans is net of related provisions for write-downs, which at 31 December 2011 totalled: provision for write-down of defaulted loans 5,289,653 euro, provision for write-down of delinquent loans 4,227,330 euro, provision for write-down of past due loans 531,942 euro and provision for write-down of restructured loans 106,635 euro.

### b) of which performing, delinquent, past due and restructured loans

Bank	31/12/2011	% Portfolio as at 31/12/2011	31/12/2010	% Portfolio as at 31/12/2010	13/06/2009	% Portfolio as at 13/06/2009
<b>Banco Popolare (*)</b>	<b>2,188,821,216</b>	<b>81.24%</b>	<b>2,657,934,325</b>	<b>83.71%</b>	<b>3,334,412,868</b>	<b>83.56%</b>
<i>Banco Popolare (formerly BPV)</i>	873,630,479	32.42%	1,042,395,471	32.83%	1,318,819,783	33.05%
<i>Banco Popolare (formerly BPN)</i>	483,247,605	17.94%	562,324,111	17.71%	677,498,869	16.98%
<i>Banco Popolare (formerly BPL)</i>	438,167,193	16.26%	530,614,433	16.71%	668,100,227	16.74%
<i>Banco Popolare (formerly Lupili)</i>	239,695,775	8.90%	278,761,730	8.78%	356,859,196	8.94%
<i>Banco Popolare (formerly Cremona)</i>	75,330,731	2.80%	138,515,881	4.36%	180,250,005	4.52%
<i>Banco Popolare (formerly Crema)</i>	78,749,432	2.92%	105,322,699	3.32%	132,884,788	3.33%
<b>Credito Bergamasco (1)</b>	<b>505,557,704</b>	<b>18.76%</b>	<b>517,213,072</b>	<b>16.29%</b>	<b>656,061,342</b>	<b>16.44%</b>
<b>Total</b>	<b>2,694,378,920</b>	<b>100.00%</b>	<b>3,175,147,397</b>	<b>100.00%</b>	<b>3,990,474,210</b>	<b>100.00%</b>

(\*) For comparison purposes the figures were aggregated to take into account the merger of area banks into Banco Popolare on 27 December 2011.

(1) As a result of the branch redistribution of 1 August 2011, Credito Bergamasco increased its investment in the securitisation.

## Business performance

As at 31 December 2011 an increase in the prepayments rate was recorded (advances and early redemptions) and in the cumulative default rate, respectively to 5.2% per year (from 4.5% per year in 2010) and to 3.04% (from 0.6% per year in 2010). This performance was mainly due to the inclusion in the securitised portfolio of mortgages issued to businesses.

Note that following the European Central Bank's decision announced on 20 November 2009 in relation to eligibility criteria for monetary policy transactions of securities originating from securitisations, on 28 February 2011 the Class A securities were also assigned a rating by Moody's. In order to assign the rating, Moody's requested certain changes to the structural elements of the securitisation, including a significant increase in the target level of the cash reserve, which from 3% of the securities issued (or 119,714,220 euro) was raised to 5.47% of the securities issued (218,233,231 euro). In this respect, on 25 February 2011 the Originators disbursed a limited recourse loan to BPL Mortgages S.r.l. for a total of 222,771,400 euro. The rating assigned was Aaa.

Note that in December 2011 the Senior Class A security was placed on watch negative and downgraded in January 2012 by Standard & Poor's from "AAA" to "AA+". Moreover, the security was downgraded by Moody's in February 2012 from "Aaa" to "Aa2".

Also note that in February 2012 the Swap counterparty, Banca IMI, was downgraded by Standard & Poor's from an "A" rating to "BBB+". Under the terms of the current swap contract, Banca IMI will be required to pay an amount agreed with the rating agency and calculated in accordance with the S&P Criteria for Swap Counterparties of December 2010, to a collateral account opened in the name of the Company with BNP Paribas.

The table below summarises the non-performing loans as indicated in the accounting records and IT system of the Servicers, which include defaulted, delinquent, past due and restructured loans net of related provisions for write-downs.

Note that the delinquent, past due and restructured loans are included in table "b) performing, delinquent, past due and restructured loans" given in the previous paragraph.

### a) Total non performing loans

Bank	Non performing		Non performing	
	as at 31/12/11	% non performing as at 31/12/11	as at 31/12/10	%non performing as at 31/12/10
<b>Banco Popolare (*)</b>	<b>135,099,323</b>	<b>80.80%</b>	<b>96,374,529</b>	<b>83.81%</b>
<i>Banco Popolare (formerly BPV)</i>	47,013,837	28.12%	34,617,849	30.10%
<i>Banco Popolare (formerly BPN)</i>	42,060,848	25.16%	28,951,299	25.18%
<i>Banco Popolare (formerly BPL)</i>	21,751,635	13.01%	16,934,478	14.73%
<i>Banco Popolare (formerly Lupili)</i>	11,904,979	7.12%	5,259,433	4.57%
<i>Banco Popolare (formerly Cremona)</i>	7,306,353	4.37%	6,790,690	5.91%
<i>Banco Popolare (formerly Crema)</i>	5,061,671	3.03%	3,820,780	3.32%
<b>Credito Bergamasco (1)</b>	<b>32,093,670</b>	<b>19.20%</b>	<b>18,622,861</b>	<b>16.19%</b>
<b>Total</b>	<b>167,192,993</b>	<b>100.00%</b>	<b>114,997,390</b>	<b>100.00%</b>

(\*) For comparison purposes the figures were aggregated to take into account the merger of area banks into Banco Popolare on 27 December 2011.

(1) As a result of the branch redistribution of 1 August 2011, Credito Bergamasco increased its investment in the securitisation.

b) of which defaulted loans

Bank	Defaulted as at 31/12/11	% Defaulted as at 31/12/11	Defaulted as at 31/12/10	% Defaulted as at 31/12/10
<b>Banco Popolare (*)</b>	<b>55,161,930</b>	<b>84.06%</b>	<b>15,601,626</b>	<b>79.18%</b>
Banco Popolare (formerly BPV)	23,629,463	36.01%	8,527,375	43.28%
Banco Popolare (formerly BPN)	9,901,776	15.09%	1,273,452	6.46%
Banco Popolare (formerly BPL)	7,810,253	11.90%	2,451,985	12.44%
Banco Popolare (formerly Lupili)	4,716,227	7.19%	1,797,972	9.13%
Banco Popolare (formerly Cremona)	6,313,076	9.62%	224,448	1.14%
Banco Popolare (formerly Crema)	2,791,134	4.25%	1,326,394	6.73%
<b>Credito Bergamasco</b>	<b>10,459,066</b>	<b>15.94%</b>	<b>4,101,908</b>	<b>20.82%</b>
<b>Total</b>	<b>65,620,996</b>	<b>100.00%</b>	<b>19,703,534</b>	<b>100.00%</b>

c) of which delinquent loans

Bank	Delinquent as at 31/12/11	% Delinquent as at 31/12/11	Delinquent as at 31/12/10	% Delinquent as at 31/12/10
<b>Banco Popolare (*)</b>	<b>63,964,779</b>	<b>80.03%</b>	<b>51,045,502</b>	<b>82.23%</b>
Banco Popolare (formerly BPV)	19,482,665	24.37%	19,125,327	30.81%
Banco Popolare (formerly BPN)	26,196,179	32.77%	19,043,904	30.68%
Banco Popolare (formerly BPL)	11,131,390	13.93%	6,304,675	10.16%
Banco Popolare (formerly Lupili)	4,077,842	5.10%	2,763,984	4.45%
Banco Popolare (formerly Cremona)	901,816	1.13%	1,620,737	2.61%
Banco Popolare (formerly Crema)	2,174,885	2.72%	2,186,875	3.52%
<b>Credito Bergamasco</b>	<b>15,965,871</b>	<b>19.97%</b>	<b>11,033,769</b>	<b>17.77%</b>
<b>Total</b>	<b>79,930,650</b>	<b>100.00%</b>	<b>62,079,271</b>	<b>100.00%</b>

d) of which past due loans

Bank	Past due as at 31/12/11	% Past due as at 31/12/11	Past due as at 31/12/10	% Past due as at 31/12/10
<b>Banco Popolare (*)</b>	<b>12,277,701</b>	<b>75.04%</b>	<b>22,334,688</b>	<b>88.23%</b>
Banco Popolare (formerly BPV)	3,517,394	21.50%	5,736,542	22.66%
Banco Popolare (formerly BPN)	4,908,013	30.00%	6,244,280	24.67%
Banco Popolare (formerly BPL)	1,174,000	7.18%	4,623,351	18.26%
Banco Popolare (formerly Lupili)	2,511,853	15.35%	477,499	1.89%
Banco Popolare (formerly Cremona)	91,461	0.56%	4,945,505	19.54%
Banco Popolare (formerly Crema)	74,979	0.46%	307,511	1.21%
<b>Credito Bergamasco</b>	<b>4,082,932</b>	<b>24.96%</b>	<b>2,980,090</b>	<b>11.77%</b>
<b>Total</b>	<b>16,360,633</b>	<b>100.00%</b>	<b>25,314,778</b>	<b>100.00%</b>

e) of which restructured loans

Bank	Restructured as at 31/12/11	% restructured as at 31/12/11	Restructured as at 31/12/10	% restructured as at 31/12/10
<b>Banco Popolare (*)</b>	<b>3,694,915</b>	<b>69.97%</b>	<b>7,392,713</b>	<b>93.58%</b>
Banco Popolare (formerly BPV)	384,315	7.28%	1,228,605	15.55%
Banco Popolare (formerly BPN)	1,054,880	19.98%	2,389,663	30.25%
Banco Popolare (formerly BPL)	1,635,991	30.98%	3,554,467	45.00%
Banco Popolare (formerly Lupili)	599,057	11.34%	219,978	2.78%
Banco Popolare (formerly Cremona)	0	0.00%	0	0.00%
Banco Popolare (formerly Crema)	20,673	0.39%	0	0.00%
<b>Credito Bergamasco</b>	<b>1,585,801</b>	<b>30.03%</b>	<b>507,094</b>	<b>6.42%</b>
<b>Total</b>	<b>5,280,716</b>	<b>100.00%</b>	<b>7,899,807</b>	<b>100.00%</b>

(\*) For comparison purposes the figures were aggregated to take into account the merger of area banks into Banco Popolare on 27 December 2011.

(1) As a result of the branch redistribution of 1 August 2011, Credito Bergamasco increased its investment in the securitisation.

### F.3) Information about the entities involved

<i>r Purchaser of loans</i>	BPL Mortgages S.r.l., a company established on 30 June 2006, pursuant to Art. 3, Italian Law no. 130 of 30 April 1999, under the name Giano Finance S.r.l., later renamed BPL Mortgages S.r.l. on 11 May 2007, with registered office at Via V. Alfieri 1, Conegliano (TV), Italy, registration no. 04078130269 in the relevant Register of Companies and registered on the List of Special Purpose Vehicles pursuant to Bank of Italy Instructions of 29 April 2011.
<i>Originators</i>	Banca Popolare di Verona S. Geminiano e S. Prospero S.p.A., Banca Popolare di Novara S.p.A., Banca Popolare di Lodi S.p.A., Cassa di Risparmio di Lucca Pisa Livorno S.p.A., Banca Popolare di Crema S.p.A. and Banca Popolare di Cremona S.p.A., now Banco Popolare Soc. Coop. following the merger on 27 December 2011, and Credito Bergamasco S.p.A.
<i>Originator obligations</i>	As at the date of transfer the Originators issued a guarantee statement confirming the existence of the loans transferred and any contingent mortgage or collateral security. In addition, the Originators agreed to hold the Issuer harmless from all losses, costs, charges, expense and liabilities incurred in the event of default of Originator obligations under the terms of the transfer agreement or if Originator statements should prove incorrect with respect to said agreement and related attachments. By this Statement the Originators guaranteed the following: a) the Originator status and general issues relating to the Transfer Agreement and Servicing Contract; b) statements and guarantees regarding the loans, mortgage agreements and related contingent mortgage and collateral security; c) statements and guarantees regarding the properties; d) statements and guarantees regarding the truthfulness of data disclosed; e) statements and guarantees regarding insurance policies linked to the mortgage agreements.
<i>Servicers</i>	Banca Popolare di Verona S. Geminiano e S. Prospero S.p.A., Banca Popolare di Novara S.p.A., Banca Popolare di Lodi S.p.A., Cassa di Risparmio di Lucca Pisa Livorno S.p.A., Banca Popolare di Crema S.p.A. and Banca Popolare di Cremona S.p.A. (now Banco Popolare Soc. Coop.) and Credito Bergamasco S.p.A. Under the terms of the Servicing Contract signed on 16 June 2009, the Servicers are empowered to act on behalf of the Issuer in reference to the entire mortgage portfolio in administrative tasks, collection and recovery of mortgage-related debts, related recovery action in enforcement and insolvency proceedings, and any related legal investigations. In addition, the Servicers are required to transfer to the Acquirer all sums collected on the Company's behalf in relation to the loans, including amounts deriving from the recovery of sums due as capital, interest and arrears interest on positions reclassified as problem loans and defaulted loans.
<i>Arranger</i>	Banco Popolare Soc. Coop.
<i>Shareholder</i>	SVM Securitisation Vehicles Management S.r.l.
<i>Noteholder Representative</i>	BNP Paribas Securities Services S.A.
<i>Swap Counterparty</i>	Banca IMI S.p.A.
<i>Calculation Agent</i>	BNP Paribas Securities Services S.A., Milan Branch
<i>Principal Paying Agent and Agent Bank</i>	BNP Paribas Securities Services S.A., Milan Branch
<i>Transaction Bank</i>	BNP Paribas Securities Services S.A., London Branch
<i>Interim Account Bank</i>	Banca Popolare di Lodi S.p.A., now Banco Popolare Soc. Coop.
<i>Corporate Servicer</i>	Securitisation Services S.p.A.
<i>Administrative Servicer</i>	Banco Popolare Soc. Coop.

### F.4) Issue characteristics

On 30 July 2009, BPL Mortgages S.r.l. issued senior securities (Class A) for 3,411,850,000 euro and junior securities (Class B) for 578,624,000 euro. The junior securities were subscribed by the Originators on a basis proportionate to the loans transferred. All securities issued have restricted recourse on the acquired loans in relation to other related rights and additional guarantees in support of the securitisation.

<i>Class A Senior securities</i>	Currency	EURO
	Amount	3,411,850,000 euro
	Rate	Floating
	Benchmark	6M Euribor + 0.80% per year spread
	Coupon	half-yearly
	Legal maturity	May 2055
	Redemption	Amortisation linked to collection performance of the loans
	Ratings	Standard & Poor's AAA (*), Moody's Aaa



	Listing	Irish Stock Exchange
	Governing law	Italian
<i>Class B Junior securities</i>	Currency	EURO
	Amount	578,624,000 euro
	Rate	n/a
	Benchmark	n/a
	Coupon	n/a
	Additional remuneration	Additional Return
	Legal maturity	May 2055
	Redemption	Amortisation linked to collection performance of the loans
	Ratings	Unrated
	Governing law	Italian

(\*) negative outlook

Note that in December 2011 the Senior Class A security was placed on watch negative and downgraded in January 2012 by Standard & Poor's from "AAA" to "AA+". Moreover, the security was downgraded by Moody's in February 2012 from "Aaa" to "Aa2".

Security	Issue value	Residual value 31/12/2010	Redemptions 2011	Residual value 31/12/2011
Class A senior securities	3,411,850,000	3,411,850,000	(1,349,987,161)	2,061,862,839
Class B junior securities	578,624,000	578,624,000	-	578,624,000
<b>Total</b>	<b>3,990,474,000</b>	<b>3,990,474,000</b>	<b>(1,349,987,161)</b>	<b>2,640,486,839</b>

The senior securities were fully subscribed by Banco Popolare Soc. Coop. and are currently used, as required to meet group liquidity needs, in refinancing transactions on the Italian interbank market or through the ECB, and therefore form part of the securities portfolio that can be allocated by the group.

The first redemption of the senior securities was completed on the payment date in May 2011.

The junior securities were subscribed by the Originators on a pro rata basis proportionate to the portfolio transferred, with breakdown as follows:

Bank	Amount 31/12/11	Amount 31/12/10
<b>Banco Popolare (*)</b>	<b>467,970,000</b>	<b>483,494,000</b>
<i>Banco Popolare (formerly BPV)</i>	<i>189,113,000</i>	<i>191,230,000</i>
<i>Banco Popolare (formerly BPN)</i>	<i>97,700,000</i>	<i>98,238,000</i>
<i>Banco Popolare (formerly BPL)</i>	<i>94,854,000</i>	<i>96,875,000</i>
<i>Banco Popolare (formerly Lupili)</i>	<i>51,746,000</i>	<i>51,746,000</i>
<i>Banco Popolare (formerly Cremona)</i>	<i>17,863,000</i>	<i>26,137,000</i>
<i>Banco Popolare (formerly Crema)</i>	<i>16,694,000</i>	<i>19,268,000</i>
<b>Credito Bergamasco (1)</b>	<b>110,654,000</b>	<b>95,130,000</b>
<b>Total</b>	<b>578,624,000</b>	<b>578,624,000</b>

(\*) For comparison purposes the figures from the previous year were aggregated to take into account the merger of area banks into Banco Popolare on 27 December 2011.

(1) As a result of the branch redistribution of 1 August 2011, Credito Bergamasco increased its investment in the securitisation.

#### Allocation of cash flows generated by the portfolio

The allocation of cash flows generated by the transferred loans is to ensure that priority is given to the payment of third parties involved in the securitisation, then the payment of capital and interest on rated securities, and lastly to repayment of credit facilities, with any remaining cash flows assigned to the Junior Notes.

In general, the order of payments for the more recurring items is as follows:

- (i) tax charges;
- (ii) third party costs;
- (iii) reimbursement of expenses to guarantee going concern of the issuer in compliance with current regulations;
- (iv) securitisation-related commissions and SPV overheads (bondholder representative, paying agent, servicers, corporate servicer, administrative expenses);
- (v) amounts due to the Swap counterparty;



- (vi) interest on Class A securities;
- (vii) capital on Class A securities (up to full repayment);
- (viii) Cash Reserve Amount;
- (ix) interest on Class B securities;
- (x) Additional Return on Class B securities.

## F.5) Accessory financial transactions

### Swap transaction

On issue of the securities the Company concluded a Swap agreement with Banca IMI S.p.A. to hedge mismatching risk between rates on the securitised loans and returns on the bonds issued. More precisely, the Company pays Banca IMI S.p.A. the interest collected on the loans and receives an amount equal to the outstanding principal of the performing portfolio, this equal to the sum of the outstanding principal opening and closing balances, for the number of "collection period" days, at a 6M 360 Euribor rate plus a 1.40% spread.

Also note that in February 2012 the Swap counterparty, Banca IMI S.p.A., was downgraded by Standard & Poor's from an "A" rating to "BBB+". Under the terms of the current swap contract, Banca IMI S.p.A. will be required to pay an amount agreed with the rating agency and calculated in accordance with the S&P Criteria for Swap Counterparties of December 2010, to a collateral account opened in the name of the Company with BNP Paribas.

### Subordinated Loan and Cash Reserve

As part of the procedure to obtain the second rating in 2011, support funding was provided by the Originators in the form of a subordinated loan. In particular, in order to assign the rating, Moody's requested certain changes to the structural elements of the securitisation, including a significant increase in the target level of the cash reserve, which from 3% was raised to 5.47% of the securities issued (218,233,231 euro). On 25 February 2011 the Originators disbursed a limited recourse loan for a total of 222,771,400 euro. Against the ongoing allocations for the "Total Repayment Amount" mechanism, the Cash Reserve of the securitisation has never been fully constituted. The total Cash Reserve as at 31 December 2011 was 109,420,193 euro.

On 25 February 2011, therefore, the Originators disbursed a limited recourse loan, on a pro rata basis according to the mortgage portfolios transferred, for a total of 222,771,400 euro.

Bank	Amount 31/12/11	Amount 25/02/11
<b>Banco Popolare (*)</b>	<b>180,170,253</b>	<b>186,146,253</b>
<i>Banco Popolare (formerly BPV)</i>	<i>72,809,164</i>	<i>73,624,164</i>
<i>Banco Popolare (formerly BPN)</i>	<i>37,614,914</i>	<i>37,821,914</i>
<i>Banco Popolare (formerly BPL)</i>	<i>36,519,227</i>	<i>37,297,227</i>
<i>Banco Popolare (formerly Lupili)</i>	<i>19,921,949</i>	<i>19,921,949</i>
<i>Banco Popolare (formerly Cremona)</i>	<i>6,877,600</i>	<i>10,062,600</i>
<i>Banco Popolare (formerly Crema)</i>	<i>6,427,399</i>	<i>7,418,399</i>
<b>Credito Bergamasco (1)</b>	<b>42,601,147</b>	<b>36,625,147</b>
<b>Total</b>	<b>222,771,400</b>	<b>222,771,400</b>

(\*) For comparison purposes the figures from the previous year were aggregated to take into account the merger of area banks into Banco Popolare on 27 December 2011.

(1) as a result of the branch redistribution of 1 August 2011, Credito Bergamasco increased its investment in the securitisation.

Interest accrues on the loans at annual rates equal to the 6M Euribor plus 165 b.p.s., payable in arrears on each payment date in accordance with the payments waterfall. Repayment of the capital on the loan will be based on funds available to the Company. If on the date of settlement (contractually envisaged as the later of (i) the last business day in May 2057; (ii) the date on which the portfolio is zeroed out; (iii) the date on which all loans payable for any reason are cancelled from the SPV) the capital has not yet been fully repaid, the amount still outstanding will be considered waived. As at 31 December 2011 the accrued interest totals approximately 6.2 million euro and has not yet been paid.

The First and Second Demand Guarantee agreement, by which Banco Popolare guarantees commitments deriving from its role as Servicer and Interim Account Bank on behalf of the Originators, was no longer valid after the merger of area banks into Banco Popolare on 27 December 2011.

## F.6) Operating powers of the transferring Company

BPL Mortgages S.r.l. (as transferee and issuer) has operating rights limited by the Articles of Association. In particular, Article 3 states:

"The sole purpose of the Company is the implementation of one or more loan securitisations pursuant to Italian Law no. 130 of 30 April 1999, as amended and according to subsequent implementing rules ("Law 130/1999), by the purchase against payment by the Company or another company established in accordance with Law 130/1999 of monetary loans and receivables, both existing and future, identifiable en bloc if in relation to multiple loans, financed through the Company's issue of securities - or by another company established in accordance with Law 130/99 - as referred to in Art. 1 paragraph 1b) and Art. 5, Law 130/1999.

The Company may also perform securitisations pursuant to Art. 7 of Law 130/1999 and in the form of subsequent securities issue programmes as part of the same securitisation. The Company may also carry out revolving transactions, i.e. using collections from the management of the loans purchased prior to or concurrently with the issue of securities for the purchase of additional loans. Pursuant to Art. 3 of Law 130/1999, additional loans will also constitute segregated assets on which creditors other than the holders of the securities issued cannot take action. Pursuant to the provisions of Law 130/1999, the loans related to each securitisation constitute segregated assets to all effects and purposes from those of the Company and those of other securitisations performed by the Company. Each series of segregated assets shall be used exclusively to satisfy the rights incorporated in the securities issued, by the Company or by other companies, to finance the purchase of loans and receivables forming such assets and to pay the securitisation-related costs. Therefore, no action by creditors other than the holders of securities issued to finance the loans is permitted on the segregated assets.

To the extent permitted by the provisions of Law 130/1999, the Company may conclude accessory financial transactions, stipulated exclusively with a view to the success of its securitisations, or in any event instrumental to the corporate purpose, including reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned securities. As part of its securitisations, the Company may appoint third parties to collect sums on the loans acquired and to provide cash and payment services, and to perform other disposal transactions on the loans acquired and reinvestment in other financial assets (including loans with similar characteristics to those securitised) from funds deriving from management of the loans acquired that are not immediately usable to satisfy rights on the aforementioned securities, together with any other activity permitted by Law 130/1999."

## QUANTITATIVE INFORMATION

### F.7) Cash flows relating to the loans

<b>INITIAL SITUATION UPON TRANSFER</b>	<b>3,990,474,210</b>
<b>INCREASES</b>	
- Default interest	215,567
- Interest to be recognised	5,490,324
<b>DECREASES</b>	
- Write-downs of default interest	215,567
- Decrease in loans	793,973,660
- Decrease for loan loss and write-downs	7,139,943
<b>CLOSING BALANCE AS AT 31/12/2011</b>	<b>3,194,850,931</b>
<b>INCREASES</b>	
- Default interest and expenses	1,068,170
- Interest to be recognised	1,602,757
<b>Total increases</b>	<b>2,670,927</b>
<b>DECREASES</b>	
- Write-downs of default interest	1,068,170
- Decrease in interest to be received	0
- Decrease in loans	431,868,040

<b>Total decreases</b>	<b>432,936,210</b>
<b>SITUATION AS AT 31/12/2010 (gross value)</b>	<b>2,764,585,649</b>
Write-downs as at 31/12/2011	4,585,733
<b>FINAL SITUATION AS AT 31/12/2011</b>	<b>2,759,999,916</b>

#### F.8) Changes in expired loans

<b>INITIAL SITUATION AS AT 31/12/2011</b>	<b>56,034,808</b>
<b>INCREASES</b>	<b>113,347,364</b>
<b>DECREASES</b>	
- Collections of capital	
- Collections of interests (including default interest)	3,594,763
Total decreases	3,594,763
<b>FINAL SITUATION AS AT 10/11/2011</b>	<b>165,787,410</b>

(1) The opening balance was recalculated to include expired loans (capital and interest), classified as "Arrears", "Delinquent" and "Cumulated Defaulted" in the Servicer Report of 10 November 2010.

The amounts contained in this table originate from the Servicer Report prepared as at 10 November 2011, taking into consideration past due loans (capital and interest) classified as "Arrears", "Delinquent" and "Cumulated Defaulted".

The total for past due loans is based therefore on the loans classified as such by the servicing contracts stipulated between the SPV and the Originators, which envisage classification rules different to those applied by the Originators on their own loans and receivables.

#### F.9) Cash flows

<b>LIQUIDITY AS AT 31/12/2010</b>	<b>864,560,333</b>
<b>INCREASES IN LIQUIDITY</b>	
Loans received	222,771,400
Capital collected	429,507,559
Interest collected	102,048,682
Commissions collected	1,349,946
Positive difference on IRS	
Contingent assets	35,809
Increase in payables	20,161
Decrease in receivables	0
<b>TOTAL INCREASES</b>	<b>755,733,556</b>
<b>USE OF LIQUIDITY</b>	
Purchase of securitised loans	0
Redemption of class securities	1,349,987,161
Interest expenses on securities and borrowings	65,723,902
Fee and commission expenses	1,876,950
Legal, professional and other expenses	34,653
Negative difference on IRS	9,530,171
Contingent liabilities	9,720
Increases in receivables	137,238
Decrease in payables	
<b>TOTAL USE IN LIQUIDITY</b>	<b>1,427,299,796</b>
<b>LIQUIDITY AS AT 31/12/2011</b>	<b>192,994,094</b>

#### F.10) Situation of the guarantees and liquidity lines

No guarantees have been given or received in relation to the securitisation, and no recourse has been made to banking system credit facilities or overdrafts. In addition, to hedge the risk of any periods of illiquidity, the Company has allocated a cash reserve totalling Euro 109,420,193 as at 31 December 2011.

### F.11) Distribution by residual life

Item/residual life	up to 3 months	3 months – 1 year	1 – 5 years	over 5 years	Unlimited duration
<b>A. Securitised assets</b>					
A.1) Mortgages loans	236,522	12,307,722	289,824,389	2,392,010,287	65,620,996
A.3) Other (defaulted loans)					
<b>B. Use of cash and cash equivalents from the asset management</b>					
B.3) Liquidity	192,994,094				
B.5) Other loans and receivables	2,025,887	7,042,000		2,419	
<b>Total</b>	<b>195,256,503</b>	<b>19,349,722</b>	<b>289,824,389</b>	<b>2,392,012,706</b>	<b>65,620,996</b>
<b>C. Securities issued</b>					
C.1 Class A securities				2,061,862,839	
C.2 Class B securities				578,624,000	
<b>D. Financing obtained</b>				222,771,400	
<b>E. Other liabilities</b>					
E.1) Payable to the Company					
E.2) Other payables		156,504		24,465,290	
E.3) Accrued expenses		13,695,545			
<b>Total</b>		<b>13,852,049</b>		<b>2,887,723,529</b>	

### F.12) Distribution by territory

All the loans were disbursed in euro to borrowers resident in Italy and referring to property located in Italy.

### F.13) Concentration of the risk

Loan size	No. of positions as at 31/12/2011	31/12/2011	% portfolio
0-25,000	3,350	41,606,070	1.54%
25,001 – 75,000	6,866	339,663,506	12.61%
75,001 – 250,000	10,358	1,340,506,384	49.75%
Over 250,000	1,694	972,602,960	36.10%
<b>Total</b>	<b>22,268</b>	<b>2,694,378,920</b>	<b>100.00%</b>

The sizes relating to defaulted loans are not indicated in the table.

As envisaged in the agreement, there are no loans with a value of more than 2% of the loans portfolio.

## Section 3 - Information on risks and related hedging policy

### 3.1 CREDIT RISK

#### QUALITATIVE INFORMATION

As the Company has only receivables collectible on demand it is considered that there is no credit risk exposure.

## QUANTITATIVE INFORMATION

### 1. Distribution of financial assets by portfolios of pertinence and credit quality

Portfolios/quality	Defaulted loans	Delinquent assets	Restructured assets	Past due assets	Other Assets	Total
1. Financial assets held for trading						
2. Financial assets designated at fair value						
3. Financial assets available for sale						
4. Financial assets held to maturity						
5. Due from banks					12,678	12,678
6. Loans to financial institutions						
7. Loans to customers						
8. Hedging derivatives						
<b>Total 2011</b>					<b>12,678</b>	<b>12,678</b>
<b>Total 2010</b>					<b>12,854</b>	<b>12,854</b>

## 3.2 MARKET RISK

### 3.2.1 Interest rate risk

## QUALITATIVE INFORMATION

The Company has no exposure to interest rate risk.

## QUANTITATIVE INFORMATION

### 1. Distribution by residual maturity (by repricing date) of the financial assets and liabilities

Item/residual life	On demand	Up to 3 months	3-6 months	6 months – 1 year	1 – 5 years	5–10 years	Over 10 years	Unlimited duration
<b>1. Assets</b>								
1.1 Debt securities	12,678							
1.2 Loans and receivables								
1.3 Other assets			42,235			2,472,667		
<b>2. Liabilities</b>								
2.1 Debts								
2.2 Debt securities								
2.3 Other liabilities			41,360			2,472,667		
<b>3. Derivatives</b>								
<b>Options</b>								
3.1 Long positions								
3.2 Short positions								
<b>Other derivatives</b>								
3.3 Long positions								
3.4 Short positions								

### 3.3.2 Price risk

The table has not been compiled as there are no such risk positions.

### 3.3.3 Exchange rate risk

The table has not been compiled as there are no such risk positions.

## 3.4 OPERATIONAL RISKS

As part of the securitisations management model implemented by banks in the Banco Popolare Group, processes have been defined for the correct execution of activities relating to securitisation management; in particular activities regarding collection accounting management, reporting, arrears management, financial statements preparation, ordinary swap operations and support activities. These processes ensure compliance with reference regulations and execution of first and second level controls, also by means of the risk management performed by the Group Finance Department.

## 3.5 LIQUIDITY RISK

## QUALITATIVE INFORMATION

The Company considers it has sufficient cash and cash equivalents to meet its commitments.

## QUANTITATIVE INFORMATION

### Ordinary Operations

#### 1. Distributions of assets and liabilities by residual duration of the contracts

Item/Residual duration	On demand	More than 1 day and up to 7 days	More than 7 days and up to 15 days	More than 15 days and up to 1 month	More than 1 month and up to 3 months	More than 3 months and up to 6 months	More than 6 months and up to 1 year	More than 1 year and up to 3 years	Over 3 years	Unlimited duration
<b>Cash assets</b> A.1 Government securities A.2 Other debt securities A.3 Loans A.4 Other assets										
<b>Cash liabilities</b> B.1 Amounts due to: - Banks - Financial institutions - Customers B.2 Debt securities B.3 Other liabilities	12,678					42,235			2,472,667	
<b>Off-balance sheet transactions</b> C.1 Derivatives with underlying asset exchange - Long positions - Short positions C.2 Derivatives without underlying asset exchange - Positive spread - Negative spread C.3 Loans to be received - Long positions - Short positions C.4 Irrevocable commitment to disburse funds - Long positions - Short positions C.5 Financial guarantees given						41,360			2,472,667	

## Section 4 - Information on equity

### 4.1 COMPANY EQUITY

#### 4.1.1 Qualitative information

The company's equity comprises only the fully paid-up share capital of 12,000 euro divided into investment units, Reserves of 1,186 euro and the profit for the year. As at 31 December 2011 the share capital of 12,000 euro is held by SVM Securitisation Vehicles Management S.r.l., 100% owner of the nominal value of the share capital. The company is not subject to external minimum mandatory capital requirements or special regulations on regulatory capital.

#### 4.1.2 Quantitative information

##### 4.1.2.1 Company equity: composition

Item/Amounts	31/12/2011	31/12/2010
1. Capital	12,000	12,000
2. Share premium reserve		
3. Reserves		
- profits	(1,952)	(1,952)
a) legal	2	
b) statutory		
c) treasury shares		
d) other	(1,464)	(1,464)
- other	4,602	4,602
4. (Treasury shares)		
5. Valuation reserves		
- available-for-sale financial assets		
- Tangible assets		
- Intangible assets		
- Foreign investment hedges		
- Cash flow hedges		
- Exchange difference		
- Non-current assets or disposal groups held for sale		
- Special revaluation laws		
- Actuarial gains (losses) on defined benefit plans		
- Share of valuation reserves related to investments carried at equity		
6. Equity instruments		
7. Net income (loss) for the period	30	2
<b>Total</b>	<b>13,218</b>	<b>13,188</b>

### 4.2 REGULATORY CAPITAL AND CAPITAL RATIOS

The Company is not subject to external minimum mandatory capital requirements or special regulations on regulatory capital.

## Section 5 - Statement of comprehensive income

		Gross amount	Income taxes	Net Amount
10.	Net income (loss) for the period	1,454	(1,424)	30
120.	Comprehensive income (Items 10 + 110)	1,454	(1,424)	30

Items of the table which as at 31 December 2011 had a zero value are not indicated.

## Section 6 – Transactions with related parties

### 6.1 Information on the remuneration of directors and executives with strategic responsibilities

The total remuneration for 2011 to the Sole Director was 12,600 euro (excluding contributions payable by the Company), and 12,262 euro for the Board of Statutory Auditors.



## 6.2 Loans and guarantees given to Directors and Statutory Auditors

The company has not issued guarantees in favour of the Sole Director or the Board of Statutory Auditors.

## 6.3 Transactions with related parties

The company has no employees as the management of assets purchased is outsourced to the Originators under the terms of the Servicing Contract. Administrative, accounting and tax-related activities are assigned to Banco Popolare.

## Section 7 – Other information

Pursuant to Art. 149-*duodecies* of Consob Issuers' Regulation and under the transitional regime referred to in Art. 43, paragraph 2, Italian Legislative Decree 39/2010, the table below provides information on fees paid to the independent auditors Reconta Ernst & Young S.p.A.. The amounts indicated in the table for 2011 are those established and stated in the contract (excluding any indexing, non-deductible VAT, out-of-pocket expenses and regulatory contributions).

Type of service (amounts in euro)	Reconta Ernst & Young S.p.A	Other Reconta Ernst & Young S.p.A. Group companies
Audit	18,000	-
Certification services	-	-
Other services	-	-
<b>Total</b>	<b>18,000</b>	<b>-</b>

Conegliano, 1 March 2012

**BPL Mortgages S.r.l.**  
Single Member Company  
*The Sole Director*  
Claudia Calcagni

## THE PORTFOLIOS

The Portfolios purchased by the Issuer comprise debt obligations arising out of mortgage loans classified as performing by the relevant Originator.

Each Portfolio has been selected on the basis of the relevant criteria set out below.

### Selection Criteria of the First Portfolios

The Claims included in Banco Popolare First Portfolio and in the Creberg First Portfolio as at the 19 November 2012 (or the different date specified in the relevant criterion) must meet the following criteria as set out for each Originator, in order to ensure that the Claims have the same legal and financial characteristics:

1. Mortgage Loans disbursed by each of the Originators, or by other banks which were subsequently transferred to one of the Originators either by way of merger ( *fusione*), de-merger ( *scissione*), contribution of going concern ( *conferimento di ramo d'azienda*) or transfer of going concern ( *cessione di ramo d'azienda*);
2. Mortgage Loans whose relevant Borrower (also following split-up ( *frazionamento*) or take-over ( *accollo*)), (i) in compliance with the selection criteria set forth by the circular letter of the Bank of Italy No. 140 of 11 February 1991 (as subsequently amended), falls within the SAE activity sectors (" *settore di attività economica*") No. 600 (" *famiglie consumatrici*"), No. 614 (" *artigiani*") or No. 615 (" *famiglie produttrici*") and (ii) are resident in Italy (if they are a natural person) or whose registered office is in Italy (if they are incorporated as  *società semplici*);
3. Mortgage Loans which have been fully disbursed and for which there is no obligation to, neither is possible to, disburse any further amount;
4. Mortgage Loans denominated in Euro;
5. Mortgage Loans in relation to which the ratio between (i) the residual principal amount outstanding of the Loan as at the Valuation Date and (ii) the value of the reassessed real estate asset as assessed before the Signing Date is lower than or equal to 130%. For the purposes of this Criterion, "value of the reassessed real estate asset" means the estimated value of the real estate asset, determined on the basis of technical and economical parameters applied by the Originators in the monitoring process of the value of the real estate assets. In order to determine whether his Loan falls within this Criterion, each Borrower may, if he hasn't been provided yet with such information, ask for the value of the relevant real estate asset at the branch ( *filiale*) of the relevant Originator where his payments of the Instalments of the Loans are domiciled;
6. Mortgage Loans deriving from Mortgage Loan Agreements governed by Italian law;
7. with reference to Mortgage Loans whose relevant Borrower, in compliance with the selection criteria set forth by the circular letter of the Bank of Italy No. 140 of 11 February 1991 (as subsequently amended), falls within the SAE activity sectors (" *settore di attività economica*") No. 600 (" *famiglie consumatrici*"), No. 614 (" *artigiani*") or No. 615 (" *famiglie produttrici*"): Mortgage Loans secured by a Mortgage on one or more real estate assets located in Italy, in respect of which the mortgaged real estate asset is a residential real estate asset (meaning that its cadastral category ( *categoria catastale*), as at the date on which the Mortgage Loan has been granted, falls within at least of one the following cadastral categories: A-1, A.2, A-3, A-4, A-5, A-6, A-7, A-8, A-9, A11);
8. Mortgage Loans which fall in one of the following categories:
  - (i) fixed rate Mortgage Loans, being those Mortgage Loans whose interest rate is not subject to any variation throughout the remaining duration of the loan;

- (ii) floating rate Mortgage Loans (including Mortgage Loans which provide for a cap on the applicable interest rate), being those Mortgage Loans whose applicable interest rate is linked to an index provided by the Mortgage Loan Agreement with reference to all the remaining duration of the loan;
  - (iii) “mixed” rate Mortgage Loans, being Mortgage Loans in respect of which interest accrues at a fixed rate for a specified period of time determined by the Mortgage Loan Agreement and at a floating rate thereafter, or *viceversa*; or
  - (iv) “modular” rate Mortgage Loans, being those Mortgage Loans which provide for the right, that can be exercised one or more times during the life of the Mortgage Loan, of the relevant Borrower to switch from (A) a floating rate, to (B) a fixed rate equal to the sum of (i) the swap interest rate for the relevant period (IRS), determined as at the date on which the right to switch has been exercised by the relevant Borrower, up to the expiry of the period during which the fixed rate chosen by the relevant Borrower is applicable, and (ii) the spread, provided by the Mortgage Loan Agreement, over the index determined pursuant to point (i) above;
9. Mortgage Loans:
- (i) different from Mortgage Loans which qualify as *mutui fondiari* disbursed pursuant to Mortgage Loan Agreements entered into between 28 June 1996 (included) and 18 May 2012 (included);
  - (ii) disbursed pursuant to Mortgage Loan Agreements entered into pursuant to art. 38 *et seq.* of the Banking Act between 1 August 1998 (included) and 25 October 2012 (included);
10. Mortgage Loans which do not hold due and unpaid Instalments as at 19 October 2012;
11. Mortgage Loans with reference to which at least an Instalment is due and has been paid, except for Mortgage Loans identified by the following category number, which are expressly included:
- (i) 542943;
  - (ii) 570309;
12. Mortgage Loans which provide for monthly, bi-monthly, quarterly, semi-annually or annually Instalments;
13. Mortgage Loans whose residual principal amount outstanding is higher than, or equal to, Euro 10,000;
14. Mortgage Loans whose residual principal amount outstanding is lower than, or equal to, Euro 10,000,000;
15. Mortgage Loans whose relevant Borrower, also in its capacity as co-holder (*cointestatario*) of the relevant Mortgage Loan, as at the Valuation Date, were not employees of one of the Originators or of another entity of the Banco Popolare Banking Group;
16. Mortgage Loans deriving from Mortgage Loan Agreements which have not been entered into pursuant to any law, rule or regulation providing for interest or principal quota financial facilitations of any kind, granted by a third party in favour of the relevant Borrower (so-called “*mutui agevolati*” or “*mutui convenzionati*”);
17. Mortgages Loans which have not been granted to ecclesiastic entities;
18. Mortgage Loans deriving from Mortgage Loan Agreements which do not qualify as “agricultural credit” (*credito agrario*) pursuant to article 43, 44 and 45 of the Banking Act, except for Mortgage Loans identified by the following category number, which are expressly included:
- (i) 67911;

- (ii) 73840;
  - (iii) 117726;
  - (iv) 117747;
  - (v) 2042111;
  - (vi) 2042115;
  - (vii) 2046938;
  - (viii) 2049986;
  - (ix) 3022181;
  - (x) 3029781;
  - (xi) 5020257;
  - (xii) 5021343;
  - (xiii) 7044025;
  - (xiv) 7048293;
  - (xv) 7049302;
  - (xvi) 7051037;
  - (xvii) 7051665;
  - (xviii) 7054199;
  - (xix) 7058054;
  - (xx) 7058612;
  - (xxi) 7058613;
19. Mortgage Loans which have not been granted to public entities;
  20. Mortgage Loans which do not hold any Instalment not yet due but paid, fully or partially, as at the Valuation Date;
  21. Mortgage Loans in relation to which, as at 19 November 2012, the relevant Originator and the relevant Borrower do not have in force a moratorium agreement which provide for the suspension of payment of the Instalments (either entirely or only for its principal quota);
  22. Mortgage Loans secured by a Mortgage on real estate assets located in Italy;
  23. Mortgage Loans in relation to which the period during which the relevant Mortgage is subject to claw-back pursuant to article 67 of the Bankruptcy Law has elapsed.

*The claims which, as at 19 November 2012, fall within the scope of the abovementioned Criteria, but fall also within the scope of the criteria listed in paragraphs from (i) to (xv) below and do not have any of the characteristics listed in paragraphs from (A) to (G) below, are excluded:*

- i. mortgage loans disbursed by each of the Originators, or by other banks which were subsequently transferred to one of the Originators either by way of merger ( *fusione*), de-merger ( *scissione*), contribution of going concern ( *conferimento di ramo d'azienda*) or transfer of going concern ( *cessione di ramo d'azienda*);
- ii. mortgage loans whose relevant borrowers (also following split-up ( *frazionamento*) or take-over ( *accollo*)) are one or more natural person and are all resident in Italy;
- iii. mortgage loans which have been fully disbursed and for which there is no obligation to, neither is

- possible to, disburse any further amount;
- iv. mortgage loans denominated in Euro;
  - v. mortgage loans with reference to which at least one instalment (including a principal component) is due and has been paid;
  - vi. mortgage loans in relation to which the ratio between (i) the residual principal amount outstanding as at 19 November 2012, and (ii) the value of the reassessed real estate asset, referred to in the following criterion number (vii), as assessed before the date on which the mortgage loan has been granted, is lower than or equal to 80%;
  - vii. mortgage loans in relation to which the ratio between (i) the residual principal amount outstanding as at 19 November 2012, and (ii) the value of the reassessed real estate asset as assessed before 19 November 2012 is lower than or equal to 80%. For the purposes of Criterion (vi) before, “value of the reassessed real estate asset” means the estimated value of the real estate asset, determined on the basis of technical and economical parameters applied by the Originators in the monitoring process of the value of the real estate assets. In order to determine whether his Loan falls within this Criterion, each Borrower may, if he hasn’t been provided yet with such information, ask for the value of the relevant real estate asset at the branch (*filiale*) of the relevant Originator where his payments of the Instalments of the Loans are domiciled;
  - viii. mortgage loans deriving from mortgage loan agreements governed by Italian law;
  - ix. mortgage loans secured by a mortgage on one or more real estate assets located in Italy, in respect of which the mortgaged real estate asset is a residential real estate asset (meaning that its cadastral category (*categoria catastale*), as at the date on which the mortgage loan has been granted, falls within the cadastral categories A-1, A-2, A-3, A-4, A-5, A-6, A-7, A-8, A-9, A-11);
  - x. mortgage loans which fall in one of the following categories:
    - a. fixed rate mortgage loans whose interest rate is not lower than 1% on an annual basis and not higher than 8.5% on an annual basis. “Fixed rate mortgage loans” means mortgage loans whose applicable interest rate is not subject to any variation throughout the remaining duration of the loan;
    - b. floating rate mortgage loans:
      - 1. whose spread over the relevant index is higher than 0% on an annual basis and lower than or equal to 4% on an annual basis; or
      - 2. which provide for a cap to the applicable interest rate.
 “Floating rate mortgage loans” means mortgage loans whose applicable interest rate is indexed to euribor;
    - c. so-called mixed rate mortgage loans. “Mixed rate mortgage loans” means mortgage loans in respect of which interest accrues at a fixed rate for a specified period of time determined by the mortgage loan agreement and at a floating rate indexed to euribor thereafter;
    - d. so-called modular rate mortgage loans. “Modular rate mortgage loans” means mortgage loans which provide for the right, that can be exercised one or more times during the life of the mortgage loan, of the relevant borrower to switch from (A) a floating rate indexed to euribor, to (B) a fixed rate equal to the sum of (i) the swap interest rate for the relevant period (IRS), determined as at the date on which the right to switch has been exercised by the relevant borrower, up to the expiry of the period during which the fixed rate chosen by the relevant borrower is applicable, and (ii) the spread, provided by the mortgage loan agreement, over the index determined pursuant to point (i) above;
  - xi. mortgage loans with reference to which any instalment due as at 19 November 2012 has been paid;

- xii. mortgage loans which provide for monthly, quarterly or semi-annually instalments;
- xiii. mortgage loans whose residual principal amount outstanding is higher than, or equal to, Euro 40,000;
- xiv. mortgage loans whose residual principal amount outstanding is lower than, or equal to, Euro 1,500,000;
- xv. mortgage loans secured by a first economic priority mortgage, meaning:
  - (i) a first legal priority mortgage; or
  - (ii) a mortgage having a priority ranking lower than first legal priority provided that all obligations secured by mortgage/mortgages with prevailing priority, have been fully satisfied.

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- A. mortgage loans which hold one or more due and not fully paid instalments as at 19 November 2012;
- B. mortgage loans deriving from mortgage loan agreements which qualify, as at the date on which the mortgage loan has been granted, as "agricultural credit" (*credito agrario*) pursuant to article 43, 44 and 45 of the Banking Act;
- C. mortgage loans granted to one or more companies incorporated as *società semplici*;
- D. mortgage loans secured by a mortgage on real estate assets located in Abruzzo Region;
- E. mortgage loans in relation to which the period during which the relevant mortgage is subject to claw-back pursuant to article 67 of the Bankruptcy Law has not elapsed yet;
- F. mortgage loans which do not comply with the requirements of the circular letter of the Bank of Italy of 27 December 2006 (Title II, Chapter 1, Part I, Section IV). In order to determine whether his mortgage loan falls within this Criterion, each borrower may, if he hasn't been provided yet with such information, ask for such information at the branch (*filiale*) of the relevant Originator where his payments of the instalments of the loans are domiciled;
- G. mortgage loans in relation to which (i) the relevant borrower has sent to its respective Originator the notice of acceptance of the renegotiation offer, by mail or delivering such offer at a branch (*filiale*) of the relevant Originator, accepting the renegotiation offer, made pursuant to law decree No. 93 of 27 May 2008, as amended by law No. 126 of 24 July 2008, and the agreement entered into between ABI and *Ministero dell'Economia e delle Finanze*, and (ii) such renegotiation is effective as at 19 November 2012.

### Selection Criteria of the Additional Portfolios

The Criteria of the Additional Portfolios will be specified in the relevant Subsequent Transfer Agreement and are as follows:

1. Mortgage Loans disbursed by each of the Originators, or by other banks which were subsequently transferred to one of the Originators either by way of merger ( *fusione* ), de-merger ( *scissione* ), contribution of going concern ( *conferimento di ramo d'azienda* ) or transfer of going concern ( *cessione di ramo d'azienda* );
2. Mortgage Loans whose relevant Borrower (also following split-up ( *frazionamento* ) or take-over ( *accollo* )), (i) in compliance with the selection criteria set forth by the circular letter of the Bank of Italy No. 140 of 11 February 1991 (as subsequently amended), falls within the SAE activity sectors (" *settore di attività economica* ") No. 600 (" *famiglie consumatrici* "), No. 614 (" *artigiani* ") or No. 615 (" *famiglie produttrici* ") and (ii) are resident in Italy (if they are a natural person) or

- whose registered office is in Italy (if they are incorporated as *società semplici*);
3. Mortgage Loans which have been fully disbursed and for which there is no obligation to, neither is possible to, disburse any further amount;
  4. Mortgage Loans denominated in Euro;
  5. Mortgage Loans in relation to which the ratio between (i) the residual principal amount outstanding of the Loan as at the Valuation Date and (ii) the value of the reassessed real estate asset as assessed before the Signing Date is lower than or equal to 130%. For the purposes of this Criterion, “value of the reassessed real estate asset” means the estimated value of the real estate asset, determined on the basis of technical and economical parameters applied by the Originators in the monitoring process of the value of the real estate assets. In order to determine whether his Loan falls within this Criterion, each Borrower may, if he hasn’t been provided yet with such information, ask for the value of the relevant real estate asset at the branch (*filiale*) of the relevant Originator where his payments of the Instalments of the Loans are domiciled;
  6. Mortgage Loans deriving from Mortgage Loan Agreements governed by Italian law;
  7. with reference to Mortgage Loans whose relevant Borrower, in compliance with the selection criteria set forth by the circular letter of the Bank of Italy No. 140 of 11 February 1991 (as subsequently amended), falls within the SAE activity sectors ("*settore di attività economica*") No. 600 ("*famiglie consumatrici*"), No. 614 ("*artigiani*") or No. 615 ("*famiglie produttrici*"): Mortgage Loans secured by a Mortgage on one or more real estate assets located in Italy, in respect of which the mortgaged real estate asset is a residential real estate asset (meaning that its cadastral category (*categoria catastale*), as at the date on which the Mortgage Loan has been granted, falls within at least of one the following cadastral categories: A-1, A-2, A-3, A-4, A-5, A-6, A-7, A-8, A-9, A11);
  8. Mortgage Loans which fall in one of the following categories:
    - (i) fixed rate Mortgage Loans, being those Mortgage Loans whose interest rate is not subject to any variation throughout the remaining duration of the loan;
    - (ii) floating rate Mortgage Loans (including Mortgage Loans which provide for a cap on the applicable interest rate), being those Mortgage Loans whose applicable interest rate is linked to an index provided by the Mortgage Loan Agreement with reference to all the remaining duration of the loan;
    - (iii) “mixed” rate Mortgage Loans, being Mortgage Loans in respect of which interest accrues at a fixed rate for a specified period of time determined by the Mortgage Loan Agreement and at a floating rate thereafter, or *viceversa*; or
    - (iv) “modular” rate Mortgage Loans, being those Mortgage Loans which provide for the right, that can be exercised one or more times during the life of the Mortgage Loan, of the relevant Borrower to switch from (A) a floating rate, to (B) a fixed rate equal to the sum of (i) the swap interest rate for the relevant period (IRS), determined as at the date on which the right to switch has been exercised by the relevant Borrower, up to the expiry of the period during which the fixed rate chosen by the relevant Borrower is applicable, and (ii) the spread, provided by the Mortgage Loan Agreement, over the index determined pursuant to point (i) above;
  9. Mortgage Loans:
    - (i) different from Mortgage Loans which qualify as *mutui fondiari* disbursed pursuant to Mortgage Loan Agreements entered into between [●] (included) and [●] (included);
    - (ii) disbursed pursuant to Mortgage Loan Agreements entered into pursuant to art. 38 *et seq.* of the Banking Act between [●] (included) and [●] (included);

10. Mortgage Loans which do not hold due and unpaid Instalments as at [●];
11. Mortgage Loans with reference to which at least an Instalment is due and has been paid;
12. Mortgage Loans which provide for monthly, bi-monthly, quarterly, semi-annually or annually Instalments;
13. Mortgage Loans whose residual principal amount outstanding is higher than, or equal to, Euro 10,000;
14. Mortgage Loans whose residual principal amount outstanding is lower than, or equal to, Euro 10,000,000;
15. Mortgage Loans whose relevant Borrower, also in its capacity as co-holder (*cointestatario*) of the relevant Mortgage Loan, as at the Valuation Date, were not employees of one of the Originators or of another entity of the Banco Popolare Banking Group;
16. Mortgage Loans deriving from Mortgage Loan Agreements which have not been entered into pursuant to any law, rule or regulation providing for interest or principal quota financial facilitations of any kind, granted by a third party in favour of the relevant Borrower (so-called "*mutui agevolati*" or "*mutui convenzionati*");
17. Mortgages Loans which have not been granted to ecclesiastic entities;
18. Mortgage Loans deriving from Mortgage Loan Agreements which do not qualify as "agricultural credit" (*credito agrario*) pursuant to article 43, 44 and 45 of the Banking Act;
19. Mortgages Loans which have not been granted to public entities;
20. Mortgage Loans which do not hold any Instalment not yet due but paid, fully or partially, as at the Valuation Date;
21. Mortgage Loans in relation to which, as at [●], the relevant Originator and the relevant Borrower do not have in force a moratorium agreement which provide for the suspension of payment of the Instalments (either entirely or only for its principal quota);
22. Mortgage Loans secured by a Mortgage on real estate assets located in Italy;
23. Mortgage Loans in relation to which the period during which the relevant Mortgage is subject to claw-back pursuant to article 67 of the Bankruptcy Law has elapsed.

*The claims which, as at [●], fall within the scope of the abovementioned Criteria, but fall also within the scope of the criteria listed in paragraphs from (i) to (xv) below and do not have any of the characteristics listed in paragraphs from (A) to (G) below, are excluded:*

- i. mortgage loans disbursed by each of the Originators, or by other banks which were subsequently transferred to one of the Originators either by way of merger ( *fusione*), de-merger ( *scissione*), contribution of going concern ( *conferimento di ramo d'azienda*) or transfer of going concern ( *cessione di ramo d'azienda*);
- ii. mortgage loans whose relevant borrowers (also following split-up ( *frazionamento*) or take-over ( *accollo*)) are one or more natural person and are all resident in Italy;
- iii. mortgage loans which have been fully disbursed and for which there is no obligation to, neither is possible to, disburse any further amount;
- iv. mortgage loans denominated in Euro;
- v. mortgage loans with reference to which at least one instalment (including a principal component) is due and has been paid;
- vi. mortgage loans in relation to which the ratio between (i) the residual principal amount outstanding as at [●], and (ii) the value of the reassessed real estate asset, referred to in the



- following criterion number (vii), as assessed before the date on which the mortgage loan has been granted, is lower than or equal to 80%;
- vii. mortgage loans in relation to which the ratio between (i) the residual principal amount outstanding as at [●], and (ii) the value of the reassessed real estate asset as assessed before [●] is lower than or equal to 80%. For the purposes of Criterion (vi) before, “value of the reassessed real estate asset” means the estimated value of the real estate asset, determined on the basis of technical and economical parameters applied by the Originators in the monitoring process of the value of the real estate assets. In order to determine whether his Loan falls within this Criterion, each Borrower may, if he hasn’t been provided yet with such information, ask for the value of the relevant real estate asset at the branch (*filiale*) of the relevant Originator where his payments of the Instalments of the Loans are domiciled;
  - viii. mortgage loans deriving from mortgage loan agreements governed by Italian law;
  - ix. mortgage loans secured by a mortgage on one or more real estate assets located in Italy, in respect of which the mortgaged real estate asset is a residential real estate asset (meaning that its cadastral category (*categoria catastale*), as at the date on which the mortgage loan has been granted, falls within the cadastral categories A-1, A.2, A-3, A-4, A-5, A-6, A-7, A-8, A-9, A-11);
  - x. mortgage loans which fall in one of the following categories:
    - a. fixed rate mortgage loans whose interest rate is not lower than 1% on an annual basis and not higher than 8.5% on an annual basis. “Fixed rate mortgage loans” means mortgage loans whose applicable interest rate is not subject to any variation throughout the remaining duration of the loan;
    - b. floating rate mortgage loans:
      - 1. whose spread over the relevant index is higher than 0% on an annual basis and lower than or equal to 4% on an annual basis; or
      - 2. which provide for a cap to the applicable interest rate.
 “Floating rate mortgage loans” means mortgage loans whose applicable interest rate is indexed to euribor;
    - c. so-called mixed rate mortgage loans. “Mixed rate mortgage loans” means mortgage loans in respect of which interest accrues at a fixed rate for a specified period of time determined by the mortgage loan agreement and at a floating rate indexed to euribor thereafter;
    - d. “modular” rate Mortgage Loans, being those Mortgage Loans which provide for the right, that can be exercised one or more times during the life of the Mortgage Loan, of the relevant Borrower to switch from (A) a floating rate, to (B) a fixed rate equal to the sum of (i) the swap interest rate for the relevant period (IRS), determined as at the date on which the right to switch has been exercised by the relevant Borrower, up to the expiry of the period during which the fixed rate chosen by the relevant Borrower is applicable, and (ii) the spread, provided by the Mortgage Loan Agreement, over the index determined pursuant to point (i) above;
  - xi. mortgage loans with reference to which any instalment due as at [●] has been paid;
  - xii. mortgage loans which provide for monthly, quarterly or semi-annually instalments;
  - xiii. mortgage loans whose residual principal amount outstanding is higher than, or equal to, Euro 40,000;
  - xiv. mortgage loans whose residual principal amount outstanding is lower than, or equal to, Euro 1,500,000;

- xv. mortgage loans secured by a first economic priority mortgage, meaning:
- (i) a first legal priority mortgage; or
  - (ii) a mortgage having a priority ranking lower than first legal priority provided that all obligations secured by mortgage/mortgages with prevailing priority, have been fully satisfied.

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- A. mortgage loans which hold one or more due and not fully paid instalments as at [●];
- B. mortgage loans deriving from mortgage loan agreements which qualify, as at the date on which the mortgage loan has been granted, as "agricultural credit" (*credito agrario*) pursuant to article 43, 44 and 45 of the Banking Act;
- C. mortgage loans granted to one or more companies incorporated as *società semplici*;
- D. mortgage loans secured by a mortgage on real estate assets located in Abruzzo Region;
- E. mortgage loans in relation to which the period during which the relevant mortgage is subject to claw-back pursuant to article 67 of the Bankruptcy Law has not elapsed yet;
- F. mortgage loans which do not comply with the requirements of the circular letter of the Bank of Italy of 27 December 2006 (Title II, Chapter 1, Part I, Section IV). In order to determine whether his mortgage loan falls within this Criterion, each borrower may, if he hasn't been provided yet with such information, ask for such information at the branch (*filiale*) of the relevant Originator where his payments of the instalments of the loans are domiciled;
- G. mortgage loans in relation to which (i) the relevant borrower has sent to its respective Originator the notice of acceptance of the renegotiation offer, by mail or delivering such offer at a branch (*filiale*) of the relevant Originator, accepting the renegotiation offer, made pursuant to law decree No. 93 of 27 May 2008, as amended by law No. 126 of 24 July 2008, and the agreement entered into between ABI and *Ministero dell'Economia e delle Finanze*, and (ii) such renegotiation is effective as at [●].

## MAIN CHARACTERISTICS OF THE PORTFOLIO

All information and statistical data contained below in this section are representative of the characteristics of the Portfolio as at the relevant Valuation Date. Accordingly, the information in relation to the Portfolio set out below does not necessarily reflect the composition of the Portfolio on the Issue Date.

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

### 1. Breakdown of the Portfolio by current balance for each Originator

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by current balance for each Originator.

Originator	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
BP	20,684	82.22%	2,039,168,900	81.92%
Creberg	4,474	17.78%	450,192,990	18.08%
<b>Total</b>	25,158	100%	2,489,361,890	100.00%

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by current balance for each Originator.

Originator	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
BP	27	90.00%	10,700,507	92.47%
Creberg	3	10.00%	871,588	7.53%
<b>Total</b>	30	100%	11,572,094	100%

## 2. Breakdown of the Portfolio by interest rate type

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by interest rate type.

Interest type	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
Fixed	5,517	21.93%	465,592,871	18.70%
Fixed rate with option to switch	-	0.00%	-	0.00%
Floating rate mortgages loans	14,301	56.84%	1,302,886,767	52.34%
Floating rate with option to switch	5,326	21.17%	719,286,338	28.89%
Mixed	14	0.06%	1,595,914	0.06%
<b>Total</b>	<b>25,158</b>	<b>100.00%</b>	<b>2,489,361,890</b>	<b>100.00%</b>

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by interest rate type.

Interest type	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
Fixed	2	6.67%	36,937	0.32%
Fixed rate with option to switch	-	0.00%	-	0.00%
Floating rate mortgages loans	28	93.33%	11,535,157	99.68%
Floating rate with option to switch	-	0.00%	-	0.00%
Mixed	-	0.00%	-	0.00%
<b>Total</b>	<b>30</b>	<b>100%</b>	<b>11,572,094</b>	<b>100%</b>

## 3. Breakdown of the Portfolio by type of parameter

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by parameter.

Base Index type (Floating loans)	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Spread
Eur 1m	12,808	68.88%	1,495,114,027	76.59%	1.59
Eur 3m	5,409	29.09%	439,536,095	22.52%	1.51
Eur 6m	379	2.04%	17,459,515	0.89%	1.65
<b>Total</b>	<b>18,596</b>	<b>100.00%</b>	<b>1,952,109,637</b>	<b>100.00%</b>	<b>1.57</b>

The following table shows the breakdown the of Mortgage Loans disbursed to one or more partnerships (*società semplici*) by parameter.

Base Index type (Floating loans)	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Spread
Eur 1m	2	7.14%	388,130	3.36%	1.64
Eur 3m	23	82.14%	9,556,268	82.84%	2.07
Eur 6m	3	10.71%	1,590,759	13.79%	1.13
<b>Total</b>	28	100.00%	11,535,157	100.00%	1.93

#### 4. Breakdown of the Portfolio by region of the property location

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by region of the property location\*.

Property Region	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
ABRUZZO	152	0.60%	12,396,354	0.50%	81,555
BASILICATA	14	0.06%	974,342	0.04%	69,596
CALABRIA	27	0.11%	2,290,304	0.09%	84,826
CAMPANIA	580	2.31%	56,558,501	2.27%	97,515
EMILIA ROMAGNA	2,747	10.92%	271,984,226	10.93%	99,011
FRIULI VENEZIA GIULIA	172	0.68%	13,421,489	0.54%	78,032
LAZIO	1,770	7.04%	216,042,109	8.68%	122,058
LIGURIA	1,635	6.50%	149,796,056	6.02%	91,618
LOMBARDIA	7,837	31.15%	779,924,877	31.33%	99,518
MARCHE	42	0.17%	4,020,778	0.16%	95,733
MOLISE	113	0.45%	9,897,433	0.40%	87,588
PIEMONTE	2,182	8.67%	198,048,941	7.96%	90,765
PUGLIA	144	0.57%	13,546,167	0.54%	94,071
SARDEGNA	66	0.26%	9,974,114	0.40%	151,123
SICILIA	1,136	4.52%	119,287,675	4.79%	105,007
TOSCANA	2,773	11.02%	270,876,165	10.88%	97,683
TRENTINO ALTO ADIGE	135	0.54%	16,918,027	0.68%	125,319
UMBRIA	216	0.86%	16,113,322	0.65%	74,599
VALLE D'AOSTA	85	0.34%	9,823,979	0.39%	115,576
VENETO	3,332	13.24%	317,467,032	12.75%	95,278
<b>Total</b>	25,158	100.00%	2,489,361,890	100.00%	98,949

*In case of Mortgage Loans which are secured by more than one mortgage created over real estate assets, reference is made to the real estate asset having the higher value as appraised on or before the execution date of the relevant Mortgage Loan.*

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by region of the property location\*.

Property Region	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
ABRUZZO	-	0.00%	-	0.00%	-
BASILICATA	-	0.00%	-	0.00%	-
CALABRIA	-	0.00%	-	0.00%	-
CAMPANIA	-	0.00%	-	0.00%	-
EMILIAROMAGNA	5	16.67%	3,602,105	31.13%	720,421
FRIULIVENEZIAGIULIA	-	0.00%	-	0.00%	-
LAZIO	1	3.33%	1,334,005	11.53%	1,334,005
LIGURIA	4	13.33%	461,561	3.99%	115,390
LOMBARDIA	4	13.33%	2,404,973	20.78%	601,243
MARCHE	-	0.00%	-	0.00%	-
MOLISE	-	0.00%	-	0.00%	-
PIEMONTE	8	26.67%	1,616,451	13.97%	202,056
PUGLIA	-	0.00%	-	0.00%	-
SARDEGNA	-	0.00%	-	0.00%	-
SICILIA	-	0.00%	-	0.00%	-
TOSCANA	2	6.67%	240,287	2.08%	120,143
TRENTINOALTOADIGE	-	0.00%	-	0.00%	-
UMBRIA	-	0.00%	-	0.00%	-
VALLED'AOSTA	1	3.33%	297,708	2.57%	297,708
VENETO	5	16.67%	1,615,005	13.96%	323,001
<b>Total</b>	30	100.00%	11,572,094	100.00%	98,949

*\*In case of Mortgage Loans which are secured by more than one mortgage created over real estate assets, reference is made to the real estate asset having the higher value as appraised on or before the execution date of the relevant Mortgage Loan.*

## 5. Breakdown of the Portfolio by date of origination

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by date of origination.

Date of Origination	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Seasoning (Years)
<=31/12/2001	1,035	4.11%	23,677,092	0.95%	12.39
>=01/01/2002 <=31/12/2002	376	1.49%	13,099,084	0.53%	10.38
>=01/01/2003 <=31/12/2003	504	2.00%	20,155,439	0.81%	9.34
>=01/01/2004 <=31/12/2004	827	3.29%	39,655,700	1.59%	8.33
>=01/01/2005 <=30/06/2005	449	1.78%	22,993,952	0.92%	7.61
>=01/07/2005 <=31/12/2005	461	1.83%	26,382,345	1.06%	7.10
>=01/01/2006 <=30/06/2006	581	2.31%	39,603,258	1.59%	6.58
>=01/07/2006 <=31/12/2006	897	3.57%	80,302,213	3.23%	6.09
>=01/01/2007 <=30/06/2007	838	3.33%	79,632,366	3.20%	5.63
>=01/07/2007 <=31/12/2007	583	2.32%	54,076,130	2.17%	5.13
>=01/01/2008 <=30/06/2008	527	2.09%	53,799,938	2.16%	4.61
>=01/07/2008 <=31/12/2008	923	3.67%	80,588,782	3.24%	4.12
>=01/01/2009 <=31/12/2009	4,069	16.17%	397,884,870	15.98%	3.26
>=01/01/2010 <=31/12/2010	5,572	22.15%	630,582,026	25.33%	2.35
>=01/01/2011 <=31/12/2011	5,764	22.91%	721,285,356	28.97%	1.41
>=01/01/2012	1,752	6.96%	205,643,338	8.26%	0.45
<b>Total</b>	25,158	100%	2,489,361,890	100%	2.91

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by date of origination.

Date of Origination	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Seasoning (Years)
<=31/12/2001	1	3.33%	115,015	0.99%	13.78
>=01/01/2002 <=31/12/2002	1	3.33%	216,216	1.87%	10.10
>=01/01/2003 <=31/12/2003	2	6.67%	36,937	0.32%	9.62
>=01/01/2004 <=31/12/2004	1	3.33%	23,568	0.20%	7.97
>=01/01/2005 <=30/06/2005	-	0.00%	-	0.00%	-
>=01/07/2005 <=31/12/2005	-	0.00%	-	0.00%	-
>=01/01/2006 <=30/06/2006	3	10.00%	414,892	3.59%	6.61
>=01/07/2006 <=31/12/2006	4	13.33%	1,722,384	14.88%	5.95
>=01/01/2007 <=30/06/2007	1	3.33%	101,771	0.88%	5.80
>=01/07/2007 <=31/12/2007	-	0.00%	-	0.00%	-
>=01/01/2008 <=30/06/2008	-	0.00%	-	0.00%	-
>=01/07/2008 <=31/12/2008	4	13.33%	2,350,973	20.32%	4.17
>=01/01/2009 <=31/12/2009	4	13.33%	3,464,430	29.94%	2.98
>=01/01/2010 <=31/12/2010	3	10.00%	720,168	6.22%	2.16
>=01/01/2011 <=31/12/2011	2	6.67%	435,849	3.77%	1.28
>=01/01/2012	4	13.33%	1,969,891	17.02%	0.71
<b>Total</b>	30	100%	11,572,094	100%	3.59

## 6. Breakdown of the Portfolio by maturity

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by maturity.

Date of Maturity		Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Remaining (Years)
	<=31/12/2012	3	0.01%	32,888	0.00%	0.12
>=01/01/2013	<=31/12/2016	1,990	7.91%	46,954,151	1.89%	2.82
>=01/01/2017	<=31/12/2020	3,017	11.99%	157,003,797	6.31%	6.68
>=01/01/2021	<=31/12/2024	3,248	12.91%	242,014,750	9.72%	10.19
>=01/01/2025	<=31/12/2028	3,116	12.39%	288,977,913	11.61%	13.90
>=01/01/2029	<=31/12/2031	3,157	12.55%	332,509,531	13.36%	17.88
>=01/01/2032	<=31/12/2035	2,569	10.21%	286,449,538	11.51%	21.37
>=01/01/2036	<=31/12/2039	3,554	14.13%	457,662,503	18.38%	25.09
>=01/01/2040	<=31/12/2043	4,214	16.75%	627,806,398	25.22%	28.32
>=01/01/2044	<=31/12/2047	290	1.15%	49,950,421	2.01%	33.01
>=01/01/2048		-	0.00%	-	0.00%	
<b>Total</b>		25,158	100.00%	2,489,361,889.99	100.00%	20.34

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by maturity.

Date of Maturity		Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Remaining (Years)
	<=31/12/2012	-	0.00%	-	0.00%	-
>=01/01/2013	<=31/12/2016	10	33.33%	951,172	8.22%	2.81
>=01/01/2017	<=31/12/2020	3	10.00%	1,115,950	9.64%	7.99
>=01/01/2021	<=31/12/2024	8	26.67%	6,785,722	58.64%	10.93
>=01/01/2025	<=31/12/2028	8	26.67%	2,513,042	21.72%	15.06
>=01/01/2029	<=31/12/2031	-	0.00%	-	0.00%	-
>=01/01/2032	<=31/12/2035	1	3.33%	206,208	1.78%	19.38
>=01/01/2036	<=31/12/2039	-	0.00%	-	0.00%	
>=01/01/2040	<=31/12/2043	-	0.00%	-	0.00%	
>=01/01/2044	<=31/12/2047	-	0.00%	-	0.00%	
>=01/01/2048		-	0.00%	-	0.00%	
<b>Total</b>		30	100.00%	11,572,094.31	100.00%	11.02



## 7. Breakdown of the Portfolio by original balance

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by original balance (in Euro).

Original Loan Amount	Number of Loans	% of Total Number of Loans	Original Balance (€)	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
<=20000	547	2.17%	9,114,576	7,994,881	0.32%
>20000 <=40000	3,268	12.99%	106,464,216	86,189,132	3.46%
>40000 <=60000	3,849	15.30%	194,149,311	146,526,399	5.89%
>60000 <=80000	3,236	12.86%	230,993,891	164,526,224	6.61%
>80000 <=100000	2,623	10.43%	241,925,810	187,098,323	7.52%
>100000 <=300000	10,686	42.48%	1,721,589,679	1,487,558,073	59.76%
>300000 <=400000	484	1.92%	168,515,346	142,622,249	5.73%
>400000 <=500000	211	0.84%	97,175,134	84,845,671	3.41%
>500000 <=600000	76	0.30%	42,142,623	34,067,136	1.37%
>600000 <=700000	48	0.19%	31,687,466	7,017,227	1.09%
>700000 <=800000	34	0.14%	25,915,690	19,881,232	0.80%
>800000 <=900000	22	0.09%	19,295,251	16,175,025	0.65%
>900000 <=1000000	16	0.06%	15,733,188	12,238,580	0.49%
>1000000 <=2000000	46	0.18%	62,669,702	45,167,151	1.81%
>2000000 <=3000000	9	0.04%	21,900,403	17,921,918	0.72%
>3000000 <=4000000	2	0.01%	7,000,000	5,613,590	0.23%
>4000000 <=5000000	1	0.00%	4,500,000	3,919,078	0.16%
>5000000	-	0.00%	-	-	0.00%
<b>Total</b>	25,158	100.00%	3,000,772,284	2,489,361,890	100.00%

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by original balance (in Euro).

Original Loan Amount	Number of Loans	% of Total Number of Loans	Original Balance (€)	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
<=20000	-	0.00%	-	-	0.00%
>20000 <=40000	1	3.33%	35,000	34,079	0.29%
>40000 <=60000	-	0.00%	-	-	0.00%
>60000 <=80000	1	3.33%	78,400	64,300	0.56%
>80000 <=100000	2	6.67%	186,243	40,855	0.35%
>100000 <=300000	10	33.33%	2,090,000	1,302,154	11.25%
>300000 <=400000	5	16.67%	1,720,524	1,125,802	9.73%
>400000 <=500000	1	3.33%	430,000	352,668	3.05%
>500000 <=600000	3	10.00%	1,690,000	1,574,411	13.61%
>600000 <=700000	1	3.33%	671,394	115,015	0.99%
>700000 <=800000	-	0.00%	-	-	0.00%
>800000 <=900000	1	3.33%	850,000	216,216	1.87%
>900000 <=1000000	-	0.00%	-	-	0.00%
>1000000 <=2000000	5	16.67%	7,995,464	6,746,596	58.30%
>2000000 <=3000000	-	0.00%	-	-	0.00%
>3000000 <=4000000	-	0.00%	-	-	0.00%
>4000000 <=5000000	-	0.00%	-	-	0.00%
>5000000	-	0.00%	-	-	0.00%
<b>Total</b>	30	100.00%	15,747,025	11,572,094	100.00%

## 8. Breakdown of the Portfolio by current balance

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by current balance (in Euro).

Current Loan Outstanding		Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
	<=20000	2,245	8.92%	33,886,842	1.36%	15,094
>20000	<=40000	5,312	21.11%	161,437,636	6.49%	30,391
>40000	<=60000	3,300	13.12%	163,424,125	6.56%	49,522
>60000	<=80000	2,450	9.74%	170,930,383	6.87%	69,768
>80000	<=100000	2,277	9.05%	205,486,167	8.25%	90,244
>100000	<=200000	7,286	28.96%	1,022,916,987	41.09%	140,395
>200000	<=300000	1,588	6.31%	377,264,789	15.16%	237,572
>300000	<=400000	351	1.40%	120,030,485	4.82%	341,967
>400000	<=500000	168	0.67%	75,317,755	3.03%	448,320
>500000	<=600000	58	0.23%	31,863,463	1.28%	549,370
>600000	<=700000	37	0.15%	24,169,269	0.97%	653,223
>700000	<=800000	21	0.08%	15,868,720	0.64%	755,653
>800000	<=900000	19	0.08%	16,118,962	0.65%	848,366
>900000	<=1000000	6	0.02%	5,789,068	0.23%	964,845
>1000000	<=2000000	33	0.13%	46,026,522	1.85%	1,394,743
>2000000	<=3000000	5	0.02%	11,824,097	0.47%	2,364,819
>3000000	<=4000000	2	0.01%	7,006,619	0.28%	3,503,310
>4000000	<=5000000	-	0.00%	-	0.00%	-
>5000000		-	0.00%	-	0.00%	-
<b>Total</b>		25,158	100.00%	2,489,361,890	100.00%	98,949

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by current balance (in Euro).

Current Loan Outstanding	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
<=20000	2	6.67%	36,937	0.32%	18,469
>20000 <=40000	2	6.67%	57,646	0.50%	28,823
>40000 <=60000	1	3.33%	56,978	0.49%	56,978
>60000 <=80000	3	10.00%	190,595	1.65%	63,532
>80000 <=100000	-	0.00%	-	0.00%	-
>100000 <=200000	6	20.00%	864,025	7.47%	144,004
>200000 <=300000	7	23.33%	1,692,237	14.62%	241,748
>300000 <=400000	1	3.33%	352,668	3.05%	352,668
>400000 <=500000	1	3.33%	444,806	3.84%	444,806
>500000 <=600000	2	6.67%	1,129,605	9.76%	564,802
>600000 <=700000	-	0.00%	-	0.00%	-
>700000 <=800000	-	0.00%	-	0.00%	-
>800000 <=900000	-	0.00%	-	0.00%	-
>900000 <=1000000	-	0.00%	-	0.00%	-
>1000000 <=2000000	5	16.67%	6,746,596	58.30%	1,349,319
>2000000 <=3000000	-	0.00%	-	0.00%	-
>3000000 <=4000000	-	0.00%	-	0.00%	-
>4000000 <=5000000	-	0.00%	-	0.00%	-
>5000000	-	0.00%	-	0.00%	-
<b>Total</b>	30	100.00%	11,572,094	100.00%	

## 9. Breakdown of the Portfolio by loan seasoning (years)

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by loan seasoning (years).

Seasoning	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Seasoning (Years)
<=2	8,434	33.52%	1,037,356,495	41.67%	1.27
>2 <=4	9,022	35.86%	943,085,268	37.88%	2.82
>4 <=6	2,893	11.50%	274,850,560	11.04%	5.08
>6 <=7	1,315	5.23%	97,457,481	3.91%	6.42
>7 <=8	874	3.47%	47,220,544	1.90%	7.51
>8 <=9	789	3.14%	35,770,857	1.44%	8.47
>9 <=10	480	1.91%	18,843,524	0.76%	9.48
>10	1,351	5.37%	34,777,161	1.40%	11.77
<b>Total</b>	25,158	100.00%	2,489,361,890	100.00%	2.91

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by loan seasoning (years).

Seasoning	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Seasoning (Years)
<=2	6	20.00%	2,405,740	20.79%	0.81
>2 <=4	7	23.33%	4,184,598	36.16%	2.84
>4 <=6	6	20.00%	3,821,868	33.03%	4.83
>6 <=7	6	20.00%	768,152	6.64%	6.42
>7 <=8	1	3.33%	23,568	0.20%	7.97
>8 <=9	-	0.00%	-	0.00%	-
>9 <=10	2	6.67%	36,937	0.32%	9.62
>10	2	6.67%	331,231	2.86%	11.38
<b>Total</b>	30	100.00%	11,572,094	100.00%	3.59

#### 10. Breakdown of the Portfolio by remaining term (years)

The following table shows the breakdown of Mortgage Loans disbursed to one or more individuals by remaining term.

Remaining Term	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Remaining Term (Years)
<=5	2,427	9.65%	64,013,848	2.57%	3.29
>5 <=10	4,282	17.02%	260,938,857	10.48%	7.92
>10 <=15	4,155	16.52%	362,622,594	14.57%	12.81
>15 <=20	4,309	17.13%	453,023,841	18.20%	17.91
>20 <=25	3,946	15.68%	481,157,385	19.33%	23.19
>25 <=30	5,703	22.67%	810,960,633	32.58%	27.85
>30	336	1.34%	56,644,731	2.28%	32.71
<b>Total</b>	25,158	100.00%	2,489,361,890	100.00%	20.34

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by remaining term.

Remaining Term	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Remaining Term (Years)
<=5	10	33.33%	951,172	8.22%	2.81
>5 <=10	7	23.33%	3,279,395	28.34%	8.81
>10 <=15	8	26.67%	5,342,194	46.16%	11.94
>15 <=20	5	16.67%	1,999,334	17.28%	16.12
>20 <=25	-	0.00%	-	0.00%	-
>25 <=30	-	0.00%	-	0.00%	-
>30	-	0.00%	-	0.00%	-
<b>Total</b>	30	100.00%	11,572,094	100.00%	11.02

## 11. Breakdown of the Portfolio by original LTV

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by original LTV\*.

Original LTV		Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
	<=0,1	2,060	8.19%	57,089,678	2.29%	27,713
>0,1	<=0,2	4,214	16.75%	185,094,215	7.44%	43,924
>0,2	<=0,3	3,371	13.40%	212,847,985	8.55%	63,141
>0,3	<=0,4	2,933	11.66%	248,135,186	9.97%	84,601
>0,4	<=0,5	2,346	9.33%	254,314,748	10.22%	108,404
>0,5	<=0,6	2,004	7.97%	262,065,950	10.53%	130,771
>0,6	<=0,7	1,910	7.59%	283,826,457	11.40%	148,600
>0,7	<=0,8	2,186	8.69%	334,284,936	13.43%	152,921
>0,8	<=0,9	3,444	13.69%	540,947,619	21.73%	157,070
>0,9		690	2.74%	110,755,116	4.45%	160,515
<b>Total</b>		25,158	100.00%	2,489,361,890	100.00%	98,949

\* For further details relating to the loan-to-value ratio of the Mortgage Loans, please see the eligibility criteria described in section “The Transfer Agreements”.

The following table shows the breakdown of the Mortgage Loans disbursed to one or partnerships (*società semplici*) by original LTV\*.

Original LTV		Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
	<=0,1	6	20.00%	425,815	3.68%	70,969
>0,1	<=0,2	4	13.33%	347,275	3.00%	86,819
>0,2	<=0,3	4	13.33%	1,876,383	16.21%	469,096
>0,3	<=0,4	4	13.33%	2,813,012	24.31%	703,253
>0,4	<=0,5	8	26.67%	2,826,970	24.43%	353,371
>0,5	<=0,6	3	10.00%	3,098,729	26.78%	1,032,910
>0,6	<=0,7	1	3.33%	183,911	1.59%	183,911
>0,7	<=0,8	-	0.00%	-	0.00%	-
>0,8	<=0,9	-	0.00%	-	0.00%	-
>0,9		-	0.00%	-	0.00%	-
<b>Total</b>		30	100.00%	11,572,094	100.00%	

\* For further details relating to the loan-to-value ratio of the Mortgage Loans, please see the eligibility criteria described in section “The Transfer Agreements”.

## 12. Breakdown of the Portfolio by current LTV

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by current LTV\*.

	Current LTV	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
	<=0,1	2,070	8.23%	56,390,847	2.27%	27,242
>0,1	<=0,2	4,033	16.03%	180,508,512	7.25%	44,758
>0,2	<=0,3	3,307	13.14%	207,193,952	8.32%	62,653
>0,3	<=0,4	2,870	11.41%	251,042,470	10.08%	87,471
>0,4	<=0,5	2,367	9.41%	250,024,371	10.04%	105,629
>0,5	<=0,6	2,016	8.01%	256,838,931	10.32%	127,400
>0,6	<=0,7	1,827	7.26%	271,109,567	10.89%	148,391
>0,7	<=0,8	1,967	7.82%	301,717,059	12.12%	153,389
>0,8	<=0,9	3,727	14.81%	571,407,427	22.95%	153,316
>0,9		974	3.87%	143,128,752	5.75%	146,949
<b>Total</b>		25,158	100.00%	2,489,361,890	100.00%	98,949

\* For further details relating to the loan-to-value ratio of the Mortgage Loans, please see the eligibility criteria described in section “The Transfer Agreements”.

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by current LTV\*.

	Current LTV	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
	<=0,1	6	20.00%	425,815	3.68%	70,969
>0,1	<=0,2	2	6.67%	166,071	1.44%	83,036
>0,2	<=0,3	5	16.67%	1,991,498	17.21%	398,300
>0,3	<=0,4	3	10.00%	2,213,012	19.12%	737,671
>0,4	<=0,5	4	13.33%	2,043,041	17.65%	510,760
>0,5	<=0,6	6	20.00%	2,519,416	21.77%	419,903
>0,6	<=0,7	2	6.67%	1,553,035	13.42%	776,518
>0,7	<=0,8	2	6.67%	660,206	5.71%	330,103
>0,8	<=0,9	-	0.00%	-	0.00%	-
>0,9		-	0.00%	-	0.00%	-
<b>Total</b>		30	100.00%	11,572,094	100.00%	

\* For further details relating to the loan-to-value ratio of the Mortgage Loans, please see the eligibility criteria described in section “The Transfer Agreements”.

### 13. Breakdown of the Portfolio by payment frequency

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by payment frequency.

Frequency	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
Monthly	23,945	95.18%	2,383,469,706	95.75%	99,539
Quarterly	417	1.66%	45,634,531	1.83%	109,435
Semi annual	719	2.86%	56,237,015	2.26%	78,216
Annual	76	0.30%	4,000,245	0.16%	52,635
<b>Total</b>	<b>25,159</b>	<b>100.00%</b>	<b>2,489,341,497</b>	<b>100.00%</b>	<b>98,949</b>

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by payment frequency.

Frequency	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
Monthly	20	66.67%	4,438,368	38.35%	221,918
Quarterly	5	16.67%	4,107,755	35.50%	821,551
Semi annual	5	16.67%	3,025,971	26.15%	605,194
Annual	-	0.00%	-	0.00%	-
<b>Total</b>	<b>30</b>	<b>100.00%</b>	<b>11,572,094</b>	<b>100.00%</b>	

### 14. Breakdown of the Portfolio by payment method

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by payment method.

Method of Payment	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
Inter-banking direct debit of a bank account opened with the Originator	24,135	95.93%	2,410,930,702	96.85%
Payment request (MAV)	28	0.11%	796,161	0.03%
Cash	285	1.13%	20,143,628	0.81%
Inter-banking direct debit of a bank account opened with other banks	710	2.82%	57,491,398	2.31%
<b>Total</b>	<b>25,158</b>	<b>100.00%</b>	<b>2,489,361,890</b>	<b>100.00%</b>

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by payment method.

Method of Payment	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
Inter-banking direct debit of a bank account opened with the Originator	30	100.00%	11,572,094	100.00%
Payment request (MAV)	-	0.00%	-	0.00%
Cash	-	0.00%	-	0.00%
Inter-banking direct debit of a bank account opened with other banks	-	0.00%	-	0.00%
<b>Total</b>	30	100.00%	11,572,094	100.00%

## 15. Breakdown of the Portfolio by type of property

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by type of property\*.

Type of Property	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
Residential (House)	2,371	9.42%	287,244,512	11.54%	121,149
Residential (Flat/Apartment)	20,209	80.33%	1,919,529,315	77.11%	94,984
Partially commercial use	1,255	4.99%	110,109,141	4.42%	87,736
Commercial use	1,317	5.23%	172,156,041	6.92%	130,718
other	6	0.02%	322,880	0.01%	53,813
<b>Total</b>	25,158	100.00%	2,489,361,890	100.00%	98,949

*\*In case of Mortgage Loans which are secured by more than one mortgage created over real estate assets, reference is made to the real estate asset having the higher value as appraised on or before the execution date of the relevant Mortgage Loan.*

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by type of property\*.

Type of Property	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
Residential (House)	6	20.00%	4,811,385	41.58%	801,898
Residential (Flat/Apartment)	24	80.00%	6,760,709	58.42%	281,696
Partially commercial use	-	0.00%	-	0.00%	-
Commercial use	-	0.00%	-	0.00%	-
other	-	0.00%	-	0.00%	-
<b>Total</b>	25,158	100.00%	2,489,361,890	100.00%	98,949

*\*In case of Mortgage Loans which are secured by more than one mortgage created over real estate assets, reference is made to the real estate asset having the higher value as appraised on or before the execution date of the relevant Mortgage Loan.*



## 16. Breakdown of the Portfolio by interest rate

The following table shows the breakdown of the Mortgage Loans disbursed to one or more individuals by interest rate (rate of last instalment due and paid).

Interest Rate (rate of last instalment due and paid)		Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Interest Rate
	<=2	14,555	57.85%	1,515,757,994	60.89%	1.41%
>2	<=3	4,151	16.50%	419,874,312	16.87%	2.36%
>3	<=4	1,219	4.85%	129,189,680	5.19%	3.45%
>4	<=5	2,024	8.05%	182,592,300	7.33%	4.63%
>5	<=6	2,447	9.73%	190,627,692	7.66%	5.46%
>6	<=7	688	2.73%	48,617,142	1.95%	6.29%
>7	<=8	72	0.29%	2,600,837	0.10%	7.19%
>8		2	0.01%	101,934	0.00%	8.58%
<b>Total</b>		25,158	100.00%	2,489,361,890	100.00%	2.32%

The following table shows the breakdown of the Mortgage Loans disbursed to one or more partnerships (*società semplici*) by interest rate (rate of last instalment due and paid).

Interest Rate (rate of last instalment due and paid)		Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Interest Rate
	<=2	15	50.00%	4,302,378	37.18%	1.40%
>2	<=3	7	23.33%	4,950,744	42.78%	2.51%
>3	<=4	2	6.67%	312,144	2.70%	3.24%
>4	<=5	2	6.67%	240,287	2.08%	4.33%
>5	<=6	2	6.67%	546,892	4.73%	5.19%
>6	<=7	2	6.67%	1,219,650	10.54%	6.26%
>7	<=8	-	0.00%	-	0.00%	0.00%
>8		-	0.00%	-	0.00%	0.00%
<b>Total</b>		30	100.00%	11,572,094	100.00%	2.68%

## THE ORIGINATORS AND SERVICERS

### BANCO POPOLARE - SOCIETÀ COOPERATIVA

#### *Overview*

Banco Popolare Società Cooperativa (the “**Originator**” or “**Banco Popolare**”) was incorporated on 1 July 2007 as a result of the merger (the “**Merger**”) between Banco Popolare di Verona e Novara società cooperativa a responsabilità limitata (“**BPVN**”) and Banca Popolare Italiana – Banca Popolare di Lodi Società Cooperativa (“**BPI**”), which came into effect on 1 July 2007. Banco Popolare, together with its subsidiaries, is referred to as the “**Banco Popolare Group**” or the “**Group**”.

The Merger and the incorporation of the Originator were approved at meetings of the respective shareholders of BPVN and BPI, each held on 10 March 2007. The Merger involved: (i) the establishment of Banco Popolare as a new company, with ordinary shares listed on the Italian Stock Exchange; (ii) the contribution of part of BPI’s business, comprising the BPI branch network located predominantly in areas where BPI originated and all controlling interests in other banks that constitute the BPI Group, into a newly incorporated joint stock company (Banca Popolare di Lodi S.p.A.) wholly owned by Banco Popolare, with its registered office and administrative head office in Lodi; (iii) the contribution of part of BPVN’s business, comprising the BPVN branch network located mainly in the areas where BPVN originated, into a newly incorporated joint stock company (Banca Popolare di Verona – San Geminiano e San Prospero S.p.A.) wholly owned by Banco Popolare, with registered office and administrative head office in Verona; and (iv) finally, the registration with the relevant companies registers (i.e. Lodi and Verona) of the deed of merger with effect from 1 July 2007.

The deed of merger contains all the information required by Italian law for the Merger to take place and to incorporate Banco Popolare as a new company. The contribution of part of the business of BPVN to Banca Popolare di Verona – S. Geminiano e S. Prospero S.p.A. and of BPI to Banca Popolare di Lodi S.p.A. described above took place immediately before the Merger came into effect.

According to Article 2504-bis of the Italian Civil Code, Banco Popolare, as the company resulting from the Merger, has assumed all rights and liabilities of BPVN and BPI as at the date of the Merger and has replaced BPVN and BPI in all their respective contractual relationships and judicial proceedings commenced before the Merger.

On 15 July 2011, the Supervisory Board and the Management Board of Banco Popolare approved the guidelines of the project aimed at the realisation of a new model of major “*banca popolare*” at the service of the territory, resulting from the integration process – by way of mergers by incorporation – in Banco Popolare of the following so-called territory banks: Banca Popolare di Verona–S. Geminiano e S. Prospero, Banca Popolare di Novara, Banca Popolare di Lodi, Cassa di Risparmio di Lucca Pisa Livorno, Banca Popolare di Cremona and Banca Popolare di Crema. Credito Bergamasco S.p.A. maintains its status as a listed company under the control, direction and coordination of Banco Popolare.

Banco Popolare, maintaining its legal status of cooperative company, takes on the role of operational bank organised on the basis of a territorial model which provides for the creation of divisions in the traditional areas where the Territorial Divisions have been operating and have been representing a reference point for the local communities. In particular, it is envisaged the creation of Territorial Divisions which will be fully integrated within the parent company of the Group and which will be mainly equivalent to the areas of the traditional brands “Banca Popolare di Verona-Banco S. Geminiano e S. Prospero”, “Banca Popolare di Lodi”, “Cassa di Risparmio di Lucca Pisa Livorno” and “Banca Popolare di Novara”, whose operations will also extend to the central and southern regions of Italy.

The project is fully consistent with the business plan approved in June 2011, in terms of envisaged objectives of organisational simplification and reinforcement of the retail presence on the territory.

At the conclusion of the project:

- the Territorial Division of Banca Popolare di Verona will have approximately 560 branches located in the North-East (Veneto, Emilia Romagna, Trentino Alto Adige, Friuli Venezia Giulia) and in Lombardy (Mantua) with more than 3,200 employees;
- the Territorial Division of Banca Popolare di Novara will have approximately 590 branches located in the North-West (Valle d'Aosta, Piedmont, western part of Liguria), in Lombardy (Milan and Pavia), in Lazio and in Southern Italy, with approximately 3,200 employees;
- the Territorial Division of Banca Popolare di Lodi will have approximately 580 branches mainly located in Lombardy, eastern part of Liguria, Tuscany and Umbria, with approximately 3,400 employees;
- the Territorial Division of Credito Bergamasco will have approximately 270 branches located in Lombardy (Bergamo, Brescia, Como, Cremona, Monza Brianza, Varese) and in Lazio (Rome), with more than 1,600 employees.

This reorganisation essentially removes all the territorial overlapping among the divisions of Banca Popolare di Verona, Banca Popolare di Novara and Banca Popolare di Lodi.

The project confirms the traditional territorial vocation and the territorial rootedness of the Group, also providing for a considerable increase in the local branches in comparison to the current model.

The business model regarding high net worth individuals is confirmed and they will continue to be followed by Banca Aletti.

The simplification of the current operational model of the Group will allow to obtain relevant and structural economic benefits, further to those envisaged by the 2011-2013/2015 business plan, in terms of cost savings, higher marketing power, improved local presence, simplification of the internal governance, decisional and operational processes with a relevant reduction in the execution risk connected to the initiatives set forth in the business plan.

On 11 October 2011, the Bank of Italy authorised the merger in line with the schedule which expected the finalisation of the mergers by the end of the fiscal year 2011 with accounting and fiscal effects backdated to 1 January 2011.

On 28 October 2011, the project of merger by incorporation of Banco Banca Popolare di Verona – S. Geminiano e S. Prospero, Banca Popolare di Lodi, Banca Popolare di Novara, Cassa di Risparmio di Lucca Pisa Livorno, Banca Popolare di Cremona and Banca Popolare di Crema into Banco Popolare, drawn up pursuant to articles 2501-ter and following of the Italian Civil Code, was registered in the relevant Companies Registries.

The Board of Directors of Banco Popolare dated 29 November 2011 and the Shareholders' Meetings of the Territorial Divisions, except for Credito Bergamasco S.p.A., approved the merger plans by incorporation of the above mentioned banks in Banco Popolare on the basis of the respective balance sheet as at 30 June 2011.

The incorporations of Banca Popolare di Verona – S. Geminiano e S. Prospero, Banca Popolare di Lodi, Banca Popolare di Novara and Banca Popolare di Crema have been carried out pursuant to the simplified procedure for wholly owned companies pursuant to article 2505 of the Italian Civil Code. The shares of these companies have been cancelled without any exchange.

In this respect, on 24 November 2011 Banco Popolare purchased from the Associazione Popolare Crema per il Territorio the 1,735,412 preference shares of Banca Popolare di Crema held by it, for an amount equal to € 11.3 million (partly settled in cash and partly settled in Italian government bonds); therefore, at the time of the merger, Banco Popolare held in aggregate 100 per cent. of the share capital of Banca Popolare di Crema.

On the contrary, the incorporations of Cassa di Risparmio di Lucca Pisa Livorno and of Banca Popolare di Cremona were carried out pursuant to the provisions of article 2505-*bis* in the Italian Civil Code.

In this case, while the shares owned by Banco Popolare were cancelled without swap, the shares which were not owned by Banco Popolare were swapped with newly issued ordinary shares, on the basis of an exchange *ratio*, which does not provide for cash adjustment, of 0.35 ordinary shares of Banco Popolare per one share of Cassa di Risparmio di Lucca Pisa e Livorno and 1.5 ordinary shares of Banco Popolare per one share of Banca Popolare di Cremona.

In this respect it is specified that on 16 December 2011 Banco Popolare purchased from Fondazione Cassa di Risparmio di Lucca Pisa Livorno the 4,800,000 shares of Cassa di Risparmio di Lucca Pisa Livorno held by it, for an amount equal to € 7.8 million; following this transaction and other minor purchases, at the time of the merger Banco Popolare held in aggregate 99.99 per cent. of the share capital of Cassa di Risparmio di Lucca Pisa Livorno.

Finally, in respect of Banca Popolare di Cremona, Banco Popolare held in aggregate, at the time of the merger, 99.662 per cent. of its share capital.

With reference to the merger of Cassa di Risparmio di Lucca Pisa Livorno and of Banca Popolare di Cremona it is reported that minority shareholders were awarded, in addition to the right to withdrawal, the right to sell (the “**Right to Sell**”) their shares to the incorporating company for an amount calculated pursuant to the criteria provided for the case of withdrawal by article 2437-ter of the Italian Civil Code.

In particular, in respect of Cassa di Risparmio di Lucca Pisa Livorno, the Right to Sell was exercised in respect of 4,807,834 shares in aggregate, equal to 0.681 per cent. of the share capital, for a price of € 1.63 per share and for an overall amount of € 7.8 billion, while no shareholder exercised its withdrawal right; in respect of Banca Popolare di Cremona the Right to Sell was exercised in respect of 4,906 shares in aggregate, equal to 0.0146 per cent. in the share capital, for a price of € 7.50 per share and for an overall amount of € 36,795, also in this case no shareholder exercised its withdrawal right.

Therefore, in compliance with the merger plans and with the resolution of the Board of Directors of Banco Popolare dated 29 November 2011, Banco Popolare increased its share capital of € 474,498.15, by the issuance of 194,890 ordinary shares without nominal value, to be assigned to the shareholders of Cassa di Risparmio di Lucca Pisa Livorno (24,691 shares for an overall amount of € 60,115.32) and of Banca Popolare di Cremona (170,199 shares for an overall amount of € 414,382.83).

The mergers were effective from an accounting and tax perspective from 1 January 2011; on the contrary, the mergers are legally effective from 27 December 2011, when the merger deeds were registered at the relevant Companies Registries.

Banco Popolare Società Cooperativa is incorporated as a cooperative bank under enrolment number 03700430238 at the Register of Companies at the Chamber of Commerce of Verona and operates subject to Legislative Decree No. 385 of 1 September 1993 (as amended) (the “**Italian Banking Act**”).

Banco Popolare has its registered office and head office in Verona, Piazza Nogara 2, 37121, Italy, with telephone number +39 045 867 5537. The administrative and institutional functions are based in Verona.

### ***Banco Popolare core business***

The object of the Originator is to collect saving funds and issue loans and credit, in its various forms, for the benefit of both its shareholders and non-shareholders, inspired by the principles of cooperative credit (*credito cooperativo*). The Originator may undertake all banking, financial and insurance activities, transactions and services in compliance with applicable provisions of law and subject to the prior obtainment of prescribed authorisations, including the establishment and management of open or closed-end pension funds, and other activities permitted for credit institutions including bond issues, the extension of financing facilities governed by special laws, and the sale and purchase of corporate credit (factoring).

The Originator may undertake any other transaction that is instrumental or in any case connected to the achievement of its corporate object. In order to achieve its objectives, the Originator may join associations and consortia.

The Originator, in its capacity as bank exercising management and coordination control over the Banco Popolare Group, pursuant to Article 61, paragraph four, of Legislative Decree No. 385 of 1 September 1993, issues directives to the companies of the Group, including for the purpose of implementing instructions issued by Supervisory Authorities and in the interest of Group stability.

In its role as operative bank, Banco Popolare is organized according to a model based on territorial divisions operating in the traditional historical areas of presence and reference for local communities. In particular, the Territorial Divisions are fully integrated within the Banco Popolare as parent company and mainly correspond to the territories of the historical brands “Banca Popolare di Verona / S. Geminiano and S. Prospero”, “Banca Popolare di Lodi” / “Cassa di Lucca, Pisa, Livorno” and “Banca Popolare di Novara”, with this latter operating also in the whole central and southern Italy. Credito Bergamasco S.p.A. is part of the new business model as well, but it remains a distinct legal entity part of the Group.

Banco Popolare is the operative parent company of the Banco Popolare Group, with functions of guidance, governance and control of the Group, and exercises the functions of direction and coordination.

In its role as parent company Banco Popolare performs, among others, the following functions:

- direction, coordination and control, by determining the strategic plans of the Group, the industrial and financial planning, the definition of the budget and the consolidated business plan, the organizational structure, the administration, accounting and management guidelines, the credit policies and the human resources management, the management and control of the risks arising from the Group’s activities of single business areas;
- treasury management, coordination and control of the management policies relating to the credit and debt account items of Banco Popolare itself and of the other Group’s companies, aimed at optimizing the fund available, identifying the funding operations and strategies for the Group, by means of transactions on the domestic and international markets, in addition to the protection of the liquidity need and its dynamics;

offering, directly or through its subsidiary companies, control, direction and support services over the activities of the Banco Popolare Group, with a view to facilitating the development of business and enable an effective customer service and, by optimizing operating costs, the pursuit of economies of scale and the best standard service level.

### ***Principal shareholders***

Italian law (Article 30 of the Italian Banking Act) limits the aggregate amount of ordinary shares that can be held by a shareholder in a cooperative bank to a maximum of 0.50 per cent. of the share capital. In the event that this threshold is exceeded, the relevant shareholder must sell the amount of shares in excess of such limit within one year of notice being given by Banco Popolare of the breach of this limit. However, higher limits apply to certain funds and other entities that invest in securities on behalf of groups of investors (*organismi d’investimento collettivo in valori mobiliari*).

In addition, pursuant to Article 120 of Italian Legislative Decree No. 58 of 24 February 1998, as amended, (the “**Italian Finance Act**”) shareholders who hold more than 2 per cent. of the share capital of a listed company are obliged to notify that company and the Italian regulator, CONSOB, of their holding.

As at 30 November 2012 (source: CONSOB), the shareholders holding, directly or indirectly, a stake of over 2 per cent. of the ordinary share capital of Banco Popolare are as follows:

	% of the Ordinary Shareholder Share Capital
Norges Bank	2.181
Dimensional Fund Advisor LP	2.001

### ***Corporate Governance System***

The corporate governance of Banco Popolare is based on a “traditional” corporate governance system based on a Board of Directors and a Board of Statutory Auditors<sup>1</sup>.

The Board of Directors governs the company’s management with the help of an Executive Director, the Chief Executive Officer and the Management Team, which includes a General Manager and Co-General Manager.

The Executive Committee, which is vested with a series of delegated powers in respect of the day-to-day operations, consists of six members, including by right the Chairman of the Board of Directors, the two Vice Chairman and the CEO. The remaining two members are chosen from among the Company’s executive directors.

The Board of Statutory Auditors is appointed by the Shareholders meetings based on a list of nominees. The nomination mechanism requires that the Chairman of the Board of Statutory Auditors be drawn from the minority list.

### ***Board of Directors***

The Board of Directors of Banco Popolare is currently composed of the following members:

<b>Office</b>	<b>Name</b>
Chairman	Carlo Fratta Pasini (*)
Vice Chairman	Guido Duccio Castellotti (*)
Vice Chairman	Maurizio Comoli (*)
Director	Alberto Bauli
Director	Angelo Benelli
Director	Pietro Buzzi
Director	Giovanni Francesco Curioni
Director	Gianni Filippa
Director	Andrea Guidi
Director	Maurizio Marino
Director	Enrico Perotti
Director	Gian Luca Rana
Director	Claudio Rangoni Machiavelli
Director	Fabio Ravanelli
Director	Sandro Veronesi

<sup>1</sup> On 26 November 2011, the Extraordinary and General Meeting of the Shareholders of Banco Popolare approved the amendments to its by-laws (*Statuto*) that enable the transition from the dualistic system of corporate governance (*i.e.*, Supervisory Board and Management Board) to the traditional corporate governance system based on a Board of Directors and a Board of Statutory Auditors.

<b>Office</b>	<b>Name</b>
Director	Cristina Zucchetti
Director	Vittorio Coda
C.E.O.	Pier Francesco Saviotti (*)
Director	Maurizio Faroni (*)
Director	Domenico De Angelis (*)
Director	Valter Lazzari
Director	Andrea Sironi
Director	Aldo Civaschi
Director	Tommaso Zanini

(\*) Member of the Executive Committee.

The business address of each member of the Board of Directors is Piazza Nogara No. 2, 37121 Verona, Italy.

### ***Board of Statutory Auditors***

The Board of Statutory Auditors is currently composed of the following members:

<b>Office</b>	<b>Name</b>
Chairman	Pietro Manzonetto
Standing Auditor	Giuliano Buffelli
Standing Auditor	Maurizio Calderini
Standing Auditor	Gabriele Camillo Erba
Standing Auditor	Alfonso Sonato
Alternate Auditor	Marco Bronzato
Alternate Auditor	Carlo Sella

The business address of each member of the Board of Statutory Auditors is Piazza Nogara No.2, 37121 Verona, Italy.

## Group Financial Highlights and Ratios

### Financial highlights

Shown below are the reclassified Group's main financial highlights extracted from the audited annual consolidated financial statements of the Originator for the year ended 31 December 2011 and 31 December 2010 (prepared in accordance with IFRS/IAS).

	31 Dec. 2011	31 Dec. 2010 (*)	Changes
		(millions of Euro)	
<b>Income statement figures</b>			
Financial margin .....	1,802.6	1,854.7	-2.8%
Net fee and commission income .....	1,273.4	1,266.8	0.5%
Operating income .....	3,816.6	3,719.0	2.6%
Operating expenses .....	2,406.6	2,448.9	-1.7%
Income (loss) from operations .....	1,410.0	1,270.1	11.0%
Income (loss) before tax from continuing operations .....	560.9	178.0	215.1%
Net income (loss) for the year .....	(2,257.3)	308.0	

(\*) The figures were reclassified in 2011 to comply with IFRS 5.

	31 Dec. 2011	31 Dec. 2010	Changes
		(millions of Euro)	
<b>Balance sheet figures</b>			
Total assets .....	134,126.7	135,155.7	-0.8%
Loans to customers (gross) .....	97,509.6	98,559.6	- 1.1%
Financial assets and hedging derivatives .....	19,425.2	17,726.3	9.6%
Shareholders' equity .....	9,037.4	11,527.5	-21.6%
<b>Customer financial assets</b>			
Direct deposits .....	100,200.0	104,523.7	-4.1%
Indirect deposits .....	64,396.7	76,235.9 (*)	-15.5%
– Assets management .....	26,511.1	31,444.6	-15.7%
– Mutual funds and Sicavs .....	7,137.6	9,205.2	-22.5%
– Securities and fund management .....	7,168.5	9,445.0	-24.1%
– Insurance policies .....	12,205.0	12,794.4	-4.6%
– Administrated assets .....	37,885.6	44,791.3	-15.4%
<b>Information on the organisation</b>			
Average number of employees and other staff(**) .....	19,280	19,872 (*)	—
Number of bank branches .....	2,092	2,119	—

(\*) Restated data for homogeneity comparison



(\*\*) Arithmetic average calculated on a monthly basis which does not include the Directors and Statutory Auditors of Group companies.

## Financial and economic ratios and other Group figures

Shown below are the Group's main financial ratios calculated on figures extracted from the audited annual consolidated financial statements of the Originator for the year ended 31 December 2011.

	31 Dec. 2011	31 Dec. 2010
<b>Profitability ratios (%)</b>		
ROE .....	-20.0%	2.7%
Financial margin / Operating income .....	47.2%	49.8%
Net fee and commission income / Operating .....	33.4%	34.0%
Operating expenses / Operating income .....	63.1%	65.9%
<b>Operational productivity figures (thousands of Euro)</b>		
Loans to customers (gross) per employee .....	5,057.6	4,959.7
Operating income per employee .....	198.0	187.2
Operating expenses per employee (*) .....	124.8	123.4
<b>Credit risk ratios (%)</b>		
Net doubtful loans / Loans to customers (net) .....	3.93%	3.05%
Net substandard loans / Loans to customers (net) .....	4.11%	4.59%
Net doubtful loans / Shareholders' equity .....	40.57%	24.98%

(\*) Arithmetic average calculated on a monthly basis which does not include the Directors and Statutory Auditors of Group companies.

## CREDITO BERGAMASCO S.p.A.

### *Overview*

Credito Bergamasco S.p.A. (“**Creberg**”) is a joint-stock company incorporated under Italian law, registered in the Company Register of Bergamo with tax code and VAT number No. 00218400166 and enrolled with the Register of banks under No 3336.5; the company belongs to the Banking Group Banco Popolare Group under registration number deed No. 5034.4 and is subject to supervision and coordination of Parent Bank Banco Popolare; it is also a member of the Interbank Guarantee Fund and of the Interbank Deposit Protection Fund.

Creberg head office and General Management is in Bergamo (Italy) – Largo Porta Nuova, 2.

Creberg, established in 1891, is a core subsidiary of the group Banco Popolare Group, acting in every sector of credit and financial brokerage and organised in specialised companies. Together with the standard activities of credit and customers’ funding, Creberg offers to its clients a full range of products and services like asset management, merchant banking, bankassurance and leasing.

During its over 100 year old history, the bank has been characterised by strong territorial roots and has reached considerable dimensions and an important role in the Italian bank system. Almost 90 per cent of Creberg’s branches are located in Lombardy. However the bank is also placed in other regions such as Piemonte, Liguria, Veneto, Emilia Romagna and Lazio.

Creberg’s shares, before quoted at Mercato Ristretto, have been listed on Borsa Italiana since 1994. Standard & Poor’s attributed to Creberg “BBB-” as long-term debt rating, and “A-3” as short term debt rating with negative credit watch of Creberg’s branches are located in Lombardy. However the bank is also placed in other regions such as Piemonte, Liguria, Veneto, Emilia Romagna and Lazio.

Creberg’s shares, before quoted at Mercato Ristretto, have been listed on Borsa Italiana since 1994. Standard & Poor’s attributed to Creberg “BBB-” as long-term debt rating, and “A-3” as short term debt rating with negative credit watch.

### *Creberg core business*

Creberg, whose customer base is made up of individuals and small-to-medium sized enterprises, operates as credit intermediary offering:

- granting of credit, such as current account credit lines, advances with recourse (*pro-solvendo*) advances against invoices, securities and goods, commercial and financial discount, loans, promissory loans, import and export loans, personal loans;
- raising and management of savings, such as the opening of current accounts and savings deposit accounts, execution of repurchase agreement transactions, issue of bonds and deposit certificates, the opening and administration of securities dossiers, collection of orders on securities and currencies; and
- collection and payment and electronic money services, such as transfer of funds in Italy and abroad, negotiation of bills, cheques and other payment instruments, issue and negotiation of credit and debit cards, installation and activation of POS terminals and supply of payment services for those active in commerce.

Creberg also places with customers the products and services provided by the Group companies and by other companies, within the scope of the following activities:

- parabanking, such as leasing and consumer credit;
- asset management such as mutual investment funds, SICAV, Hedge Funds and managed portfolios. In this regard it is pointed out that, as from 1 January 2005, Creberg – as part of a rationalisation of the Group activities – transferred the asset management business line to Banca Aletti & C. S.p.A., taking on the role of “placer” of the management of investment portfolios;

- merchant banking, export finance, forfeiting transactions, project finance and the creation of joint ventures, above all through advice services with solutions tailor-made to the customer's specific requirements or to the project specifications; and
- bankassurance such as pension funds, life and non life insurance products. For this purpose the Bank is enrolled in section D "Banks, Financial Intermediaries, Stock Brokerage Companies, Poste Italiane-Divisione Bancoposta" of the *Registro Unico Elettronico degli Intermediari Assicurativi e Riassicurativi (RUI)* (Electronic Register of Insurance and Reinsurance Intermediaries) with identification code no. D000107964.

Creberg has also delegated to Banco Popolare, the activity of managing the treasury and the own securities portfolio.

This traditional distribution system is also integrated by the Group's electronic services, such as internet banking and phone banking.

There were 302 branches in the Creberg network as at 31 December 2011.

### **Majority Shareholder**

Creberg's majority Shareholder is Banco Popolare Società Cooperativa.

### **Creberg financial highlights**

<i>(in millions Euro)</i>	<b>31/12/2011</b>	<b>31/12/2010</b>	<b>% chg</b>
<b><u>Balance sheet:</u></b>			
- Total assets	15.764,9	15.488,8	+1,8%
- Loans to customers (gross)	14.196,5	13.173,8	+7,8%
- Direct customer funds	12.298,5	10.883,0	+13,0%
- Indirect customer funds	10.806,1	10.745,1	+0,6%
- Shareholders' equity	1.381,5	1.360,1	+1,6%
<b><u>Income statement:</u></b>			
- Net interest , dividend and similar income	365,7	350,0	+4,5%
- Net commission income	200,4	190,9	+5,0%
- Total income	573,5	549,6	+4,4%
- Operating costs	(282,0)	(273,6)	+3,1%
- Profit from operations	291,5	276,0	+5,6%
- Income before tax from continuing operations	165,7	150,7	+9,9%
- Net profit	106,3	97,8	+8,7%
<b><u>Operational structure:</u></b>			
- Number of employees	2.052	1.984	
- Bank branches	302	251	

### ***Board of Directors***

The Bank's Board of Directors consists of the following members:

Chairman:	Cesare Zonca
Deputy Vice Chairmans:	Mario Ratti
	Carlo Fratta Pasini
CEO:	Bruno Pezzoni
Directors:	Giuseppe Ambrosi
	Vittorio Armani
	Massimo Cincera
	Giovanni Dotti
	Maurizio Faroni
	Enrico Fusi
	Giacomo Gnutti
	Romolo Lombardini
	Paolo Longhi
	Alberto Motta
	Claudia Rossi
	Monica Santini

### ***Board of Statutory Auditors***

The members of the Board of Statutory Auditors are:

Chairman:	Giovanni Tantini
Standing Auditors:	Fabio Bombardieri
	Paolo Moro
	Renato Salerno
	Antonio Zini
Alternate Auditors:	Enrico Locatelli
	Giuliano Longhi

### ***Majority Shareholder***

Creberg's majority Shareholder is Banco Popolare Società Cooperativa

## THE CREDIT AND COLLECTION POLICIES

*Set out below is a summary of the main features of the credit and collection policies adopted by the Servicers for the granting and servicing of the Mortgage Loans. Prospective Noteholders may inspect a copy of the credit and collection policies upon request at the registered office of the Issuer, the Representative of the Noteholders and at the Specified Offices of the Principal Paying Agent. For a description of the Portfolios, see “The PortfolioS”. For a description of the obligations undertaken by the Servicers under the Servicing Agreement, see “The Servicing Agreement”. For a description of the representations and warranties given and the obligations undertaken by each of Banco Popolare and Creberg and under the Warranty and Indemnity Agreement, see “The Warranty and Indemnity Agreement”.*

### Credit policies

Mortgage Loans are entered into by each Originator as *mutui fondiari* and *mutui ordinari ipotecari*.

The Borrowers pay either a monthly, quarterly and semi-annually loan instalment by direct debit from their accounts, or by cash payment or by MAV.

The decision to enter into and advance a Mortgage Loan is taken at the appropriate decision-making level in the relevant Originator.

The relevant Originator’s internal rules call for a maximum loan amount of 80 per cent. with reference to “*mutui residenziali*” of the property value (unless the borrower provides the relevant Originator with further guarantees) and a mortgage over real estate properties (which is first ranking in an economic sense) double than the loan amount.

After the approval, the preparation of the documentation and the conclusion of the Mortgage Loans are delegated to the Special Credits Back Office Department (*Funzione Back Office Crediti Speciali*), which:

- enter the transaction in the internal mortgage procedure;
- appoint a surveyor to value the property;
- verify that the property insurance is in favour of the relevant Originator;
- prepare the minutes of the mortgage loan;
- check property documentation received by the notary; and
- allow mortgage loans improvement through the mortgage procedure system.

Once the notary stipulates the mortgage agreement, relevant documents are sent to the Special Credits Back Office Department that stores them.

The Special Credits Back Office Department, based on the necessary feasibility analyses and in compliance with the applicable credit/authorization decision, is also responsible for:

- waiver of economic conditions;
- issuance of specific certifications requested by the borrowers, in particular the certifications concerning the amount of interest to be paid/expenses sustained;
- pre-payment of the Mortgage Loans, which involves the reduction to nil of the outstanding balance of the loan and is often accompanied by a request for the release of the Mortgage;
- preparation of amendments and other acts ancillary to the Mortgage Loans Agreements, such as:
  - the extension of the Mortgage Loan, following a restructuring of the transaction or an extension of payments;

- the taking over (*accollo*) of the loan, customarily requested by the purchaser of the Real Estate Asset, as a method to pay part of the purchase price;
- the reduction/cancellation of the Mortgage, or the partial or total release of the Mortgage; and
- any request made to the insurance companies for the release of the *vincolo* on the insurance policies.

### Collection policies

The payment of each instalment is notified, in advance, to the director of the branch where the borrower's account is held, who will then verify the presence of the funds in the client's current account.

In relation to the Mortgage Loans, a report detailing the missing payments is available to the director of the branch. It is therefore the responsibility of the director of the branch to contact the client in order to verify the reasons for the missed or partial payment.

#### *After missing a payment:*

the debtors have three days to make the payment. If the payment is done within such period, default interest will not be applied. Nevertheless, the customer will be debited for value date as per the day on which the instalment was initially due.

As of the fourth day following the missing payment, default interest contractually set out starts to accrue from the instalment due date, subject to the thresholds set out by the provisions governing usury. The "usury" interest rate is defined by a decree of the Ministry for Economy and Finance quarterly.

In case of an enforcement proceeding (*procedura esecutiva*) (either for bankruptcy or as an individual proceeding), the priority of the mortgage is, subject to the mortgage annotation having been made also *vis-à-vis* interests, extended to the agreed interest rates (set out in the mortgage agreement) relating to two years prior and to the year current to the date of the enforcement and/or seizure (article 2855 of the Italian civil code and articles 54 and 55 of the Bankruptcy Law). With reference to the following years, and up to the sale date, the priority is extended to legal interests as set out by law (article 1284 of the Civil Code).

Insofar as the whole principal is not declared delinquent (further to a rescission of the agreement), any arrear interest will accrue exclusively on the overdue, unpaid, instalments (principal + interests). Then, interests accrue on the totality of the delinquent amount (overdue, unpaid, instalments and delinquent principal). As a consequence, once the client is in litigation, there is no accounting difference between the overdue, unpaid, instalments and the mortgage principal).

The centralized system of the Group Special Credits Department periodically sends notifications to the debtors for each instalment due but not paid. These automatic notifications are sent the last business day of the same month the instalment is overdue as long as the instalment date is at least three working days prior to the end of the month; otherwise notifications will be sent the last working day of the month following the instalment overdue date.

At the same time the branch manager or personnel of *Area Affari* contacts either by phone or in person the client appearing in default.

At the beginning of the third quarter 2009 Banco Popolare Banking Group introduced a new process for delinquency management: monitoring of the loans begins at the first unpaid instalment, the activity is supported by specific software, direct contact with borrowers, use of contact centre or other credit collection company.

In support of credit monitoring activity an internal software called "Gestione Andamentale" is also available; this is able to grab credit quality information such as internal rating score, credit position

control and other flows of information. In case certain pre-determined anomaly levels are exceeded, the system opens an automatic proposal of delinquency.

Bank of Italy's regulations (*Manuale della Matrice dei Conti*) set out that Claims to be switched to delinquency only in specified cases as at the point B.2 of the "Avvertenze Generali" of the "Manuale della Matrice dei Conti" ("Incagli Oggettivi"). In addition to the rules specified by the regulator, Banco Popolare adopted the following automatic classification for delinquent position:

- credit classified for two consecutive months as "problematic claims" and with all indicators still in the alarm situations
- if (i) mortgages loans which have nine instalments in arrears (if monthly payment) and 240 days of arrears or (ii) unsecured loans which have six instalments in arrears and 150 days of arrears

The term "Delinquent Receivable" (*Incaglio*) identifies a temporary difficult situation for the borrower that requires the bank to be particularly careful in managing the matter and to evaluate the risks associated with the exposure.

As soon as the above-mentioned difficulties will be considered as definitive and no longer temporary, the position will be classified as non-performing and transferred to the Credit Recovery Department (Servizio Recupero Crediti) in order to commence any necessary legal action for the recovery of the amount due. However, in case prejudicial events arise, the client's position will be immediately catalogued as non-performing.

Delinquency positions in relation to loans with approved amount not exceeding a fixed amount will be managed directly by the Areas (*Aree Affari*), positions with amount exceeding that fixed amount are managed by the Deteriorated and Problematic Loans Department (*Funzione Credito Problematico e Deteriorato*) located in the relevant Areas.

The Delinquent Loans Department (*Funzione Incagli*) will be responsible for the evaluation of alternative routes whereby the defaulting client may go back to being *in bonis*. In particular, one of the following alternatives will be proposed to the borrower:

- (i) immediate payment of the expired instalments;
- (ii) an amortizing schedule plan for the expired instalments previously approved by one of the decision-making committees;
- (iii) an amortizing schedule plan for the expired instalments with the cancellation of the deferred interest. The bank will continue to charge interest at the rate established in the contract on the amount in arrears; and
- (iv) finally Banco Popolare can propose the restructuring of the Mortgage Loan.

The Delinquent Loans Department (*Funzione Incagli*) will also seek the support of contact center and recovery firms in the contest of GE.MO. (Gestione Morosità), already enable in the preview phases.

The Delinquent Loans Department (*Funzione Incagli*) analytically forecasts, for each Mortgage Loan, the potential loss each time a debtor is unable to fulfil its own financial obligations. The authorized office will approve the decision regarding the loss forecasts on the basis of delegated powers.

Sometimes, depending on the amount of the debt, Banco Popolare, through the Delinquent Loans Department decides upon the update of the property valuation.

On average, delinquent positions remains in charge of the Delinquent Loans Department for so long as a strategy to solve the problem is implemented (normally within 12 months).

In the event that the client accepts one of the proposals, the Delinquent Loans Department will verify that the client fulfils its financial obligations before the relevant decision making board authorizes the transfer/"return" to *in bonis*.

In the event that:

- the client refuses to accept the proposals of the Delinquent Loans Department; or
- the relevant Originator doubts the debtor's ability to fulfil its obligations,

the Delinquent Loans Department will declare the position overdue, as of this moment the debtor is notified to the *centrale dei rischi* of Bank of Italy.

At this moment the position is managed by the Credit Recovery Department (Servizio Recupero Crediti)

The first act of the recovery procedure consists in sending a letter to the debtor suggesting an out of court settlement of the transaction. Then a writ of enforcement (*precetto*) will be notified. In this notification the debtor will be asked to settle the debt within 10 days.

Credit Recovery Department will explore every possibility for obtaining an out of court settlement. Credit Recovery Department and its competent bodies, with the cooperation of professional and experienced external legal advisers (who are mandated to carry out the enforcement activities at minimum charges), will contact the client, the client's legal advisers, and any possible guarantors so as to be able to obtain an out of court settlement of the litigation.

Thereafter, the debtor is notified of the seizure (such notification is to be received within 90 days of the enforcement writ). The borrower may not be classified as *in bonis*.

All banks may access the information contained in the central database and verify any enforcement proceeding laid *vis-à-vis* the borrower.



## COMPLIANCE WITH ARTICLE 122A OF THE CRD

In the Subscription Agreements, each of the Originators has undertaken to the Issuer and the Initial Notes Subscribers that it will (i) retain, on an ongoing basis, a material net economic interest in the Transaction of not less than 5% as referred to in 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 (the "**Capital Requirements Directive**" or the "**CRD**"), and (ii)(a) comply with the requirements from time to time applicable to originators set forth in article 122a of the Capital Requirements Directive ("**Article 122a**") and (b) provide (or cause to be provided) all information to the Initial Class A Notes Subscribers that is required to enable the Initial Class A Notes Subscribers to comply with Article 122a.

In particular, under the Subscription Agreements, each of the Originators has undertaken to the Issuer and the Initial Notes Subscribers that any of such information:

- (a) on the Issue Date, will be included in the following sections of this Prospectus "*The Portfolios*", "*Risk Factors*", "*Transaction Summary*", "*Credit and Collection Policy and Recovery Procedures*", "*Description of the Servicing Agreement*" and "*Description of the Representation and Warranties Agreement*"; and
- (b) following the Issue Date, on a quarterly basis, will:
  - (i) on each Investors' Report Date, be included in the Investors Report issued by the Computation Agent, which will (a) contain, *inter alia*, (i) statistics on prepayments, Impaired Claims, Defaulted Claims, Late Payments 30 Claims, Late Payments 60 Claims and Late Payments 90 Claims; (ii) details relating to repurchases of Claims by the Servicers pursuant to the terms of the Servicing Agreement, (iii) details (provided, where relevant by the Computation Agent) with respect to the Interest Rate, Interest Amount, Principal Amount Outstanding of the Notes, principal payments on the Notes and other payments made by the Issuer, and (iv) information on the material net economic interest (of at least 5%) in the Securitisation maintained by the Originator in accordance with option (d) of Article 122a or any permitted alternative method thereafter; (b) be generally available to the Initial Notes Subscribers and prospective investors at the offices of the Principal Paying Agent and on the Computation Agent's web site being, as at the date hereof, [www.gctabsreporting.bnpparibas.com](http://www.gctabsreporting.bnpparibas.com);
  - (ii) with reference to loan by loan information regarding each Mortgage Loan included in the Portfolios, be made available, upon request, on a password protected website;
  - (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, will be provided, upon request, by each of the Originators.

Under the Subscription Agreements, each of the Originators 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 ISSUER'S BANK ACCOUNTS

Pursuant to the terms of the Agency and Accounts Agreement, the Issuer has opened with:

- (a) the Interim Account Bank the following accounts:
  - (i) a euro-denominated current account into which, *inter alia*, the Servicer of the Banco Popolare Portfolio will be required to deposit all the Collections as they are collected in accordance with the Servicing Agreement (the “**Banco Popolare Interim Account**”);
  - (ii) a euro-denominated current account into which, *inter alia*, the Servicer of the Creberg Portfolio will be required to deposit all the Collections as they are collected in accordance with the Servicing Agreement (the “**Creberg Interim Account**”);
  - (iii) a euro-denominated current account into which the Issuer will deposit € 50,000 (the “**Retention Amount**”) on the Issue Date (the “**Expenses Account**” and, together with the Interim Accounts, the “**Guaranteed Accounts**” and any one of them, the “**Guaranteed Account**”). The Expenses Account will then be replenished on each Interest Payment Date, in accordance with the Pre-Enforcement Priority of Payments and subject to the availability of sufficient Issuer Available Funds, up to the Retention Amount and such amount will be applied by the Issuer to pay all fees, costs, expenses and taxes required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation;
- (b) the Principal Paying Agent, a euro-denominated current account into which, *inter alia*, (i) on the Business Day immediately preceding each Interest Payment Date the Issuer will be required to transfer from the other Transaction Accounts the amounts necessary to make the payments due in accordance with the applicable Priority of Payments (the “**Payments Account**”);
- (c) the Transaction Bank, the following accounts:
  - (i) a euro-denominated account with respect to the Claims (the “**Collection Account**”) into which the Interim Account Bank will be required to transfer, on a daily basis, the balance standing to the credit of the Interim Accounts;
  - (ii) a euro-denominated current account into which the Issuer will be required to deposit, *inter alia*, (i) on the Issue Date, € 60,000,000.00 (sixty million), being the amount to be drawdown by the Issuer under the Subordinated Loan Agreement, plus €4,000,000.00 (four million), being equal to a portion of the aggregate amounts collected under the Mortgage Loans between the Valuation Date (included) and the Signing Date (but excluding those collections constituting repayment of principal and prepayments); and (iii) on each Interest Payment Date, in accordance with the Pre-Enforcement Priority of Payments and subject to the availability of sufficient Issuer Available Funds, the amount necessary (if any) to replenish it so that the balance of the Cash Reserve Account equals the Target Cash Reserve Amount (the “**Cash Reserve Account**” and, together with the Collection Account the “**Transaction Accounts**” and, any one of them, the “**Transaction Account**” and, together with the Guaranteed Accounts and the Payments Account, the “**Accounts**” and any one of them, the “**Account**”).

In accordance with the Securitisation Law, the Issuer has been established as a special purpose vehicle for the purposes of issuing asset-backed securities. The sums standing from time to time to the credit of such bank accounts will not be available to the Issuer Creditors because, pursuant to the Securitisation Law, the assets relating to each securitisation transaction will constitute assets segregated for all purposes from the assets of the Issuer and from the assets relating to other securitisation transactions. The assets relating to a particular securitisation transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to the general creditors of the Issuer.

The Issuer has also opened with Deutsche Bank S.p.A. a euro-denominated account (the “**Equity Capital Account**”) into which the sum representing 100 *per cent.* of the Issuer’s equity capital (equal to € 12,000) has been deposited and will remain deposited therein for so long as all notes issued (including the Previous Securitisations Notes) or to be issued by the Issuer (including the Notes) have been paid in full.

If the Transaction Bank ceases to be: (i) in case of Banco Popolare, an Eligible Transaction Bank; or (ii) in case of any successor of Banco Popolare, an Eligible Institution,

- (a) the Transaction Bank will notify the Issuer, the Representative of the Noteholders and the Rating Agencies thereof and will act on a best effort basis in order to, by no later than 20 (twenty) calendar days’ from the date on which the relevant downgrading occurs, select a leading bank:
  - (i) approved by the Representative of the Noteholders and by the Issuer; and
  - (ii) which is an Eligible Institution, willing to act as successor Transaction Bank thereunder; and
- (b) the Issuer will, by no later than 30 (thirty) calendar days’ from the date on which the relevant downgrading occurs,
  - (i) appoint that bank specified above as successor Transaction Bank (and will promptly after so doing notify the Representative of the Noteholders and the Rating Agencies thereof) which, on or before the replacement of the Transaction Bank, shall agree to become bound by the provisions of this Agreement, the Intercreditor Agreement and of any other agreement providing for, *mutatis mutandis*, the same obligations contained in this Agreement for the Transaction Bank;
  - (ii) open a replacement Collection Account, a replacement Cash Reserve Account and a replacement Expenses Account with the successor Transaction Bank specified in (a) above; and procure that a legal, valid and binding guarantee substantially in the form of the Deed of Charge is created thereon;
  - (iii) transfer the balance standing to the credit of, respectively, the Collection Account, the Cash Reserve Account and the Expenses Account (if opened in accordance with the Agency and Accounts Agreement) to the credit of each of the relevant replacement accounts set out above;
  - (iv) close the Collection Account, the Cash Reserve Account and the Expenses Account (if opened in accordance with the Agency and Accounts Agreement) once the steps under (i), (ii) and (iii) are completed; and
  - (v) terminate the appointment of the Transaction Bank (and will promptly after so doing notify the Representative of the Noteholders and the Rating Agencies thereof) once the steps under (i), (ii), (iii) and (iv) are completed,

provided that:

- (c) the administrative costs incurred with respect to the selection of a successor Transaction Bank (which, for the avoidance of doubt, shall not include any fees payable to, or costs and expenses of, the successor Transaction Bank) under (a) above and the transfer of funds referred under (b) above shall be borne by the replaced Transaction Bank; and
- (d) in case the successor Transaction Bank is not selected within the term under clause (a) above, the Issuer, with the cooperation of the Representative of the Noteholders, will select such successor Transaction Bank being an Eligible Institution.

If the Principal Paying Agent ceases to be an Eligible Institution,

- (a) the Principal Paying Agent will notify the Issuer, the Representative of the Noteholders and the Rating Agencies thereof and will act on a best effort basis in order to, by no later than 20 (twenty) calendar days' from the date on which the relevant downgrading occurs, select a leading bank:
  - (i) approved by the Representative of the Noteholders and by the Issuer; and
  - (ii) which is an Eligible Institution, willing to act as successor Principal Paying Agent thereunder; and
- (b) the Issuer will, by no later than 30 (thirty) calendar days' from the date on which the relevant downgrading occurs,
  - (i) appoint that bank specified above as successor Principal Paying Agent (and will promptly after so doing notify the Representative of the Noteholders and the Rating Agencies thereof) which, on or before the replacement of the Principal Paying Agent shall agree to become bound by the provisions of this Agreement, the Intercreditor Agreement and of any other relevant agreement providing for, mutatis mutandis, the same obligations contained in this Agreement for the Principal Paying Agent;
  - (ii) open a replacement Payments Account with the successor Principal Paying Agent specified in (a) above, and procure that a legal, valid and binding guarantee substantially in the form of the Deed of Pledge is created thereon;
  - (iii) transfer the balance standing to the credit of the Payments Account to the credit of the relevant replacement account set out above;
  - (iv) close the Payments Account once the steps under (i), (ii) and (iii) are completed; and
  - (v) terminate the appointment of the Principal Paying Agent (and will promptly after so doing notify the Representative of the Noteholders and the Rating Agency thereof) once the steps under (i), (ii), (iii) and (iv) are completed,

provided that:

- (c) the administrative costs incurred with respect to the selection of a successor Principal Paying Agent (which, for the avoidance of doubt, shall not include any fees payable to, or costs and expenses of, the successor Principal Paying Agent) under (a) above and the transfer of funds referred under (b) above shall be borne by the replaced Principal Paying Agent; and
- (d) in case the successor Principal Paying Agent is not selected within the term under clause (a) above, the Issuer, with the cooperation of the Representative of the Noteholders, will select such successor Principal Paying Agent being an Eligible Institution.

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes (the “**Conditions**”).

The € 2,585,300,000.00 Class A - 2012 Mortgage-Backed Floating Rate Notes due 2058 (the “**Class A Notes**”) and the € 1,216,618,000.00 Class B – 2012 Mortgage-Backed Notes due 2058 (the “**Junior Notes**” and, together with the Class A Notes, the “**Notes**”) will be issued by BPL Mortgages S.r.l. (the “**Issuer**”) on 21 December 2012 (the “**Issue Date**”) in order to finance the purchase of the Claims (as defined below). The Issuer is a company incorporated with limited liability under the laws of the Republic of Italy in accordance with the Securitisation Law, having its registered office at via Alfieri, 1, 31015 Conegliano (Treviso), Italy. The Issuer is enrolled in the register of the special purpose vehicles held by Bank of Italy pursuant to the Bank of Italy’s regulation dated 29 April 2011 with No. 33259.3 and in the companies’ register held in Treviso under number 04078130269.

Pursuant to the terms of two transfer agreements dated 7 December 2012 (the “**Signing Date**”) between, respectively, the Issuer and Banco Popolare (the “**Banco Popolare First Transfer Agreement**”) and between the Issuer and Creberg (the “**Creberg First Transfer Agreement**” and, together with the Banco Popolare First Transfer Agreement, the “**First Transfer Agreements**”), the Issuer acquired from the Originators without recourse (*pro soluto*):

- (A) the monetary claims (the “**First Banco Popolare Claims**”) and other connected rights arising out of a portfolio consisting of residential mortgage loans which qualify either as *mutui fondiari* or as *mutui ipotecari* (the “**First Banco Popolare Mortgage Loans**”) owed to Banco Popolare (the “**First Banco Popolare Portfolio**”); and
- (B) the monetary claims (the “**First Creberg Claims**”) and other connected rights arising out of a portfolio consisting of residential mortgage loans which qualify either as *mutui fondiari* or as *mutui ipotecari* (the “**Creberg Mortgage Loans**”) owed to Creberg (the “**First Creberg Portfolio**” and, together with the First Banco Popolare Mortgage Loans (the “**First Mortgage Loans**”).

The First Banco Popolare Claims and the First Creberg Claims are collectively referred to as the “**First Claims**” and the First Banco Popolare Portfolio and the First Creberg Portfolio are collectively referred to as the “**First Portfolios**”.

Subject to the terms of two transfer agreements to be entered into after the Issue Date between the Issuer and Banco Popolare (the “**Banco Popolare Subsequent Transfer Agreement**”) and between, respectively, the Issuer and Creberg (the “**Creberg Subsequent Transfer Agreement**” and, together with the Banco Popolare Subsequent Transfer Agreement, the “**Subsequent Transfer Agreements**”), the Originators may offer and the Issuer shall purchase from the Originators without recourse (*pro soluto*):

- (a) the monetary claims (the “**Additional Banco Popolare Claims**”) and other connected rights arising out of a portfolio consisting of residential mortgage loans which qualify either as *mutui fondiari* or as *mutui ipotecari* (the “**Additional Banco Popolare Mortgage Loans**” and, together with the First Banco Popolare Mortgage Loans, the “**Banco Popolare Mortgage Loans**”) owed to Banco Popolare (the “**Additional Banco Popolare Portfolio**” and, together with the First Banco Popolare Portfolio, the “**Banco Popolare Portfolios**”); and
- (b) the monetary claims (the “**Additional Creberg Claims**”) and other connected rights arising out of a portfolio consisting of residential mortgage loans which qualify either as *mutui fondiari* or as *mutui ipotecari* (the “**Additional Creberg Mortgage Loans**” and, (i) together with the First Creberg Mortgage Loans, the “**Creberg Mortgage Loans**” or (ii) together with the Additional Banco Popolare Mortgage Loans, the “**Additional Mortgage Loans**” and together with the First Mortgage Loans, the “**Mortgage Loans**”) owed to Creberg (the “**Additional Creberg Portfolio**” and, together with the First Creberg Portfolio, the “**Creberg Portfolios**”).

The Additional Banco Popolare Claims and the Additional Creberg Claims are collectively referred to as the “**Additional Claims**” and the Additional Banco Popolare Portfolio and the Additional Creberg Portfolio are collectively referred to as the “**Additional Portfolios**”.

The First Claims and the Additional Claims are collectively referred to as the “**Claims**” and the First Portfolios and the Additional Portfolios are collectively referred to as the “**Portfolios**”.

The Class A Notes and the Junior Notes will be issued on a partly paid basis, pursuant to the terms provided in Condition 2 (*Form, de nomination, title and Partly Paid Notes*). On the Issue Date the full Nominal Amount of the Notes will be issued and the respective Notes Initial Instalment Payments will be paid by the Class A Notes Subscribers and the Junior Notes Subscribers in accordance with the Conditions and the Subscription Agreements in order to fund the Initial Issue Price of the Notes.

Subject to and in accordance with the procedures set forth in Condition 2 (*Form, de nomination, title and Partly Paid Notes*), the Issuer may on any day up to (and including) four Business Days prior to the First Payment Date request each of the Initial Notes Subscribers to pay the Notes Further Instalment Payments in order to finance the purchase price of the Additional Portfolio assigned by such Initial Notes Subscriber (in its capacity as Originator) to the Issuer and thereby increasing the Principal Amount Outstanding of the Notes (the “**Notes Further Instalment Request**”). The Notes Further Instalment Request shall include the information specified in Condition 2 (*Form, de nomination, title and Partly Paid Notes*).

The payment of the purchase price of the First Claims to the Originators will be financed by, and will be limited recourse to, the Notes Initial Instalment Payments of the Notes on the Issue Date. The payment of the purchase price of the Additional Claims to the Originators will be financed by, and will be limited recourse to, the Notes Further Instalment Payments received on the Notes Increase Date from the Notes Subscriber which has assigned the relevant Additional Portfolio.

In any case the Notes Further Instalment Payments may be paid by the relevant Initial Notes Subscribers up to the Relevant Nominal Amount (subscribed on the Issue Date by such Initial Notes Subscriber) of each Class of Notes.

The Notes are subject to and with the benefit of an agency and accounts agreement (the “**Agency and Accounts Agreement**”) dated on or about the Issue Date between the Issuer, Banco Popolare as interim account bank (in such capacity, the “**Interim Account Bank**”, which expression includes any successor interim account bank appointed from time to time in respect of the Notes), BNP Paribas Securities Services S.A., Milan Branch, as principal paying agent, computation agent, agent bank and representative of the holders of the Notes (in such capacities, respectively, the “**Principal Paying Agent**”, the “**Computation Agent**”, the “**Agent Bank**”, which expressions include any successor principal paying agent, computation agent and agent bank respectively appointed from time to time in respect of the Notes, and the “**Representative of the Noteholders**”, which expression includes any successor or additional representative of the Noteholders appointed from time to time) and Banco Popolare, London Branch, as transaction bank (in such capacity, the “**Transaction Bank**”, which expression includes any successor transaction bank appointed from time to time in respect of the Notes and, together with the Principal Paying Agent, the Agent Bank, the Interim Account Bank and the Computation Agent, the “**Agents**”).

The Noteholders are deemed to have notice of and are bound by and shall have the benefit of, *inter alia*, the terms of the rules of the organisation of Noteholders (the “**Rules of the Organisation of Noteholders**”) which constitute an integral and essential part of these Conditions. The Rules of the Organisation of Noteholders are attached hereto as a schedule. The rights and powers of the Representative of the Noteholders and the Noteholders may be exercised only in accordance with the Rules of the Organisation of Noteholders.

Certain of the statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency and Accounts Agreement, the Intercreditor Agreement (as defined below) and the other Transaction Documents (as defined below). Any reference in these Conditions to a particular

Transaction Document is a reference to such Transaction Document as from time to time created and/or modified and/or supplemented in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so amended and/or modified and/or supplemented.

The holders of the Class A Notes (the “**Class A Noteholders**”) and the holders of the Junior Notes (the “**Junior Noteholders**” and, together with the Class A Noteholders, the “**Noteholders**” and each a “**Noteholder**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency and Accounts Agreement, the Rules of the Organisation of Noteholders, the Intercreditor Agreement and the other Transaction Documents applicable to them. Copies of the Agency and Accounts Agreement, the Rules of the Organisation of Noteholders, the Intercreditor Agreement and the other Transaction Documents are available for inspection during normal business hours by the Noteholders at the Specified Offices of the Representative of the Noteholders and the Principal Paying Agent.

The Issuer has published to prospective Noteholders the *prospetto informativo* required by article 2 of Italian law No. 130 of 30 April 1999 (*disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the “**Securitisation Law**”). Copies of the *prospetto informativo* will be available, upon request, to the holder of any Note during normal business hours at the Specified Office of the Representative of the Noteholders and the Principal Paying Agent.

Any references to a “**Class**” of Notes or a “**Class**” of Noteholders will be a reference to the Class A Notes or the Junior Notes, as the case may be, or to the respective holders thereof, respectively. References to “**Noteholders**” or to the “**holders**” of Notes are to the beneficial owners of the Notes.

The principal source of funds available to the Issuer for the payment of amounts due on the Notes will be collections and recoveries made in respect of the Claims. The Claims will be segregated from all other assets of the Issuer by operation of the Securitisation Law and, pursuant to the Intercreditor Agreement, 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 costs, fees and expenses due to the Other Issuer Creditors under the Transaction Documents and to pay any other creditor of the Issuer in respect of costs, liabilities, fees or expenses payable to any such other creditor in relation to the securitisation of the Claims by the Issuer through the issuance of the Notes (the “**Securitisation**”).

Each Servicer shall ensure the proper segregation of the Issuer’s accounting and property from its own activities and each Servicer, as “*soggetto incaricato della riscossione dei crediti e dei servizi di cassa e pagamento*” pursuant to article 2, paragraph 3 (c) and paragraph 6-bis of the Securitisation Law, shall be responsible for verifying that the transactions to be carried out in connection with the Securitisation comply with applicable laws and are consistent with the contents of this Prospectus.

Under the terms of the Mandate Agreement and the Intercreditor Agreement, the Issuer has, *inter alia*, granted a mandate to the Representative of the Noteholders, pursuant to which, *inter alia*, following service of an Issuer Acceleration Notice, the Representative of the Noteholders shall be authorised under article 1723, second paragraph, of the Italian civil code, to exercise, in the name of the Issuer but in the interest and for the benefit of the Noteholders and the Other Issuer Creditors, all the Issuer’s contractual rights arising out of the Transaction Documents to which the Issuer is a party and in respect of the Claims, including the right to sell them in whole or in part, in the interest of the Noteholders and the Other Issuer Creditors.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Transaction Documents applicable to them. In particular, each Noteholder, 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.

## 1. DEFINITIONS

(a) In these Conditions:

**“Accounts”** means, collectively, the Guaranteed Accounts and the Transaction Accounts and **“Account”** means any one of them;

**“Accumulation Date”** means, following the service of an Issuer Acceleration Notice, the earlier of: (i) each date on which the amount of the monies at any time available to the Issuer or to the Representative of the Noteholders for the payments to be made in accordance with the Post-Enforcement Priority of Payments shall be equal to at least 10 per cent. of the aggregate Principal Amount Outstanding of all Classes of Notes and (ii) each day falling 10 Business Days before the day that, but for the service of an Issuer Acceleration Notice, would have been an Interest Payment Date;

**“Administrative Servicer”** means Banco Popolare Soc. Coop., or any successor corporate servicer appointed from time to time in respect of this Securitisation;

**“Administrative Services Agreement”** means the agreement dated on or about the Issue Date between the Administrative Servicer, the Representative of the Noteholders and the Issuer;

**“Arrear Claims”** means those Claims (A) under which there is at least one Unpaid Instalment and (B) which are not classified as Defaulted Claims yet;

**“Banco Popolare”** means Banco Popolare Soc. Coop., or any permitted successor or assignee thereof;

**“Banco Popolare Claims”** has the meaning given to the term *“Crediti”* in the Banco Popolare Transfer Agreements, which term identifies the debt claims arising from the Banco Popolare Mortgage Loans comprised in the Banco Popolare Portfolios;

**“Banco Popolare Collection Policies”** means the servicing and collection policies of Banco Popolare set out in schedule 1 to the Banco Popolare Servicing Agreement;

**“Banco Popolare Collections”** means any monies from time to time paid, as of the relevant Valuation Date, in respect of the Banco Popolare Mortgage Loans and the related Banco Popolare Claims;

**“Banco Popolare Interim Account”** means a euro-denominated current account opened by the Issuer with the Interim Account Bank, as better identified in the Agency and Accounts Agreement, or any other account as may replace it in accordance with the Agency and Accounts Agreement;

**“Banco Popolare Mortgage Loans”** means, from time to time, the aggregate of the residential mortgage loans comprised in the Banco Popolare Portfolios, the Banco Popolare Claims in respect of which have been transferred to the Issuer in accordance with the Banco Popolare Transfer Agreements and **“Banco Popolare Mortgage Loan”** means any one of these;

**“Banco Popolare Portfolios”** means the aggregate of all Banco Popolare Mortgage Loans;

**“Banco Popolare Transfer Agreements”** means the transfer agreements executed between the Issuer and Banco Popolare in relation to the transfer of the First Banco Popolare Portfolio and the Additional Banco Popolare Portfolio;

**“Basic Terms Modification”** has the meaning given to it in the Rules of the Organisation of Noteholders;

**“BNPSS Milan Branch”** means BNP Paribas Securities Services S.A., a French *société anonyme* with capital stock of € 165,279,835, having its registered office at 3, Rue d’Antin, Paris, France, operating for the purpose hereof through its Milan branch offices at Via Ansperto, 5, 20123 Milan, Italy, registered with the companies’ register held in Milan at number



13449250151, fiscal code and VAT number 13449250151, enrolled in register of banks held by the Bank of Italy at number 5483;

**“Borrowers”** means, collectively, the borrowers under the Mortgage Loans and **“Borrower”** means any one of them;

**“Business Day”** means a day on which banks are open for business in Milan, Dublin and London and which is a TARGET Settlement Day;

**“Calculation Date”** means three Business Days prior to each Interest Payment Date;

**“Cancellation Date”** means the earlier of (i) the last Business Day in October 2060; (ii) the date when the Portfolio Outstanding Amount will have been reduced to zero; and (iii) the date when all the Claims then outstanding will have been entirely written off or sold by the Issuer (and the relevant purchase price is fully paid up), and in each of such circumstances the Issuer Available Funds have been fully applied in accordance with the applicable Priority of Payments);

**“Cash Reserve”** means the monies standing to the credit of the Cash Reserve Account at any given time;

**“Cash Reserve Account”** means a euro-denominated account opened by the Issuer with the Transaction Bank, as better identified in the Agency and Accounts Agreement;

**“Claims”** means, collectively, the Banco Popolare Claims and the Creberg Claims and **“Claim”** means any one of these;

**“Class A Notes Initial Instalment Payment”** has the meaning given in Condition 2 (e) (*Partly Paid Notes*);

**“Class A Notes Nominal Amount”** means Euro 2,585,300,000.00.

**“Class A Notes Subscription Agreement”** means the subscription agreement in respect of the Class A Notes dated on or about the Issue Date between the Initial Class A Notes Subscribers, the Issuer and the Representative of the Noteholders;

**“Class A Rate of Interest”** has the meaning given in Condition 6(c) (*Rate of interest on the Class A Notes*);

**“Class B Notes Nominal Amount”** means Euro 1,216,618,000.00.

**“Class of Notes Ratio”** means with respect to (i) the Class A Notes, 68% and (ii) with respect to the Junior Notes, 32%;

**“Clearstream, Luxembourg”** means Clearstream Banking, *société anonyme*;

**“Collection Account”** means a euro-denominated current account opened by the Issuer with the Transaction Bank, as better identified in the Agency and Accounts Agreement;

**“Collection Date”** means the 31 March, 30 June, 30 September and 31 December of each year;

**“Collection Period”** means (a) prior to the service of an Issuer Acceleration Notice, each trimester commencing on the first calendar day of January, April, July and October (included) of each year and ending on, respectively, the last calendar day of March, June, September and December (included) of each year until the full reimbursement of the Notes, being the first collection period the period commencing on the Valuation Date (included) and ending on 31 March 2013 (included), and (b) following the service of an Issuer Acceleration Notice, each period commencing on (but excluding) the last day of the preceding Collection Period and ending on (and including) the immediately following Accumulation Date.

**“Collection Policies”** means, collectively, the Banco Popolare Collection Policies and the Creberg Collection Policies;

**“Collections”** means, collectively, the Banco Popolare Collections and the Creberg Collections;

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

“**Corporate Servicer**” means Securitisation Services S.p.A. or any successor corporate servicer appointed from time to time in respect of this Securitisation;

“**Corporate Services Agreement**” means the agreement dated on or about the Issue Date between the Corporate Servicer, the Representative of the Noteholders and the Issuer;

“**Creberg**” means Credito Bergamasco S.p.A., or any permitted successor or assignee thereof;

“**Creberg Claims**” has the meaning given to the term “*Crediti*” in the Creberg Transfer Agreements, which term identifies the debt claims arising from the Creberg Mortgage Loans comprised in the Creberg Portfolios;

“**Creberg Collection Policies**” means the servicing and collection policies set out in schedule 1 to the Servicing Agreement;

“**Creberg Collections**” means any monies from time to time paid, as of the Valuation Date, in respect of the Creberg Mortgage Loans and the related Creberg Claims;

“**Creberg Interim Account**” means a euro-denominated current account opened by the Issuer with the Interim Account Bank, as better identified in the Agency and Accounts Agreement, or any other account as may replace it in accordance with the Agency and Accounts Agreement;

“**Creberg Mortgage Loans**” means, from time to time, the aggregate of the residential mortgage loans comprised in the Creberg Portfolios, the Creberg Claims in respect of which have been transferred to the Issuer in accordance with the Creberg Transfer Agreements and

“**Creberg Mortgage Loan**” means any one of these;

“**Creberg Portfolios**” means the aggregate of all Creberg Mortgage Loans;

“**Creberg Transfer Agreements**” means the transfer agreements between the Issuer and Creberg in relation to the transfer of the First Creberg Portfolio and the Additional Creberg Portfolio;

“***Crediti ad Incaglio***” means those Claims (A)(i) under which there are at least (I) 6 (six) Unpaid Instalments (in case of monthly payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (II) 3 (three) Unpaid Instalments (in case of two-monthly payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (III) 2 (two) Unpaid Instalments (in case of quarterly payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (IV) 1 (one) Unpaid Instalment (in case of semi-annual payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (V) 1 (one) Unpaid Instalment (in case of annual payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (ii) which are classified as delinquent (*crediti ad incaglio*) by the relevant Servicer on behalf of the Issuer in accordance with the Bank of Italy’s supervisory regulations and the relevant collection policies and (B) which are not yet classified as Defaulted Claims;

“***Crediti in Sofferenza***” means those Claims which are classified as such by the relevant Servicer on behalf of the Issuer in accordance with the regulation of the Bank of Italy and the relevant Collection Policies;

“**Cumulative Default Rate**” means the fraction, expressed as a percentage:

- (a) the numerator of which is represented by the Cumulative Defaults as at each Calculation Date; and
- (b) the denominator of which is represented by the Initial Portfolio Outstanding Amount;

**“Cumulative Defaults”** means, as at each Calculation Date, the sum of the Outstanding Principal of all Claims which have become Defaulted Claims as at the date on which they have become Defaulted Claims;

**“DBRS”** indica DBRS Ratings Limited;

**“Decree 239”** means Italian legislative decree No. 239 of 1 April 1996, as subsequently amended;

**“Decree 239 Withholding”** means any withholding or deduction for or on account of “*imposta sostitutiva*” under Decree 239;

**“Defaulted Claims”** means those Claims (A) under which there are at least (i) 7 (seven) Unpaid Instalments whether consecutive or otherwise (in case of monthly payment) or (ii) 4 (four) Unpaid Instalments whether consecutive or otherwise (in case of two-monthly payment) or (iii) 3 (three) Unpaid Instalments whether consecutive or otherwise (in case of quarterly payment) or (iv) 2 (two) Unpaid Instalments (in case of semi-annual payment) or (vi) 1 (one) Unpaid Instalment (in case of annual payment), or (B) are classified as *Crediti in Sofferenza* by the relevant Servicer.;

**“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 and having at least the following ratings:

- (a) with respect to Moody’s: at least "Baa3" by Moody’s in respect of the long-term rating; and
- (b) with respect to DBRS: (1) at least "BBB" by DBRS in respect of long-term debt public rating; or (2) if there is no such public rating, a private rating supplied by DBRS of at least "BBB". In the event of a depository institution which does not have a private rating nor a public rating from DBRS, then for DBRS the Eligible Institution will mean a depository institution which has the 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 "Baa2" by Moody’s;

or such other rating being compliant with the criteria established by DBRS and Moody’s from time to time;

**“Eligible Transaction Bank”** means any depository institution organised under the laws of any State which is a member of the European Union or of the United States and having at least the following ratings:

- (a) with respect to Moody’s: at least "Baa3" by Moody’s in respect of the long-term rating; and
- (b) with respect to DBRS: (1) at least "BBB" by DBRS in respect of long-term debt public rating; or (2) if there is no such public rating, a private rating supplied by DBRS of at least BBB;

or such other rating being compliant with the criteria established by DBRS and Moody’s from time to time.

**“English Deed of Charge and Assignment”** means the deed of charge and assignment to be executed on or around the Issue Date between the Issuer and the Representative of the Noteholders and governed by English law;

**“English Law Transaction Documents”** means the provisions of the Agency and Accounts Agreement which are governed by English law and the English Deed of Charge and Assignment;

**“Equity Capital Account”** means a euro-denominated deposit account opened with Deutsche Bank S.p.A. or any other account as may replace it in accordance with the Agency and Accounts Agreement into which the sum representing 100 per cent. of the Issuer’s equity capital (equal to € 12,000) has been deposited and will remain deposited therein for so long as all notes issued (including the Previous Securitisation Notes) or to be issued by the Issuer (including the Notes) have been paid in full;

**“EURIBOR”** means:

- (i) prior to the service of an Issuer Acceleration Notice and in respect of each Interest Period, the rate offered in the euro-zone inter-bank market for one-month deposits in euro (save that for the first Interest Period the rate will be obtained upon linear interpolation of the EURIBOR for five and six month deposits in euro) which appears on the Reuters-EuriborØ1 page or (A) such other page as may replace the Reuters-EuriborØ1 page on that service for the purpose of displaying such information or (B) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Representative of the Noteholders) as may replace the Reuters-EuriborØ1 page (the **“Screen Rate”**) at or about 11.00 a.m. (Brussels time) on the Interest Determination Date falling immediately before the beginning of such Interest Period; or
- (ii) following the service of an Issuer Acceleration Notice and in respect of each Interest Period, the rate offered in the euro-zone inter-bank market for deposits in euro applicable in respect of such Interest Period which appears on the Screen Rate nominated and notified by the Agent Bank for such purpose or, if necessary, the relevant linear interpolation, as determined by the Agent Bank in accordance with the Agency and Accounts Agreement at or about 11.00 a.m. (Brussels time) on the Interest Determination Date which falls immediately before the end of the relevant Interest Period; or
- (iii) if the Screen Rate is unavailable at such time for deposits in euro in respect of the relevant period, then the rate for any relevant period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded upwards) of the rates notified to the Agent Bank at its request by each of the Reference Banks as the rate at which deposits in euro in respect of the relevant period in a representative amount are offered by that Reference Bank to leading banks in the euro-zone inter-bank market at or about 11.00 a.m. (Brussels time) on the relevant Interest Determination Date; or
- (iv) if, at that time, the Screen Rate is unavailable and only two or three of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations; or
- (v) if, at that time, the Screen Rate is unavailable and only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the relevant rate shall be the rate in effect for the immediately preceding period to which one of sub-paragraphs (i) or (ii) above shall have applied;

**“Euro”** or **“euro”** or **“€”** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended;

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

**“Euro-zone”** means the region comprised of member states of the European Union that adopted

the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as subsequently amended.

**“Event of Default”** has the meaning given to it in Condition 10 (*Events of Default*);

**“Expenses Account”** means the euro-denominated current account opened by the Issuer with the Interim Account Bank, as better identified in the Agency and Accounts Agreement, or any other account as may replace it in accordance with the Agency and Accounts Agreement;

**“Extraordinary Resolution”** has the meaning given to it in the Rules of the Organisation of Noteholders;

**“Final Redemption Date”** means the Interest Payment Date immediately following the earlier of: (i) the date when the Portfolio Outstanding Amount will have been reduced to zero; and (ii) the date when all the Claims then outstanding will have been entirely written off by the Issuer;

**“Financial Institution”** means a bank, broker/dealer, insurance company, structured investment vehicle (SIV), or derivative product company;

**“Financing Banks”** means, collectively, Banco Popolare and Creberg in their capacities as financing banks under the Letter of Undertaking or any permitted successor or assignee thereof;

**“First Interest Payment Date”** means the Interest Payment Date falling on 30 April 2013.

**“Guaranteed Accounts”** means the Interim Accounts and the Expenses Account and any one of them, the **“Guaranteed Account”**;

**“Initial Portfolio Outstanding Amount”** means (i) before the transfer to the Issuer of the Additional Portfolios, the aggregate Outstanding Principal of all First Claims as at the relevant Valuation Date, being equal to € 2,500,933,984.30 and (ii) after the transfer of the Additional Portfolios the aggregate Outstanding Principal of all the Claims as at the relevant Valuation Date;

**“Initial Class A Notes Issue Price”** has the meaning given in Condition 2 (e) (*Partly Paid Notes*);

**“Initial Class A Notes Subscribers”** means Banco Popolare and Creberg.

**“Initial Junior Notes Issue Price”** has the meaning given in Condition 2 (e) (*Partly Paid Notes*);

**“Initial Junior Notes Subscribers”** means Banco Popolare and Creberg.

**“Initial Issue Price”** has the meaning given in Condition 2 (e) (*Partly Paid Notes*);

**“Initial Notes Subscriber”** means each of the Initial Class A Notes Subscribers and the Initial Junior Notes Subscribers;

**“Insolvent”** means, in respect of the Issuer, that:

- (a) the Issuer ceases or threatens to cease to carry on its business or a substantial part of its business;
- (b) the Issuer is deemed unable to pay its debts pursuant to or for the purposes of any applicable law; or
- (c) the Issuer becomes unable to pay its debts as they fall due;

**“Insurance Premia”** means the insurance premia paid by each of the Originators and which are due to the relevant Originator by the Issuer in accordance with the relevant Transfer Agreements;

**“Intercreditor Agreement”** means an intercreditor agreement dated on or about the Issue Date between the Issuer, the Noteholders (represented by the Representative of the Noteholders) and

the Other Issuer Creditors;

**“Interest Amount”** has the meaning given to it in Condition 6(e) (*Calculation of Interest Amounts*);

**“Interest Amount Arrears”** means the portion of the relevant Interest Amount for the Class A Notes, calculated pursuant to Condition 6(e) (*Calculation of Interest Amounts*), which remains unpaid on the relevant Interest Payment Date;

**“Interest Determination Date”** means:

- (a) prior to the service of an Issuer Acceleration Notice, in respect of each Interest Period, the date falling two TARGET Settlement Days prior to the Interest Payment Date at the beginning of such Interest Period;
- (b) following the service of an Issuer Acceleration Notice, in respect of each Interest Period, the Calculation Date immediately prior to the Interest Payment Date at the end of such Interest Period;

**“Interest Payment Date”** means (a) prior to the service of an Issuer Acceleration Notice, the 31 January, the 30 April, the 31 July and the 30 October of each calendar year (or, if any such date is not a Business Day, that date will be the first preceeding day that is a Business Day, being the first payment date the one falling on 30 April 2013) and (b) following the service of an Issuer Acceleration Notice, the day falling 10 Business Days after the Accumulation Date (if any) or any other day on which any payment is due to be made in accordance with the Post-Enforcement Priority of Payments, the Conditions and the Intercreditor Agreement;

**“Interest Period”** has the meaning given to it in Condition 6(a) (*Interest Payment Dates and Interest Periods*);

**“Interim Accounts”** means, collectively, the Banco Popolare Interim Account and the Creberg Interim Account and **“Interim Account”** means any one of them;

**“Irish Stock Exchange”** means the Irish Stock Exchange;

**“Issuer”** means BPL Mortgages S.r.l.;

**“Issuer Acceleration Notice”** has the meaning given to it in Condition 10(b) (*Consequence of service of an Issuer Acceleration Notice*);

**“Issuer Available Funds”** means:

- (i) as of each Calculation Date prior to the service of an Issuer Acceleration Notice, an amount equal to the sum of:
  - (a) the amount standing to the credit of the Collection Account and of the Payments Account as at the end of the Collection Period immediately preceding the relevant Calculation Date consisting of, *inter alia*:
    - (I) payment of interest and repayment of principal under the Mortgage Loans,
    - (II) any collections and/or recovery in respect of Defaulted Claims including any disposal proceeds deriving from the sale of any Defaulted Claims,
    - (III) any amount received by the Issuer under any of the Transaction Documents during the preceding Collection Period,
    - (IV) all amounts of interest accrued in respect of any of the Transaction Accounts and paid during the Collection Period immediately preceding such Calculation Date, and
  - (b) the Cash Reserve as at the relevant Calculation Date necessary to pay amounts due

under items from (First) to (Fourth) (included) of the Pre-Enforcement Priority of Payments in the event of a shortfall of the Issuer Available Funds in respect of such amounts on the relevant Interest Payment Date, provided that the Cash Reserve could be fully utilised (i) starting from the Interest Payment Date on which the Class A Notes are repaid in full, (ii) if by doing so the Class A Notes will be fully redeemed on that Interest Payment Date and (iii) on the earlier of (a) the Maturity Date and (b) the first Interest Payment Date on which the Post – Enforcement Priority of Payments applies;

- (c) any refund or repayment obtained by the Issuer from any tax authority in respect of the Claims, the Transaction Documents or, otherwise, the Securitisation during the immediately preceding Collection Period; and
  - (d) on each Calculation Date immediately preceding the Final Redemption Date and on any Calculation Date thereafter, the amount standing to the balance of the Expenses Account,
- (ii) as of each Calculation Date following the service of an Issuer Acceleration Notice, the aggregate of the amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims, the Note Security and the Issuer’s Rights under the Transaction Documents.

On any Interest Payment Date, the Issuer will apply the Issuer Available Funds, after making payments ranking in priority thereto, in accordance with the Pre-Enforcement Priority of Payments, in redemption of the Class A Notes up to the relevant Principal Amount Outstanding in accordance with the provisions of the Pre-Enforcement Priority of Payments and the Conditions.

**“Issuer Creditors”** means (i) the Noteholders (represented, as the case may be, by the Representative of the Noteholders); (ii) the Other Issuer Creditors; and (iii) any other third-party creditors in respect of any taxes, costs, fees, liabilities or expenses incurred by the Issuer in relation to the Securitisation;

**“Issuer Secured Creditors”** means the Noteholders, the Representative of the Noteholders, the Computation Agent, the Servicers, the Principal Paying Agent, the Agent Bank, the Interim Account Bank, the Initial Class A Notes Subscribers, the Transaction Bank, the Initial Junior Notes Subscribers, the Corporate Servicer, the Administrative Servicer, the Back-Up Servicer Facilitator, the Subordinated Loan Providers, Banco Popolare and Creberg (in respect of any monetary obligation due to them by the Issuer under the Letter of Undertaking, the relevant Transfer Agreements and the Warranty and Indemnity Agreement);

**“Issuer’s Rights”** means the Issuer’s right, title and interest in and to the Claims, any rights that the Issuer has acquired under the Transaction Documents and any other rights that the Issuer has acquired against the Originator, any Other Issuer Creditors (including any applicable guarantors or successors) or third parties for the benefit of the Noteholders in connection with the securitisation of the Claims;

**“Italian Deed of Pledge”** means a deed of pledge under Italian law executed on or about the Issue Date between the Issuer and the Representative of the Noteholders acting on its own behalf and on behalf of the other Issuer Secured Creditors;

**“Italian Law Transaction Documents”** means the Transfer Agreements, the Servicing Agreement, the Warranty and Indemnity Agreement, the Corporate Services Agreement, the Administrative Services Agreement, the Intercreditor Agreement, the Agency and Accounts Agreement (other than the provisions of the Agency and Accounts Agreement which are governed by English law), the Italian Deed of Pledge, the Mandate Agreement, the Shareholder’s Commitment, the Letter of Undertaking, the Class A Notes Subscription

Agreement, the Junior Notes Subscription Agreement, these Conditions and the Rules of the Organisation of Noteholders and the Subordinated Loan Agreement;

**“Junior Notes Initial Instalment Payment”** has the meaning given in Condition 2 (e) (*Partly Paid Notes*);

**“Junior Notes Remuneration”** means, on each Interest Payment Date:

- (a) prior to the service of an Issuer Acceleration Notice, the Issuer Available Funds to be applied on such Interest Payment Date minus all payments or provisions to be made under the Pre-Enforcement Priority of Payments under items (i) to (xii); or
- (b) following the service of an Issuer Acceleration Notice or in the event the Issuer opts for the early redemption of the Notes under Condition 7(c) (*Optional redemption of the Notes*) or Condition 7(d) (*Optional redemption for taxation, legal or regulatory reasons*), the Issuer Available Funds to be applied on such Interest Payment Date minus all payments or provisions to be made under the Post-Enforcement Priority of Payments under items (i) to (x);

**“Junior Notes Subscription Agreement”** means the subscription agreement in respect of the Junior Notes dated the Issue Date between the Initial Junior Notes Subscribers, the Issuer and the Representative of the Noteholders;

**“Letter of Undertaking”** means a letter of undertaking dated on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Financing Banks;

**“Local Business Day”** has the meaning given to it in Condition 8(c) (*Payments on Business Days*);

**“Mandate Agreement”** means a mandate agreement dated on or about the Issue Date between the Issuer and the Representative of the Noteholders;

**“Maturity Date”** has the meaning given to it in Condition 7(a) (*Final redemption*);

**“Meeting”** has the meaning given to it in the Rules of the Organisation of Noteholders;

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

**“Monte Titoli Account Holder”** means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System);

**“Moody's”** indica Moody's Italia S.r.l.;

**“Mortgage Loans”** means, collectively, the Banco Popolare Mortgage Loans and the Creberg Mortgage Loans and **“Mortgage Loan”** means any one of these;

**“Most Senior Class”** means, at any point in time:

- (a) the Class A Notes; or
- (b) if no Class A Notes are then outstanding, the Junior Notes;

**“Nominal Amount”** means the Class A Notes Nominal Amount or the Class B Notes Nominal Amount, as the case may be;

**“Note Security”** has the meaning given thereto in Condition 4 (*Note Security*);

**“Notes Further Instalment Request Date”** has the meaning given in Condition 2 (e) (*Partly Paid Notes*);

**“Notes Further Instalment Payment”** has the meaning given in Condition 2 (e) (*Partly Paid Notes*);



**“Notes Increase Date”** means the date on which the Principal Amount Outstanding of the Notes is increased in accordance with the terms of the Notes Subscription Agreements.

**“Notes Increase Notice”** has the meaning given in Condition 2 (e) (*Partly Paid Notes*);

**“Notes Initial Instalment Payments”** has the meaning given in Condition 2 (e) (*Partly Paid Notes*);

**“Organisation of Noteholders”** means the organisation of the Noteholders created by the issue and subscription of the Notes and regulated by the Rules of the Organisation of Noteholders attached hereto as a schedule;

**“Originators”** means, collectively, Banco Popolare and Creberg or any permitted successor or assignee thereof and **“Originator”** means any one of these;

**“Originator’s Claims”** means, collectively, the monetary claims that the relevant Originator may have from time to time against the Issuer under the relevant Transfer Agreements (other than in respect of the relevant Purchase Price) and the Warranty and Indemnity Agreement, and including, without limitation, the relevant Rateo Amounts, the relevant Insurance Premia, the interest on the relevant Purchase Price and all amounts due and payable to the relevant Originator for the repayment of any loan extended to the Issuer under clause 12.4 of the relevant Transfer Agreements and clause 6.4.3 of the Warranty and Indemnity Agreement;

**“Other Issuer Creditors”** means, collectively, the Representative of the Noteholders, Banco Popolare (in any capacity), Creberg (in any capacity), the Servicers, the Transaction Bank, the Initial Class A Notes Subscribers, the Corporate Servicer, the Administrative Servicer, the Interim Account Bank, the Computation Agent, the Principal Paying Agent, the Agent Bank, the Initial Junior Notes Subscribers and the Subordinated Loan Providers;

**“Outstanding Principal”** means, in respect of a Claim, the aggregate of the principal amount of the relevant Mortgage Loan from time to time;

**“Payments Account”** means a euro-denominated current account opened by the Issuer with the Principal Paying Agent, as better identified in the Agency and Accounts Agreement, or any other account as may replace it in accordance with the Agency and Accounts Agreement;

**“Portfolios”** means, collectively, the Banco Popolare Portfolios and the Creberg Portfolios;

**“Portfolio Outstanding Amount”** means, on each Interest Payment Date, the aggregate Outstanding Principal of all the Claims as at the end of the immediately preceding Collection Period;

**“Post-Enforcement Final Redemption Date”** means the earlier to occur between: (i) the date when the Notes are due for payment under Condition 7(c) (*Optional redemption of the Notes*) or Condition 7(d) (*Optional redemption for taxation, legal or regulatory reasons*) in the event that the Issuer opts for the early redemption of the Notes in accordance therewith, (ii) the date when the Portfolio Outstanding Amount will have been reduced to zero, and (iii) the date when all the Claims then outstanding will have been entirely written off by the Issuer;

**“Post-Enforcement Priority of Payments”** means the provisions relating to the order of priority of payments as set out in Condition 3(e) (*Post-Enforcement Priority of Payments*);

**“Pre-Enforcement Priority of Payments”** means the provisions relating to the order of priority of payments as set out in Condition 3(d) (*Pre-Enforcement Priority of Payments*);

**“Previous Securitisation”** means the securitisation transactions carried out by the Issuer in accordance with the Securitisation Law completed in June 2009;

**“Previous Securitisation Notes”** means the asset-backed notes issued in connection with the Previous Securitisation;

**“Previous Transaction Documents”** means the documents, deeds and agreements defined as “Transaction Documents” in the prospectus related to the Previous Securitisation;

**“Principal Amount Outstanding”** means, on any day, in relation to each Class, (i) the aggregate of the relevant Notes Initial Instalment Payments and of the Notes Further Instalment Payments made in respect thereof, minus (ii) the aggregate of all Principal Payments in respect of that Note which have become due and payable (and which have actually been paid) on or prior to that day.;

**“Principal Payments”** has the meaning given in Condition 7(e) (*Mandatory redemption of the Notes*);

**“Priority of Payments”** means, as the case may be, any of the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments;

**“Purchase Price”** has the meaning given to the term “*Prezzo di Acquisto*” in the relevant Transfer Agreement and **“Purchase Prices”** means the aggregate of the Purchase Price of each Transfer Agreement;

**“Rateo Amount”** has the meaning given to the term “*Ratei*” in the relevant Transfer Agreement and **“Rateo Amounts”** means the aggregate of the Rateo Amount of each Transfer Agreement;

**“Rating Agencies”** means Moody’s and DBRS;

**“Reference Banks”** means, initially, Barclays Bank PLC, Lloyds TSB Bank plc and HSBC Bank plc, each acting through its principal London office and, if the principal London office of any such bank is unable or unwilling to continue to act as a Reference Bank, the principal London office of such other bank as the Issuer shall appoint and as may be approved in writing by the Representative of the Noteholders to act in its place;

**“Relevant Clearing System”** means Euroclear and/or Clearstream, Luxembourg;

**“Relevant Date”** means, in respect of any payment in relation to the Notes, whichever is the later of:

- (a) the date on which the payment in question first becomes due; and
- (b) if the full amount payable has not been received by the Principal Paying Agent or the Representative of the Noteholders on or prior to such date, the date on which, the full amount having been so received, notice to that effect has been given to the Noteholders in accordance with Condition 17 (*Notices*);

**“Relevant Nominal Amount”** means: (i) in relation to the Class A Notes Nominal Amount, Euro 2,074,500,000.00 for Banco Popolare (equal to 80.24 per cent of the Class A Notes Nominal Amount) and Euro 510,800,000.00 for Creberg (equal to 19.76 per cent of the Class A Notes Nominal Amount); and (ii) in relation to the Class B Notes Nominal Amount, Euro 976,200,000.00 for Banco Popolare (equal to 80.24 per cent of the Class B Notes Nominal Amount) and Euro 240,418,000.00 for Creberg (equal to 19.76 per cent of the Class B Notes Nominal Amount);

**“Reporting Date”** means the date falling no later than seven Business Days immediately following the end of each preceding Collection Period, the first Reporting Date being 10 April 2013;

**“Retention Amount”** means the amount of € 50,000;

**“Secured Amounts”** means all the amounts due, owing or payable by the Issuer, whether present or future, actual or contingent, to the Noteholders under the Notes and the other Issuer Secured Creditors pursuant to the relevant Transaction Documents;

**“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;

**“Servicer Report”** means the report prepared and submitted by the relevant Servicer to on each Reporting Date in the form set out in the Servicing Agreement and containing information as to the relevant Portfolio and the relevant Collections in respect of the preceding Collection Period;

**“Servicers”** means, collectively, Banco Popolare and Creberg and **“Servicer”** means any one of these;

**“Servicer’s Advance”** means those amounts due to the relevant Servicer under clauses 3.8 and 12.5.4 of the Servicing Agreement;

**“Servicer’s Senior Reimbursements”** has the meaning ascribed to the term *Restituzioni Servicer Senior* in the Servicing Agreement;

**“Servicer’s Junior Reimbursements”** has the meaning ascribed to the term *Restituzioni Servicer Junior* in the Servicing Agreement;

**“Servicing Agreement”** means the servicing agreement dated the Signing Date between the Issuer and the Servicers;

**“Shareholder’s Commitment”** means the shareholder’s commitment in relation to the Issuer dated the Issue Date, between the Issuer, SVM Securitisation Vehicles Management S.r.l. and the Representative of the Noteholders;

**“Signing Date”** means 7 December 2012;

**“Specified Offices”** has the meaning given in Condition 17(d) (*Initial Specified Offices*);

**“Subordinated Loan”** means € 60,000,000.00 (sixty million);

**“Subordinated Loan Agreement”** means the subordinated loan agreement dated on or about the Issue Date between the Subordinated Loan Providers, the Representative of the Noteholders and the Issuer;

**“Subordinated Loan Providers”** means, collectively, Banco Popolare and Creberg or any permitted successor or assignee thereof and **“Subordinated Loan Provider”** means any one of these;

**“Subscription Agreements”** means, collectively, the Class A Notes Subscription Agreement and the Junior Notes Subscription Agreement.

**“Target Cash Reserve Amount”** means the amount equal to € 64,000,000 save that the Target Cash Reserve Amount will be reduced to zero in respect of the Interest Payment Date on which the Class A Notes are redeemed in full;

**“TARGET Settlement Day”** means any day on which the TARGET system is open;

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

**“Transaction Accounts”** means the Collection Account, the replacement Expenses Account (if opened with the Transaction Bank in accordance with the Agency and Accounts Agreement) and the Cash Reserve Account and **“Transaction Account”** means any one of them;

**“Transaction Documents”** means, collectively, the Italian Law Transaction Documents and the English Law Transaction Documents;

**“Transfer Agreements”** means, collectively, the Banco Popolare Transfer Agreements and the Creberg Transfer Agreements and **“Transfer Agreement”** means any one of these;

**“Unpaid Instalment”** means an instalment which, at a given date, is due but not fully paid and remains such for at least 30 calendar days, following the date on which it should have been paid under the terms of the relevant Mortgage Loan;

**“Valuation Date”** has the meaning ascribed to the term *“Data di Valutazione”* in each Transfer Agreement;

**“Warranty and Indemnity Agreement”** means a warranty and indemnity agreement dated the Signing Date between the Issuer and Originators; and

**“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 of such holders of Notes in accordance with the Rules of the Organisation of Noteholders, 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 Notes.

(b) In these Conditions, the following events are deemed to have occurred as set out below:

an **“Insolvency Event”** will have occurred in respect of the Issuer if:

- (i) the Issuer becomes subject to any applicable bankruptcy, liquidation, administration, receivership, insolvency, composition or reorganisation (among which, without limitation, *fallimento*, *liquidazione coatta amministrativa*, *concordato preventivo*, *accordi di ristrutturazione* and *amministrazione straordinaria*, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of the jurisdiction in which the Issuer is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, receivership, arrangement, adjustment, protection or relief of debtors) or similar proceedings or the whole or any substantial part of the undertaking or assets of the Issuer are subject to a *pignoramento* or similar procedure having a similar effect (other than any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are being disputed by the Issuer in good faith with a reasonable prospect of success;
  - (ii) an application for the commencement of any of the proceedings under (a) above is made in respect of or by the Issuer or the same proceedings are otherwise initiated against the Issuer or notice is given of intention to appoint an administrator in relation to the Issuer and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success;
  - (iii) the Issuer takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than the Issuer Secured Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or
  - (iv) an order is made or an effective resolution is passed for the winding-up, liquidation, administration or dissolution in any form of the Issuer (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2484 of the Italian civil code occurs with respect to the Issuer;
- (c) In this Conditions, the expressions (i) “relevant Originator”, (ii) “relevant Transfer Agreement”, (iii) “relevant Claims”, (vi) “relevant Mortgages Loans”, (vii) “relevant Borrowers”, (viii)

“relevant Portfolio”, indicate respectively: (a) Banco Popolare as originator of the Banco Popolare Portfolios or Creberg as originator of the Creberg Portfolios; (b) the Transfer Agreement or the Transfer Agreements, as the case may be, entered into by the relevant Originator; or; (c) the Banco Popolare Mortgages Loans or the Creberg Mortgages Loans; (d) the borrowers under the relevant Mortgages Loans; and (e) the Banco Popolare Portfolios or the Creberg Portfolios.

## 2. FORM, DENOMINATION, TITLE AND PARTLY PAID NOTES

### (a) Form

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

### (b) Denomination

The Senior Notes are issued in the denomination of € 100,000. The Junior Notes are issued in the denomination of € 1,000.

### (c) Title

The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entries in accordance with: (i) Article 83-bis of the Legislative Decree No. 58 of 24 February 1998 and (ii) Regulation jointly issued on 22 February 2008 by the Commissione Nazionale per le Società e la Borsa (“CONSOB”) and the Bank of Italy as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

### (d) Holder Absolute Owner

Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Representative of the Noteholders and the Principal Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the Monte Titoli Account Holder, whose account is at the relevant time credited with a Note, as the absolute owner of such Note for the purposes of payments to be made to the holder of such Note (whether or not the Note is overdue and notwithstanding any notice to the contrary, any notice of ownership or writing on the Note or any notice of any previous loss or theft of the Note) and shall not be liable for doing so.

### (e) Partly Paid Notes

#### (i) Partly Paid Notes

The Notes will be issued on a partly paid basis, pursuant to the terms provided for under this Condition 2 (*Form, denomination, title and partly paid notes*) and the Subscription Agreements and accordingly:

(a) on the Issue Date the following initial instalment payments will be made in respect of:

(i) the Class A Notes, Euro 1,701,300,000.00 (the “**Class A Notes Initial Instalment Payment**”), equal to 100% (one hundred per cent.) of the initial principal amount outstanding of the Class A Notes as of the Issue Date (hereinafter, the “**Initial Class A Issue Price**”);

(ii) the Junior Notes, Euro 800,618,000.00 (the “**Junior Notes Initial Instalment Payment**” and together with the Class A Notes Initial Instalment Payment, the “**Notes Initial Instalment**”

**Payments**”) equal to 100% (one hundred per cent.) of the initial principal amount outstanding of the Junior Notes as of the Issue Date (hereinafter, the “**Initial Junior Notes Issue Price**” and together with the Initial Class A Issue Price, the “**Initial Issue Price**”); and

- (b) following the Issue Date but no later than 4 (four) Business Days prior to the First Payment Date (each a “**Notes Further Instalment Request Date**”), each Initial Notes Subscriber may be requested to make one further instalment payment in respect of each Class of Notes held by it, bringing the relevant Principal Amount Outstanding up to an amount not exceeding the Relevant Nominal Amount (each such further instalment payment, a “**Notes Further Instalment Payment**”) to the purpose of financing the purchase price of the relevant Additional Portfolio assigned by such Initial Notes Subscriber in its capacity as Originator.

(ii) Notes Further Instalment Payments

The request by the Issuer for each Notes Further Instalment Payment (the “**Notes Further Instalment Request**”) shall be made by way of an irrevocable order of payment and shall be sent by the Issuer to the relevant Initial Notes Subscriber which has assigned, in its capacity as Originator, the relevant Additional Portfolio (with copy to the other Initial Notes Subscriber), via fax or via e-mail within the Notes Further Instalment Request Date by including the following information:

- (a) the Notes Further Instalment Payments to be paid by such Initial Notes Subscriber in respect of each relevant Class of Notes as calculated by the Computation Agent pursuant to clause 9.3 of the Agency and Accounts Agreement by allocating the purchase price of the Additional Portfolio sold by such Initial Notes Subscriber (in its capacity as Originator) among the Class A Notes and the Junior Notes, *pro rata* in accordance with the relevant Class of Notes Ratio;
- (b) confirmation that no Event of Default has occurred or arisen and is continuing; and
- (c) that payment of the Notes Further Instalment Payments in respect of relevant Class of Notes must be made by such Initial Notes Subscriber in the period from the receipt by it of the Notes Further Instalment Request until 1 (one) Business Day prior to the First Payment Date.

(iii) Notes Increase

Subject to:

- (a) receipt by the Initial Notes Subscriber (which has assigned (in its capacity as Originator) the relevant Additional Portfolio) of the relevant Notes Further Instalment Request, the relevant Subsequent Transfer Agreement duly signed by the parties thereto and evidence of the publication of the notice of the transfer of the relevant Additional Portfolio in the Official Gazette of the Republic of Italy and the registration of such transfer in the register of companies where the Issuer is enrolled, and
- (b) satisfaction of the conditions precedent under clause 9.2 of the Class A Subscription Agreement and clause 9.2 of the Junior Subscription

Agreement, and,

and within 1 (one) Business Day prior to the First Payment Date, such Initial Notes Subscriber shall pay the relevant Notes Further Instalment Payments by way of set-off against the purchase price of the relevant Additional Portfolio assigned by it, through delivery to the Issuer of a notice (the “**Notes Increase Notice**”), via fax or via e-mail, which shall include the following information:

- (c) confirmation from such Initial Notes Subscriber that all the conditions precedent to the payment of the relevant Notes Further Instalment Payments indicated under clause 9.2 of the Class A Subscription Agreement and clause 9.2 of the Junior Subscription Agreement are satisfied (and such confirmation shall be final and irrevocable evidence in such respect);
- (d) confirmation from such Initial Notes Subscriber that its obligation to pay to the Issuer the relevant Notes Further Instalment Payments is offset against the purchase price of the relevant Additional Portfolio to be paid by the Issuer to such Initial Notes Subscriber (in its capacity as Originator); and
- (e) instructions to the Principal Paying Agent to duly register the relevant Notes Further Instalment Payments with the Monte Titoli Account Holders for the account of such Notes Initial Subscriber as an increase in the relevant Principal Amount Outstanding of the relevant Class of Notes.

According to the provisions of the Subscription Agreements the effectiveness of each Notes Increase Notice shall be, pursuant to article 1353 of the Italian civil code, subject to the receipt by the Issuer within 1 (one) Business Day prior to the First Payment Date, of the other Notes Increase Notice signed by the other Initial Notes Subscriber in relation to the relevant Additional Portfolio. As consequence, should the Issuer not receive all the Notes Increase Notices within such timing, the transfer of all the Additional Portfolios shall be terminated pursuant to the relevant provisions of the relevant Transfer Agreements and no amounts shall be paid by the Issuer to the Initial Notes Subscribers (in their capacity as Originators) as considerations for the purchase price of the relevant Additional Portfolio and no amount shall be paid by the Initial Notes Subscribers to the Issuer as Notes Further Instalment Payments.

Upon receipt by the Issuer of the Notes Increase Notice duly signed by the Initial Notes Subscriber which has assigned, in its capacity as Originator, the relevant Additional Portfolio, the Issuer shall countersign such Notes Increase Notice as acceptance, and shall send such Notes Increase Notice, no later than the following Business Day of receipt, and in any case no later than 11:00 a.m. (Milan time) of the First Payment Date to the Principal Paying Agent, the Representative of the Noteholders, the relevant Initial Notes Subscriber (with copy to the other Initial Notes Subscriber) and the Rating Agencies.

Upon receipt by the Principal Paying Agent of the Notes Increase Notice duly signed by the Issuer and the relevant Initial Notes Subscriber, the Issuer shall procure that the Notes Further Instalment Payments are promptly (and in any case within the First Payment Date) registered by the Principal Paying Agent with the Monte Titoli Account Holders for the account of the Initial Notes Subscriber which has paid the relevant Notes Further Instalment Payments (such date, the “**Notes Increase Date**”).

It remains understood that (i) any Notes Further Instalment Payment may only be requested to the Initial Notes Subscribers and as far as they are the sole Noteholder of the relevant Class of Notes (and as a consequence, should the relevant Initial Notes Subscriber sell all or part of the Notes held by it before the Notes Increase Date no Further Instalment Payment may be requested by the Issuer), and (ii) no Notes Further Instalment Payment may be requested following the Notes Increase Date.

(iv) Crystallization of the Notes

If the Nominal Amount of each Class of Notes is not entirely paid within the Notes Increase Date, the lower amount paid up by each Noteholder in respect of the relevant Class of Notes until such date shall crystallize and, as a consequence, the amount of such Class of Notes which is not paid-up by the relevant Noteholder up to such date shall be cancelled, and no further amounts shall be due by the Noteholders in respect of such Class of Notes.

### 3. STATUS, RANKING AND PRIORITY

(a) **Status**

The Notes are limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Notes is limited to the share of the Issuer Available Funds available for such purpose in accordance with the applicable Priority of Payments. The Notes are secured over certain assets of the Issuer pursuant to the Note Security. The Noteholders acknowledge that the limited-recourse nature of the Notes produces the effects of a *contratto aleatorio* under Italian law and they accept the consequences thereof, including but not limited to, the provisions of article 1469 of the Italian civil code. The rights arising from the Note Security are included in each Note.

(b) **Ranking**

- (i) In respect of the obligations of the Issuer to pay interest on the Notes prior to the service of an Issuer Acceleration Notice:
  - (A) the Class A Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Junior Notes;
  - (B) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to the Class A Notes.
- (ii) In respect of the obligations of the Issuer to repay principal on the Notes, prior to the service of an Issuer Acceleration Notice:
  - (A) the Class A Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to payment of interest in respect of the Class A Notes and in priority to repayment of principal and interest on the Junior Notes;
  - (B) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to (A) payment of interest on the Class A Notes and (B), repayment of principal on the Class A Notes.
- (iii) In respect of the obligations of the Issuer (a) to pay interest and (b) to repay principal on the Notes following the service of an Issuer Acceleration Notice:
  - (A) the Class A Notes will rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes;



- (B) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to payment in full of all amounts due under the Class A Notes.
- (iv) The Intercreditor Agreement and the Rules of the Organisation of Noteholders provide that the Representative of the Noteholders shall have regard to the respective interests of all Noteholders in connection with the exercise of the powers, authorities, rights, duties and discretions 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 a conflict between the interests of the Class A Noteholders and the interests of the Junior Noteholders, the Representative of the Noteholders is required under the Intercreditor Agreement and the Rules of the Organisation of Noteholders to have regard only to the interests of the Class A Noteholders, until the Class A Notes have been entirely redeemed.
- (c) **Sole obligations**

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any other parties to the Transaction Documents.
- (d) **Pre-Enforcement Priority of Payments**

Prior to the service of an Issuer Acceleration Notice, the Issuer Available Funds as calculated on each Calculation Date will be applied by the Issuer on the Interest Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority (the “**Pre-Enforcement Priority of Payments**”) but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

  - (i) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
    - (A) any and all outstanding taxes due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs and to the extent not paid by Banco Popolare and Creberg under the Letter of Undertaking);
    - (B) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer’s business in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs and to the extent not paid by Banco Popolare and Creberg under the Letter of Undertaking);
    - (C) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or ratings of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs);
  - (ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
    - (A) any and all outstanding fees, costs and expenses of and all other amounts

due and payable to the Representative of the Noteholders, or any appointee thereof; and

- (B) the amount necessary to replenish the Expenses Account up to the Retention Amount;
- (iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses due and payable to, the Principal Paying Agent, the Agent Bank, the Computation Agent, the Back-up Servicer Facilitator, the Servicers (including any amount due to the Servicers as Servicer's Senior Reimbursements), the Corporate Servicer, the Administrative Servicer, the Interim Account Bank and the Transaction Bank, each, under the Transaction Document(s) to which it is a party;
- (iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class A Notes;
- (v) *fifth*, for so long as there are Class A Notes outstanding, to credit the Cash Reserve Account with the amount required, if any, such that the Cash Reserve equals the Target Cash Reserve Amount;
- (vi) *sixth*, on each Interest Payment Date, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class A Notes;
- (vii) *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to each of the Originators in respect of the relevant Rateo Amounts (if any) under the terms of the Transaction Documents;
- (viii) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest and principal due and payable to each of the Subordinated Loan Providers under the terms of the Subordinated Loan Agreement;
- (ix) *ninth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
  - (A) all amounts due and payable to each of the Originators in respect of the relevant Originator's Claims (if any) under the terms of the Transaction Documents;
  - (B) all amounts due and payable to each of the Servicers as (i) Servicer's Advance (if any) and/or (ii) Servicer's Junior Reimbursements, under the terms of the Servicing Agreement; and
  - (C) all amounts due and payable to Banco Popolare and Creberg in connection with the granting of a limited recourse loan under the Letter of Undertaking;
- (x) *tenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any Other Issuer Creditor incurred in the course of the Issuer's business in relation to this Securitisation

(other than amounts already provided for in this Pre-Enforcement Priority of Payments);

- (xi) *eleventh* in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of the Junior Notes is equal to € 50,000;
- (xii) *twelfth*, on the Final Redemption Date and on any Interest Payment Date thereafter, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Junior Notes are redeemed in full; and
- (xiii) *thirteenth*, up to but excluding the Final Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, of the Junior Notes Remuneration (if any) due and payable on the Junior Notes; and

provided, however, that, should the Computation Agent not receive within five Business Days from the relevant Reporting Date the Servicer Report necessary for it to prepare the Payments Report in respect of any Calculation Date, the Computation Agent shall promptly inform the Issuer, the Rating Agencies and the Representative of the Noteholders (the “**Servicer Report Delivery Failure Event**”).

On or prior to any such Calculation Date, based on the information available as of such date, the Computation Agent will calculate:

- (I) the interest payable in respect of the Class A Notes on the immediately following Interest Payment Date;
- (II) the fees payable to each Servicer on the immediately following Interest Payment Date pursuant to item (iii) of the Pre-Enforcement Interest Priority of Payments which shall be assumed to be equal to the amount specified in the last available Servicer Report; and
- (III) without duplication of (b) above, the payments (if any) to be made on the immediately following Interest Payment Date pursuant to items from (i) to (iv) of the Pre-Enforcement Interest Priority of Payments,

and, based on the information listed above, will compile a payments report in substantially the form attached hereto as schedule 5 to the Agency and Accounts Agreement (the “**Provisional Payments Report**”).

Following distribution of the Provisional Payments Report, the Computation Agent will promptly prepare an instruction for the payment of the amounts detailed in the relevant Provisional Payments Report to be submitted to the Issuer for authorisation purposes and to be forwarded to the Principal Paying Agent once signed by the Issuer.

On the Interest Payment Date immediately following the occurrence of a Servicer Report Delivery Failure Event all sums available to the Issuer after payment of all amounts due and payable from (i) to (iv) of the Pre-Enforcement Priority of Payments will be applied by the Issuer:

- (i) *first*, to the credit of the Cash Reserve Account the amount necessary to replenish it so that the Cash Reserve standing to the credit of the Cash Reserve Account equals the Target Cash Reserve Amount (if any); and
- (ii) *second*, to the credit of the Collection Account.

On the Calculation Date immediately following the Interest Payment Date on which a

Servicer Report Delivery Failure Event has occurred (the “**Partial Distribution Interest Payment Date**”), subject to receipt of the relevant Servicer Report, the Computation Agent will make any necessary adjustment to take into account any differences and/or discrepancies between (i) the amounts paid on the immediately preceding Partial Distribution Interest Payment Date on the basis of the Provisional Payments Report and (ii) the actual amounts that would have been due on such Interest Payment Date had the relevant Servicer Report been delivered.

(e) **Post-Enforcement Priority of Payments**

Following the service of an Issuer Acceleration Notice, or, in the event that the Issuer opts for the early redemption of the Notes under Condition 7(c) (*Optional redemption of the Notes*) or Condition 7(d) (*Optional redemption for taxation, legal or regulatory reasons*), the Issuer Available Funds as calculated on each Calculation Date will be applied by or on behalf of the Representative of the Noteholders on the Interest Payment Date immediately following such Calculation Date in making payments or provisions in the following order (the “**Post-Enforcement Priority of Payments**”) but, in each case, only if and to the extent that payments of a higher priority have been made in full:

- (i) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
  - (A) any and all outstanding taxes due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs and to the extent not paid by Banco Popolare and Creberg under the Letter of Undertaking);
  - (B) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer’s business in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs and to the extent not paid by Banco Popolare and Creberg under the Letter of Undertaking);
  - (C) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or ratings of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs);
- (ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
  - (A) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or ratings of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs); and
  - (B) any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof;
- (iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses

due and payable to, the Principal Paying Agent, the Agent Bank, the Computation Agent, the Back-up Servicer Facilitator, the Servicers (including any amount due to the Servicers as Servicer's Senior Reimbursements), the Corporate Servicer, the Administrative Servicer, the Interim Account Bank and the Transaction Bank, each, under the Transaction Document(s) to which it is a party;

- (iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class A Notes at such date;
- (v) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class A Notes;
- (vi) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to each of the Originators in respect of the relevant Rateo Amounts (if any) under the terms of the Transaction Documents;
- (vii) *seventh*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof:
  - (A) all amounts due and payable to each of the Originators in respect of the relevant Originator's Claims (if any) under the terms of the Transaction Documents;
  - (B) all amounts due and payable to each of the Servicers as (i) Servicer's Advance (if any) and/or (ii) Servicer's Junior Reimbursements, under the terms of the Servicing Agreement; and
  - (C) all amounts due and payable to Banco Popolare and Creberg in connection with the granting of a limited recourse loan under the Letter of Undertaking;
- (viii) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest and principal due and payable to each of the Subordinated Loan Providers under the terms of the Subordinated Loan Agreement;
- (ix) *ninth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of the Junior Notes is equal to € 50,000;
- (x) *tenth*, on the Post-Enforcement Final Redemption Date and on any date thereafter, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Junior Notes are redeemed in full; and
- (xi) *eleventh*, up to but excluding the Post-Enforcement Final Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of the Junior Notes Remuneration at such date,

provided, however, that if the amount of the monies at any time available to the Issuer or to the Representative of the Noteholders for the payments above shall be less than 10 per cent. of the Principal Amount *Outstanding* of all Classes of Notes, the Representative of the Noteholders may at its discretion invest such monies in some or one of the investments authorised pursuant to the Intercreditor Agreement. The Representative of the Noteholders at its discretion may vary such investments and may accumulate such investments and the resulting income until the immediately following Accumulation

Date.

The Issuer is entitled, pursuant to the Intercreditor Agreement, to dispose of the Claims in order to finance the redemption of the Notes following the service of an Issuer Acceleration Notice.

(f) **Expenses**

From time to time, during an Interest Period, the Issuer shall, in accordance with the Agency and Accounts Agreement, be entitled to apply amounts standing to the credit of the Expenses Account in respect of certain monies which properly belong to third parties, other than the Noteholders and the Other Issuer Creditors in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation, and in payment of sums due to third parties, other than the Noteholders and the Other Issuer Creditors, under obligations incurred in the course of the Issuer's business.

#### **4. NOTE SECURITY**

As security for the discharge of the Secured Amounts, the Issuer will create, pursuant to the Italian Deed of Pledge and the English Deed of Charge and Assignment, the following security (together, the “**Note Security**”):

- (i) concurrently with the issue of the Notes, in favour of the Representative of the Noteholders for itself and on behalf of the Noteholders and the other Issuer Secured Creditors an Italian law pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled from time to time pursuant to the Italian Law Transaction Documents (other than these Conditions, the Rules of the Organisation of Noteholders, the Italian Deed of Pledge, the provisions of the Agency and Accounts Agreement which are governed by English law and the Mandate Agreement);
- (ii) concurrently with the issue of the Notes, in favour of the Representative of the Noteholders for itself and as trustee for the Noteholders and the other Issuer Secured Creditors:
  - (A) an English law charge over the Transaction Accounts;
  - (B) an English law assignment by way of security of all the Issuer's rights under the provisions of the Agency and Accounts Agreement which are governed by English law and all future contracts, agreements, deeds and documents governed by English law to which the Issuer may become a party in relation to the Notes, the Claims and the Portfolios; and
  - (C) a floating charge over all of the Issuer's assets which are subject to the assignments or charges described under (A) and (B) above and not effectively assigned or charged thereunder.

The rights arising from the Note Security in favour of the Noteholders which are incorporated in each of the Notes are transferred together with the transfer of any Note at the time of transfer of such Note. Each holder of any of the Notes from time to time will have the benefit of such rights.

In addition, by operation of Italian law, the Issuer's right, title and interest in and to the Claims is segregated from all other assets of the Issuer and amounts deriving therefrom will be available both prior to and following a winding-up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and the other Issuer Creditors in accordance with the Priority of Payments.

## 5. COVENANTS

### (a) **Covenants by the Issuer**

For so long as any Note remains outstanding, the Issuer, save with the prior written consent of the Representative of the Noteholders or as provided in or envisaged by these Conditions or any of the Transaction Documents, shall not, nor shall cause or permit (to the extent permitted by Italian law), shareholders' meetings to be convened in order to:

### (b) **Negative pledge**

create or permit to subsist any Security Interest whatsoever upon, or with respect to the Claims, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Securitisation or undertakings (other than under the Note Security) or sell, lend, part with or otherwise dispose of all or any part of the Claims, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Securitisation whether in one transaction or in a series of transactions;

### (c) **Restrictions on activities**

- (A) without prejudice to Condition 5(n) (*Further Securitisations and corporate existence*) below, engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage;
- (B) have any subsidiary (*società controllata*) or affiliate company (*società collegata*) (as defined in article 2359 of the Italian civil code) or any employees or premises;
- (C) at any time approve or agree or consent to any act or thing whatsoever which is materially prejudicial to the interests of the Noteholders under the Transaction Documents or do, or permit to be done, any act or thing in relation thereto which is materially prejudicial to the interests of the Noteholders under the Transaction Documents; or
- (D) become the owner of any real estate asset;

### (d) **Dividends or distributions**

pay any dividend or make any other distribution or return or repay any equity capital to its shareholder or increase its equity capital;

### (e) **Borrowings**

without prejudice to Condition 5(n) (*Further Securitisations and corporate existence*) below, incur any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of any indebtedness or of any obligation of any person other than for the purposes of the Securitisation;

### (f) **Merger**

consolidate or merge with any other person or convey or transfer any of its properties or assets substantially as an entirety to any other person;

### (g) **Waiver or consent**

permit any of the Transaction Documents (i) to be amended, terminated or discharged, if such amendment, termination or discharge may negatively affect the interests of the holders of the Notes of the Most Senior Class or (ii) to become invalid or ineffective or the priority of the Security Interests created thereby to be reduced or consent to any variation thereof or exercise any powers of consent, direction or waiver pursuant to the terms of any of the Transaction Documents or permit any party to the Transaction

Documents or any other person whose obligations form part of the Note Security to be released from its respective obligations in a way which may negatively affect the interests of the holders of the Notes of the Most Senior Class;

(h) **Mortgage Loans**

agree to any request by any of the Servicers to change the rate of interest on any Mortgage Loan or to waive any of its rights under any Mortgage Loan;

(i) **Bank accounts**

with the exception of the Equity Capital Account and such other accounts that the Issuer may have opened in the context of the Previous Securitisation or may open in the future in the context of securitisation transactions other than this Securitisation and without prejudice to Condition 5(n) (*Further Securitisations and corporate existence*), have an interest in any bank account other than the Accounts, without the prior consent of the Representative of the Noteholders and provided that the opening of any such account will not prejudice any of the ratings of the Class A Notes and that the net interest or other return on any such new account is not lower than that which is then applicable on the Accounts;

(j) **Statutory documents**

amend, supplement or otherwise modify its by-laws (*statuto*), except where such amendment, supplement or modification is required by any compulsory provision of Italian law or by the competent regulatory authorities;

(k) **Corporate records, financial statements and books of account**

permit or consent to any of the following occurring:

(i) its books and records being maintained with or co-mingled with those of any other person or entity or those of any other securitisation transaction other than this Securitisation;

(ii) its bank accounts and the debts represented thereby being co-mingled with those of any other person or entity; or

(iii) its assets or revenues being co-mingled with those of any other person or entity;

and, in addition and without limitation to the above, the Issuer shall or shall procure that, with respect to itself:

(A) separate financial statements in relation to its financial affairs are maintained;

(B) all corporate formalities with respect to its affairs are observed;

(C) separate stationery, invoices and cheques are used;

(D) it always holds itself out as a separate entity; and

(E) any known misunderstandings regarding its separate identity are corrected as soon as possible; or

(l) **Residency and centre of main interests**

become resident, including without limitation for tax purposes, in any country outside Italy or cease to be managed and administered in Italy or cease to have its centre of main interests in Italy; or

(m) **Compliance with corporate formalities**

cease to comply with all necessary corporate formalities.



None of the covenants in this Condition 5(a) (*Covenants by the Issuer*) shall prohibit the Issuer from (i) performing its obligations under the Previous Transactions Documents in accordance with their terms or (ii) carrying out any activity which is incidental to maintaining its corporate existence and complying with laws and regulations applicable to it.

(n) **Further Securitisations and corporate existence**

None of the covenants in Condition 5(a) (*Covenants by the Issuer*) shall prohibit the Issuer from:

- (a) acquiring, or financing pursuant to article 7 of the Securitisation Law, by way of separate transactions unrelated to this Securitisation, further portfolios of monetary claims in addition to the Claims either from the Originator or from any other entity (the “**Further Portfolios**”) or entering into one or more bridge loans for the purposes of purchasing Further Portfolios provided that such bridge loans are repaid through, and limited recourse to, the proceeds arising from the Further Notes (as defined below);
- (b) securitising such Further Portfolios (each, a “**Further Securitisation**”) through the issue of further debt securities additional to the Notes (the “**Further Notes**”);
- (c) entering into agreements and transactions, with the Originator or any other entity, that are incidental to or necessary in connection with such Further Securitisation including, *inter alia*, the ring-fencing or the granting of security over such Further Portfolios and any right, benefit, agreement, instrument, document or other asset of the Issuer relating thereto to secure such Further Notes (the “**Further Security**”),

provided that:

- A. the Issuer confirms in writing to the Representative of the Noteholders that such Further Security does not comprise or extend over any of the Claims or any of the other Issuer’s Rights;
- B. the Issuer confirms in writing to the Representative of the Noteholders that the terms and conditions of the Further Notes contain provisions to the effect that the obligations of the Issuer whether in respect of interest, principal, premium or other amounts in respect of such Further Notes, are limited recourse obligations of the Issuer, limited to some or all of the assets comprised in such Further Security;
- C. the Issuer confirms in writing to the Representative of the Noteholders that each party to such Further Securitisation agrees and acknowledges that the obligations of the Issuer to such party in connection with such Further Securitisation are limited recourse obligations of the Issuer, limited to some or all of the assets comprised in such Further Security and that each creditor in respect of such Further Securitisation or the representative of the holders of such Further Notes has agreed to limitations on its ability to take action against the Issuer, including in respect of insolvency proceedings relating to the Issuer, on terms in all significant respects equivalent to those contained in the Intercreditor Agreement;
- D. the Issuer has notified in writing the Rating Agencies of its intention to carry out a Further Securitisation and provided that any such Further Securitisation would not adversely affect the then current rating of any of the Class A Notes;
- E. the Issuer confirms in writing to the Representative of the Noteholders that the

terms and conditions of such Further Notes will include:

- (I) covenants by the Issuer in all significant respects equivalent to those covenants provided in paragraphs (A) to (D) above; and
  - (II) provisions which are the same as or, in the sole discretion of the Representative of the Noteholders, equivalent to this provision; and
- F. such further securitisation shall not affect the qualification of the Class A Notes as eligible collateral (if applicable), within the meaning of the guidelines issued by the European Central Bank in September 2011 (*The implementation of monetary policy in the Euro area*) and on August 2012 (*Additional temporary measures relating to European refinancing operation and eligibility of collateral*), as subsequently amended and supplemented, for liquidity and/or open market transactions carried out with a central bank in the Eurozone; and
- G. the Representative of the Noteholders is satisfied that conditions (A) to (F) of this provision have been satisfied.

Banco Popolare will cooperate with the Issuer in carrying – out all the activities above mentioned where necessary; the Representative of the Noteholders, giving any consent to the foregoing, may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents (as may itself consent thereto on behalf of the Noteholders) or may impose such other conditions or requirements as the Representative of the Noteholders may deem expedient (in its absolute discretion) in the interests of the Noteholders and may rely on any written confirmation from the Issuer as to the matters contained therein.

## 6. INTEREST

### (a) Interest Payment Dates and Interest Periods

Each Class A Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date at the applicable rate determined in accordance with this Condition, payable in euro in arrear on each Interest Payment Date subject to the applicable Priority of Payments and subject as provided in Condition 8 (*Payments*). The Junior Notes will accrue interest in an amount equal to the Junior Notes Remuneration (if any) calculated in accordance with paragraph (f) of this Condition, payable in euro in arrear on each Interest Payment Date subject to the applicable Priority of Payments and subject as provided in Condition 8 (*Payments*). Each period beginning on (and including) an Interest Payment Date (or, in the case of the first Interest Period, the Issue Date) and ending on (but excluding) the next (or, in the case of the first Interest Period, the first) Interest Payment Date is herein called an “**Interest Period**”.

### (b) Termination of interest

Each Note shall cease to bear interest from and including its due date for final redemption, unless payment of principal due is improperly withheld or refused or default is otherwise made in respect of payment thereof, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note up to that date are received by or on behalf of the relevant Noteholder; and
- (b) the Cancellation Date.

### (c) Rate of interest on the Class A Notes

The rate of interest payable from time to time in respect of the Class A Notes (the “**Class A Rate of Interest**”) for each Interest Period will be determined by the Agent Bank on the basis of the following provisions:

- (a) the Agent Bank will determine the EURIBOR as defined in Condition 1 (*Definitions*); and
- (b) the Class A Rate of Interest for such Interest Period shall be the sum of:
  - (A) 0,30 per cent. per annum; and
  - (B) the EURIBOR or (as the case may be) the arithmetic mean as determined above.

(d) **Interest on the Junior Notes**

The Junior Noteholders shall be entitled, for each Interest Period, to the payment of an amount equal to the Junior Notes Remuneration calculated on each Calculation Date and which will be payable on the next Interest Payment Date.

(e) **Calculation of Interest Amounts**

The Agent Bank will, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date in relation to each Interest Period, but in no event later than the third Business Day thereafter, determine the amount of interest payable in respect of the Class A Notes for the relevant Interest Period (each such amount, the “**Interest Amount**”). The Interest Amount shall be determined by applying the Class A Rate of Interest for such Interest Period to the Principal Amount Outstanding of the Class A Notes during such Interest Period, multiplying the product of such calculation by the actual number of days in the Interest Period concerned divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

In the case of the Interest Period in which the Notes Increase Date falls only, calculate the additional Interest Amount by applying the Class A Rate of Interest (as determined at the start of such Interest Period) to the amount of the Notes Further Instalment Payments for the Class A Notes, and by multiplying the product of such calculation by the actual number of days to elapse in the period starting from (and including) the Notes Increase Date and ending on (but excluding) the immediately following Payment Date, divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

(f) **Calculation of Junior Notes Remuneration**

The Computation Agent will, on the Calculation Date immediately preceding the Interest Payment Date, in relation to each Interest Period, calculate and communicate to the Principal Paying Agent and the Junior Noteholders any Junior Notes Remuneration that may be payable in respect of the Junior Notes on such Interest Payment Date.

(g) **Publication of Rate of Interest and Interest Amount**

The Agent Bank will cause the Class A Rate of Interest and each Interest Amount for each Interest Period and the relative Interest Payment Date, to be notified to the Issuer, the Principal Paying Agent, the Computation Agent, the Representative of the Noteholders, Monte Titoli and any stock exchange or other relevant authority on which any Class of Notes is at the relevant time listed and (if so required by the rules of the relevant stock exchange) to be published in accordance with Condition 17 (*Notices*) as soon as practicable after their determination, but in any event not later than the second Business Day thereafter.

(h) **Amendments to publications**

The Agent Bank will be entitled to recalculate the Class A Rate of Interest or Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

(i) **Determination or calculation by the Representative of the Noteholders**

If the Agent Bank does not at any time for any reason determine the Class A Rate of Interest or the Interest Amount in accordance with this Condition, the Representative of the Noteholders shall (but without incurring, in the absence of wilful misconduct (*dolo*) or gross negligence (*colpa grave*), any liability to any person as a result):

- (a) determine the Class A Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedures described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or (as the case may be);
- (b) calculate the relevant Interest Amount in the manner specified in this Condition, and any determination and/or calculation shall be deemed to have been made by the Agent Bank.

(j) **Interest Amount Arrears**

Without prejudice to the right of the Representative of the Noteholders to serve to the Issuer an Issuer Acceleration Notice pursuant to Condition 10(a)(i) (*Non-payment*), prior to the service of an Issuer Acceleration Notice, in the event that on any Interest Payment Date there are any Interest Amount Arrears, such Interest Amount Arrears shall be deferred on the following Interest Payment Date or on the day an Issuer Acceleration Notice is served to the Issuer, whichever comes first. Any such Interest Amount Arrears shall not accrue additional interest. A *pro rata* share of such Interest Amount Arrears shall be aggregated with the amount of, and treated for the purpose of this Condition as if it were, interest due, subject to this paragraph, on each Class A Note on the next succeeding Interest Payment Date.

(k) **Notification of Interest Amount Arrears**

If, on any Calculation Date, the Computation Agent determines that any Interest Amount Arrears in respect of the Class A Notes will arise on the immediately succeeding Interest Payment Date, notice to this effect shall be given or procured to be given by the Issuer to the Representative of the Noteholders, the Principal Paying Agent, Monte Titoli, each stock exchange on which the Class A Notes are then listed, for so long as such Notes are listed on the relevant stock exchange, and (if so required by the rules of the relevant stock exchange) to the Noteholders in accordance with Condition 17 (*Notices*), specifying the amount of the Interest Amount Arrears to be deferred on such following Interest Payment Date in respect of the Class A Notes.

## **7. REDEMPTION, PURCHASE AND CANCELLATION**

(a) **Final redemption**

Unless previously redeemed in full and cancelled as provided in this Condition, the Issuer shall redeem the Notes in full at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Interest Payment Date falling in October 2058 (the “**Maturity Date**”), subject as provided in Condition 8 (*Payments*).

(b) **Cancellation Date**

If the Notes cannot be redeemed in full on the Maturity Date, as a result of the Issuer having insufficient funds for application in or towards such redemption, any amount unpaid shall remain outstanding and these Conditions shall continue to apply in full in

respect of the Notes until the earlier of (i) the date on which the Notes are redeemed in full and (ii) the Cancellation Date, at which date, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Issuer, any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled.

(c) **Optional redemption of the Notes**

Prior to the service of an Issuer Acceleration Notice, the Issuer may redeem the Notes of all Classes (in whole but not in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest) in accordance with the Post-Enforcement Priority of Payments and subject to the Issuer having sufficient funds to redeem all the Notes (or the Class A Notes only, if all the Junior Noteholders consent) and to make all payments ranking in priority, or *pari passu*, thereto, on any Interest Payment Date, subject to the Issuer:

- (a) giving not more than 60 nor less than 30 days' notice to the Representative of the Noteholders and the Noteholders, in accordance with Condition 17 (*Notices*), of its intention to redeem all Classes of Notes (in whole but not in part); and
- (b) having provided, prior to giving any such notice, to the Representative of the Noteholders a certificate signed by the chairman of the board or the sole director of the Issuer (as applicable) to the effect that it will have the funds on such Interest Payment Date to discharge its obligations under the Notes (or the Class A Notes only, if all the Junior Noteholders consent) and any obligations ranking in priority, or *pari passu*, thereto; and
- (c) giving not more than 60 nor less than 30 days' written notice to the Bank of Italy of its intention to redeem all Classes of Notes (in whole but not in part).

The Issuer is entitled, pursuant to the Intercreditor Agreement, to dispose of the Claims in order to finance the redemption of the Notes in the circumstances described above.

The transfer of the Claims pursuant to this Condition shall be construed as a “*vendita a rischio e pericolo del compratore*” pursuant to article 1488, second paragraph, of the Italian civil code with express derogation by the relevant parties of article 1266 of the Italian civil code with reference to the guarantee, granted by the transferor, of the existence of the claims and article 1448 of the Italian civil code shall not apply. The transfer of the Claims shall be subject to payments to the Issuer of the relevant purchase price.

The sale of the Claims shall be conditional upon the delivery by the purchaser to the Issuer and to the Representative of the Noteholders of: (i) a certificate of good standing of the Chamber of Commerce (*certificato di vigenza della Camera di Commercio*) to be dated not prior than 15 (fifteen) days before the date of the sale of the Claims; (ii) a solvency certificate signed by a legal representative duly authorized by the purchaser to be dated the date of the sale of the Claims and (iii) except where the issuance of such certificate is not permitted by the internal rules applied by the relevant court, also a certificate of the bankruptcy court (“*Tribunale civile – sezione fallimentare*”) confirming that the purchaser is not subject to any insolvency or similar proceedings to be dated not prior than 15 (fifteen) days before the date of the sale of the Portfolios.

Any cost and expense related to the transfer of the Claims shall be borne by the purchaser.

For so long as any of the Class A Notes are listed on the Irish Stock Exchange, the Issuer will give notice of any optional redemption of the Notes in accordance with this Condition 7(c) (*Optional redemption of the Notes*) to the Irish Stock Exchange.

(d) **Optional redemption for taxation, legal or regulatory reasons**

Prior to the service of an Issuer Acceleration Notice, the Issuer may redeem the Notes of all Classes (in whole but not in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest) in accordance with the Post-Enforcement Priority of Payments and subject to the Issuer having sufficient funds to redeem all the Notes (or the Class A Notes only, if all the Junior Noteholders consent) and to make all payments ranking in priority, or *pari passu*, thereto, on any Interest Payment Date if, by reason of a change in law or the interpretation or administration thereof since the Issue Date:

- (a) the assets of the Issuer in respect of this Securitisation (including the Claims, the Collections and the other Issuer's Rights) become subject to taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political subdivision thereof or by any authority thereof or therein or by any applicable taxing authority having jurisdiction; or
- (b) either the Issuer or any paying agent appointed in respect of the Class A Notes or any custodian of the Class A Notes is required to deduct or withhold any amount (other than in respect of a Decree 239 Withholding) in respect of any Class of Class A Notes, from any payment of principal or interest on such Interest Payment Date for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political subdivision thereof or by any authority thereof or therein or by any other applicable taxing authority having jurisdiction and provided that such deduction or withholding may not be avoided by appointing a replacement paying agent or custodian in respect of the Class A Notes before the Interest Payment Date following the change in law or the interpretation or administration thereof; or
- (c) any amounts of interest payable on the Mortgage Loans to the Issuer are required to be deducted or withheld from the Issuer for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political sub-division thereof or by any authority thereof or therein or by any other applicable taxing authority having jurisdiction; or
- (d) 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 of the Transaction Documents to which it is a party;

subject to the Issuer:

- (a) giving not more than 60 days' nor less than 30 days' written notice (which notice shall be irrevocable) to the Representative of the Noteholders and the Noteholders, pursuant to Condition 17 (*Notices*), of its intention to redeem all (but not some only) the Notes; and
- (b) providing to the Representative of the Noteholders:
  - (A) a legal opinion (in form and substance satisfactory to the Representative of the Noteholders) from a firm of lawyers of international repute (approved in writing by the Representative of the Noteholders) opining on the relevant change in law or interpretation or administration thereof;
  - (B) a certificate from the chairman of the board of directors or the sole director of the Issuer (as applicable) stating that the obligation to make such deduction or withholding or the suffering by the Issuer of such

deduction or withholding cannot be avoided or, as the case may be, the events under paragraph (d) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable endeavours; and

- (C) a certificate from the chairman of the board of directors or the sole director of the Issuer (as applicable) to the effect that it will have the funds on such Interest Payment Date to discharge its obligations under: (i) the Notes (or the Class A Notes only, if all the Junior Noteholders consent) and any obligations ranking in priority, or *pari passu*, thereto; and (ii) any additional taxes payable by the Issuer by reason of such early redemption of the Notes.

The Issuer is entitled, pursuant to the Intercreditor Agreement, to dispose of the Claims in order to finance the redemption of the Notes in the circumstances described above.

The transfer of the Claims pursuant to this Condition shall be construed as a “*vendita a rischio e pericolo del compratore*” pursuant to article 1488, second paragraph, of the Italian civil code with express derogation by the relevant parties of article 1266 of the Italian civil code with reference to the guarantee, granted by the transferor, of the existence of the claims and article 1448 of the Italian civil code shall not apply. The transfer of the Claims shall be subject to payments to the Issuer of the relevant purchase price.

The sale of the Claims shall be conditional upon the delivery by the purchaser to the Issuer and to the Representative of the Noteholders of: (i) a certificate of good standing of the Chamber of Commerce (*certificato di vigenza della Camera di Commercio*) to be dated not prior than 15 (fifteen) days before the date of the sale of the Claims; (ii) a solvency certificate signed by a legal representative duly authorized by the purchaser to be dated the date of the sale of the Claims and (iii) except where the issuance of such certificate is not permitted by the internal rules applied by the relevant court, also a certificate of the bankruptcy court (“*Tribunale civile – sezione fallimentare*”) confirming that the purchaser is not subject to any insolvency or similar proceedings to be dated not prior than 15 (fifteen) days before the date of the sale of the Portfolios.

Any cost and expense related to the transfer of the Claims shall be borne by the purchaser.

For so long as any of the Class A Notes are listed on the Irish Stock Exchange, the Issuer will give notice of any optional redemption of the Notes in accordance with this Condition 7(d) (*Optional redemption for taxation, legal or regulatory reasons*) to the Irish Stock Exchange.

(e) **Mandatory redemption of the Notes**

- (a) Prior to the service of an Issuer Acceleration Notice, if, on any Calculation Date, there are Issuer Available Funds, the Issuer will apply such Issuer Available Funds on the immediately following Interest Payment Date in or towards the mandatory redemption of the Notes of each Class (in whole or in part) in accordance with the Pre-Enforcement Priority of Payments.
- (b) The principal amount redeemable in respect of each Note on any Interest Payment Date (each, a “**Principal Payment**”) shall be a *pro rata* share of the Issuer Available Funds determined in accordance with the provisions of this Condition and the Pre-Enforcement Priority of Payments to be available to redeem Notes of the relevant Class 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 the Notes of such Class (rounded down to the nearest cent), provided always that no such Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

(f) **Calculation of Issuer Available Funds, principal payments, interest payments and Principal Amount Outstanding**

On each Calculation Date, the Issuer will procure that the Computation Agent determines, in accordance (where applicable) with Condition 3 (*Status, ranking and priority*):

- (i) the Issuer Available Funds;
- (ii) the Principal Payments (if any) due on the Notes of each Class on the next following Interest Payment Date;
- (iii) the Interest Amounts (if any) due on the Notes of each Class on the next following Interest Payment Date;
- (iv) the Junior Notes Remuneration (if any);
- (v) the Principal Amount Outstanding of each Class of Notes on the next following Interest Payment Date;
- (vi) the Principal Amount Outstanding of the Notes of all Classes on the next following Interest Payment Date;
- (vii) the interest payable (if any) in respect of the Class A Notes on the next following Interest Payment Date;
- (viii) the amount of the Cash Reserve after draw-down and replenishment on the immediately following Interest Payment Date;
- (ix) the Interest Amount Arrears, if any, that will arise in respect of the Class A Notes on the immediately following Interest Payment Date;
- (x) the amount to be credited to the Cash Reserve Account in accordance with the Pre-Enforcement Priority of Payments;
- (xi) the Target Cash Reserve Amount;
- (xii) the payments (if any) to be made to each of the parties to the Intercreditor Agreement under the relevant Transaction Document; and
- (xiii) the amounts payable to each Subordinated Loan Provider under the Subordinated Loan Agreement;

and will determine how the Issuer's funds available for distribution pursuant to these Conditions shall be applied, on the immediately following Interest Payment Date, pursuant to the Pre-Enforcement Priority of Payments, and will deliver to the Principal Paying Agent and the Interim Account Bank a report setting forth such determinations and amounts."

(g) **Calculations final and binding**

Each determination by or on behalf of the Issuer under Condition 7(f) (*Calculation of Issuer Available Funds, principal payments, interest payments and Principal Amount Outstanding*) will in each case (in the absence of wilful misconduct, bad faith or manifest error) be final and binding on all persons.

(h) **Notice of determination and redemption**

The Issuer will cause each determination of any Interest Amounts, Principal Payments



(if any) and Principal Amount Outstanding to each Class of Notes to be notified immediately after the calculation to the Representative of the Noteholders, the Agents, Monte Titoli and (for so long as any Class A Notes are listed on any stock exchange) each stock exchange on which any Class of Notes is then listed and will immediately cause details of each determination of any Interest Amounts, Principal Payments (if any) and Principal Amount Outstanding to each Class of Notes to be published in accordance with Condition 17 (*Notices*) by no later than one Business Day prior to such Interest Payment Date if required by the rules of the Irish Stock Exchange.

(i) **Notice irrevocable**

Any such notice as is referred to in Condition 7(h) (*Notice of determination and redemption*) shall be irrevocable and the Issuer shall, in the case of a notice under Condition 7(h) (*Notice of determination and redemption*), be bound to redeem the relevant Notes to which such notice refers (in whole or in part, as applicable) in accordance with this Condition.

(j) **Determinations by the Representative of the Noteholders**

If the Issuer does not at any time for any reason determine or cause to be determined a Principal Payment or the Principal Amount Outstanding in accordance with the preceding provisions of this Condition, such Principal Payment and/or, as applicable, Principal Amount Outstanding shall be determined by the Representative of the Noteholders in accordance with this Condition (but without the Representative of the Noteholders incurring any liability to any person as a result) and each such determination shall be deemed to have been made by the Issuer.

(k) **No purchase by the Issuer**

The Issuer will not purchase any of the Notes.

(l) **Cancellation**

All Notes redeemed in full will forthwith be cancelled upon redemption and accordingly may not be reissued or resold.

## **8. PAYMENTS**

(a) **Payments through Monte Titoli, Euroclear and Clearstream, Luxembourg**

Payments of principal and interest in respect of the Notes deposited with Monte Titoli will be credited, according to the instructions of Monte Titoli, by or on behalf of the Issuer to the accounts with Monte Titoli of the banks and authorised brokers whose accounts are credited with those Notes, and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Notes. Payments made by or on behalf of the Issuer according to the instructions of Monte Titoli to the accounts with Monte Titoli of the banks and authorised brokers whose accounts are credited with those Notes will relieve the Issuer *pro tanto* from the corresponding payment obligations under the Notes.

Alternatively, the Principal Paying Agent may arrange for payments of principal and interest in respect of the Notes to be made to the Noteholders through Euroclear and Clearstream, Luxembourg to be credited to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of the Notes, in accordance with the rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Payments made by or on behalf of the Issuer to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of the Notes, in accordance with the rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg will

relieve the Issuer *pro tanto* from the corresponding payment obligations under the Notes.

(b) **Payments subject to tax laws**

Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other applicable laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation in the Republic of Italy*).

(c) **Payments on business days**

If the due date for any payment of principal and/or interest in respect of any Note is not a day on which banks are open for general business (including dealings in foreign currencies) in the place in which the relevant Monte Titoli Account Holder is located (in each case, the “**Local Business Day**”), the holder of the relevant Note will not be entitled to payment of the relevant amount until the immediately succeeding Local Business Day and will not be entitled to any further interest or other payment in consequence of any such delay.

(d) **Notification to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 6 (*Interest*) or Condition 7 (*Redemption, purchase and cancellation*), whether by the Reference Banks (or any of them), the Principal Paying Agent, the Agent Bank, the Computation Agent or the Representative of the Noteholders, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents, all Noteholders and all Other Issuer Creditors and (in the absence of wilful default, bad faith or manifest error) no liability to the Representative of the Noteholders, the Noteholders or the Other Issuer Creditors shall attach to the Reference Banks, the Principal Paying Agent, the Agent Bank, the Computation Agent or the Representative of the Noteholders in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under Condition 6 (*Interest*) or Condition 7 (*Redemption, purchase and cancellation*).

## 9. **TAXATION IN THE REPUBLIC OF ITALY**

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Decree 239 Withholding 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 Noteholder on account of such withholding or deduction.

## 10. **EVENTS OF DEFAULT**

(a) **Events of Default**

Subject to the other provisions of this Condition, each of the following events shall be treated as an “**Event of Default**”:

(i) *Non-payment:*

(a) the Issuer fails to repay any amount of principal in respect of the Class A Notes on the Maturity Date (provided that a 3 (three) Business Days' grace period shall apply and further provided that non payment of principal on the Notes due to the relevant Servicer not having provided the Servicer Report (as described in Condition 3(d) (*Pre-Enforcement Priority of Payments*)) shall not constitute an Event of Default) or fails to pay any Interest Amount within five days of the relevant Interest Payment Date; or

- (b) having enough Issuer Available Funds available in accordance with the applicable Order of Priority to pay the amount of principal then due and payable on the Class A Notes, the Issuer defaults in the payment of such amount for a period of 3 (three) Business Days from the due date thereof (provided that non payment of principal on the Notes due to the relevant Servicer not having provided the Servicer Report (as described in Condition 3(d) (*Pre-Enforcement Priority of Payments*)) shall not constitute an Event of Default); or
- (ii) *Breach of other obligations*: the Issuer fails to perform or observe any of its other obligations under or in respect of the Class A Notes (other than any obligation for the payment of principal and interest on the Class A Notes), the Intercreditor Agreement or any other Transaction Document to which it is a party and such default is, in the sole opinion of the Representative of the Noteholders, (A) incapable of remedy or (B) capable of remedy, but remains unremedied for 30 days after the Representative of the Noteholders has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Class A Noteholders and requiring the same to be remedied; or
  - (iii) *Failure to take action*: any action, condition or thing at any time required to be taken, fulfilled or done in order:
    - (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Class A Notes and the Transaction Documents to which the Issuer is a party; or
    - (B) to ensure that those obligations are legal, valid, binding and enforceable,
 is not taken, fulfilled or done at any time and the Representative of the Noteholders has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Class A Noteholders and requiring the same to be remedied; or
  - (iv) *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer or the Issuer becomes Insolvent; 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 Class A Notes or the Transaction Documents to which the Issuer is a party.

*Service of an Issuer Acceleration Notice*

If an Event of Default occurs, then (subject to Condition 10(b) (*Consequences of service of an Issuer Acceleration Notice*)), the Representative of the Noteholders may, at its sole discretion, and shall:

- (a) if so directed in writing by the holders of at least 60 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes; or
- (b) if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes,

give written notice (an “**Issuer Acceleration Notice**”) to the Issuer and to the Servicers declaring the Notes to be due and payable, provided that:

- (a) in the case of the occurrence of any of the events mentioned in Condition

10(a)(ii) (*Breach of other obligations*) and Condition 10(a)(iii) (*Failure to take action*), the service of an Issuer Acceleration Notice has been approved by an Extraordinary Resolution of the holders of the Most Senior Class of Notes; and

- (b) in each case, the Representative of the Noteholders shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered) to which it may thereby become liable or which it may incur by so doing.

(b) **Consequences of service of an Issuer Acceleration Notice**

Upon the service of an Issuer Acceleration Notice as described in this Condition, (i) the Notes of each Class shall become immediately due and repayable at their Principal Amount Outstanding, together with any interest accrued but which has not been paid on any preceding Interest Payment Date in accordance with Condition 6(j) (*Interest Amount Arrears*), without further action, notice or formality; (ii) the Note Security shall become immediately enforceable; and (iii) the Representative of the Noteholders may, subject to Condition 11(b) (*Restrictions on disposal of Issuer's assets*) dispose of the Claims in the name and on behalf of the Issuer by virtue of the power of attorney granted in accordance with the Mandate Agreement. The Noteholders hereby irrevocably appoint, as from the date hereof and with effect on and from the date on which the Notes shall become due and payable following the service of an Issuer Acceleration Notice, the Representative of the Noteholders as their exclusive agent (*mandatario esclusivo*) to receive on their behalf from the Issuer any and all monies payable by the Issuer to the Noteholders and the Other Issuer Creditors from and including the date on which the Notes shall become due and payable, such monies to be applied in accordance with the Post-Enforcement Priority of Payments.

## 11. ENFORCEMENT

(a) **Proceedings**

The Representative of the Noteholders may, at its discretion and without further notice, institute such proceedings as it thinks fit at any time after the service of an Issuer Acceleration Notice to enforce repayment of the Notes and payment of accrued interest thereon or at any time to enforce any other obligation of the Issuer under the Notes or any Transaction Document, but, in either case, it shall not be bound to do so unless it shall have been:

- (i) so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes; or
- (ii) so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes;

and, in any such case, only if it shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered) to which it may thereby become liable or which it may incur by so doing.

In addition, the Rules of the Organisation of the Noteholders and the Intercreditor Agreement contains (i) provisions limiting the powers of the Noteholders, *inter alia*, to bring individual actions or take other individual remedies to enforce their rights under the Notes and (ii) provisions limiting the powers of the Noteholders, *inter alia*, to institute against or join any person in instituting against, the Issuer, any bankruptcy, insolvency or compulsory liquidation and similar proceedings, that shall be deemed to be included in this Conditions and shall be binding on all the Noteholders.

(b) **Restrictions on disposal of Issuer's assets**

If an Issuer Acceleration Notice has been served by the Representative of the Noteholders other than by reason of non-payment of any amount due in respect of the Notes, the Representative of the Noteholders will not be entitled to dispose of the assets of the Issuer or any part thereof unless either:

- (i) a sufficient amount would be realised to allow payment in full of all amounts owing to the holders of each Class of the Class A Notes after payment of all other claims ranking in priority to the Class A Notes in accordance with the Post-Enforcement Priority of Payments; or
- (ii) the Representative of the Noteholders is of the opinion, which shall be binding on the Noteholders and the other Issuer Secured Creditors, reached after considering at any time and from time to time the advice of a merchant or investment bank or other financial adviser selected by the Representative of the Noteholders (and if the Representative of the Noteholders is unable to obtain such advice having made reasonable efforts to do so, this Condition 11(b)(ii) shall not apply), that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Class A Notes of each Class after payment of all other claims ranking in priority to the Class A Notes in accordance with the Post-Enforcement Priority of Payments; and

the Representative of the Noteholders shall not be bound to make the determination contained in Condition 11(b)(ii) unless the Representative of the Noteholders shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered) to which it may thereby become liable or which it may incur by so doing.

## **12. REPRESENTATIVE OF THE NOTEHOLDERS**

(a) **Legal representative**

The Representative of the Noteholders is BNP Paribas Securities Services S.A., Milan Branch at its offices at Via Ansperto, 5, 20123 Milan, and is the legal representative (*rappresentante legale*) of the Noteholders in accordance with these Conditions, the Rules of the Organisation of Noteholders and the other Transaction Documents.

(b) **Powers of the Representative of the Noteholders**

The duties and powers of the Representative of the Noteholders are set forth in the Rules of the Organisation of Noteholders.

(c) **Meetings of Noteholders**

The Rules of the Organisation of Noteholders contain provisions for convening Meetings of Noteholders as well as the subject matter of the Meetings and the relevant quorums.

(d) **Individual action**

The Rules of the Organisation of Noteholders contain provisions limiting the powers of the Noteholders, *inter alia*, to bring individual actions or take other individual remedies to enforce their rights under the Notes. In particular, such actions will be subject to the Meeting of the Noteholders approving by way of Extraordinary Resolution such individual action or other remedy. No individual action or remedy can be taken or sought by a Noteholder to enforce his or her rights under the Notes before the Meeting

of the Noteholders has approved such action or remedy in accordance with the provisions of the Rules of the Organisation of Noteholders.

(e) **Resolutions binding**

The resolutions passed at any Meeting of the Noteholders under the Rules of the Organisation of Noteholders will be binding on all Noteholders whether or not they are absent or dissenting and whether or not voting at the Meeting.

(f) **Written Resolutions**

A Written Resolution will take effect as if it were an Extraordinary Resolution passed at a Meeting of the Noteholders.

### **13. MODIFICATION AND WAIVER**

(a) **Modification**

The Representative of the Noteholders may, without the consent of the Noteholders or any Other Issuer Creditors and subject to the Representative of the Noteholders giving prior written notice thereof to the Rating Agencies, concur with the Issuer and any other relevant parties in making:

- (i) any amendment or modification to these Conditions (other than in respect of a Basic Terms Modification as defined in the Rules of the Organisation of Noteholders) or any of the Transaction Documents which, in the opinion of the Representative of the Noteholders, it may be proper to make and will not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes; and
- (ii) any amendment or modification to these Conditions or to any of the Transaction Documents, if, in the opinion of the Representative of the Noteholders, such amendment or modification is expedient to make, is of a formal, minor or technical nature, is made to correct a manifest error or an error which, in the opinion of the Representative of the Noteholders, is proven or is necessary or desirable for the purposes of clarification,

provided that no Transaction Document may be amended without the express consent of all the parties to the relevant Transaction Document (other than the Noteholders which are represented by the Representative of the Noteholders) and in accordance with the provisions set out therein (if any).

(b) **Waiver**

In addition, the Representative of the Noteholders may, without the consent of the Noteholders or any Other Issuer Creditor (other than those which are a party to the relevant Transaction Document) and subject to the Representative of the Noteholders giving prior written notice thereof to the Rating Agencies, authorise or waive any proposed breach or breach of the Notes (including an Event of Default) or of the Intercreditor Agreement or of any other Transaction Document, if, in the opinion of the Representative of the Noteholders, the interests of the holders of the Most Senior Class of Notes will not be materially prejudiced by such authorisation or waiver.

(c) **Restriction on power of waiver**

The Representative of the Noteholders shall not exercise any powers conferred upon it by Condition 13(b) (*Waiver*) in contravention of any express direction by an Extraordinary Resolution (as defined in the Rules of the Organisation of Noteholders) or of a request in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes (but so that no such

direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any proposed breach or breach relating to a Basic Terms Modification.

(d) **Notification**

Unless the Representative of the Noteholders agrees otherwise, any such authorisation, waiver, modification or determination shall be notified to the Noteholders, in accordance with Condition 17 (*Notices*), as soon as practicable after it has been made.

**14. REPRESENTATIVE OF THE NOTEHOLDERS AND AGENTS**

(a) **Organisation of Noteholders**

The Organisation of Noteholders is created by the issue and subscription of the Notes and will remain in force and effect until full repayment and cancellation of the Notes.

(b) **Appointment of Representative of the Noteholders**

Pursuant to the Rules of the Organisation of Noteholders, for as long as any Note is outstanding, there will at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of Noteholders. However, the initial Representative of the Noteholders has been appointed at the time of issue of the Notes by the Initial Class A Notes Subscribers and the Initial Junior Notes Subscribers pursuant to the Intercreditor Agreement. Each Noteholder is deemed to accept such appointment.

(c) **Representative of the Noteholders**

The Representative of the Noteholders shall not be deemed to be a person responsible for the collection, cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*) for the purposes of article 2, paragraph 3, letter c) and paragraph 6-bis of the Securitisation Law and the relevant implementing regulations from time to time in force including, without limitation, the relevant guidelines of the Bank of Italy.

(d) **Principal Paying Agent, Agent Bank, Computation Agent, Transaction Bank and Interim Account Bank sole agent of Issuer**

In acting under the Agency and Accounts Agreement and in connection with the Notes, the Principal Paying Agent, the Computation Agent, the Transaction Bank, the Interim Account Bank and the Agent Bank act as agents solely of the Issuer and (to the extent provided therein) the Representative of the Noteholders and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

(e) **Initial Agents**

The initial Principal Paying Agent, the Computation Agent, the Transaction Bank, the Interim Account Bank and the Agent Bank and their Specified Offices are listed in Condition 17 (*Notices*) below. The Issuer reserves the right (with the prior written approval of the Representative of the Noteholders) at any time to vary or terminate the appointment of the Principal Paying Agent, the Computation Agent, the Transaction Bank, the Interim Account Bank and the Agent Bank and to appoint a successor principal paying agent, computation agent, transaction bank, interim account bank or agent bank and additional or successor paying agents at any time, in accordance with the terms of the Agency and Accounts Agreement and these Conditions.

(f) **Maintenance of Agents**

The Issuer undertakes that it will ensure that it maintains:

- (a) at least one paying agent having its specified office in a European city, a computation agent, an interim account bank (acting through an office or branch located in the Republic of Italy), a transaction bank (acting through an office or branch located in the United Kingdom) and an agent bank; and
- (b) a paying agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment change in the Principal Paying Agent, the Agent Bank, the Computation Agent, the Interim Account Bank and the Transaction Bank of any changes in the Specified Offices shall promptly be given to the Noteholders by the Issuer in accordance with Condition 17 (*Notices*).

## **15. STATUTE OF LIMITATION**

Claims against the Issuer for payments in respect of the Notes will be barred and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the Relevant Date in respect thereof.

## **16. LIMITED RECOURSE AND NON-PETITION**

### **(a) Limited recourse**

Notwithstanding any other provision of these Conditions, the obligation of the Issuer to make any payment, at any given time, under the Class A Notes or the Junior Notes shall be equal to the lesser of (i) the nominal amount of such payment which, but for the operation of this Condition and the applicable Priority of Payments, would be due and payable at such time; and (ii) the Issuer Available Funds which the Issuer or the Representative of the Noteholders is entitled, at such time, to apply in accordance with the applicable Priority of Payments and the terms of the Intercreditor Agreement, in satisfaction of such payment.

### **(b) Non-petition**

Without prejudice to the right of the Representative of the Noteholders to enforce the Note Security or to exercise any of its other rights, and subject as set out in the Rules of the Organisation of Noteholders, no Class A Noteholder or, as the case may be, Junior Noteholder shall be entitled to institute against the Issuer, or join any other person in instituting against the Issuer, any reorganisation, liquidation, bankruptcy, insolvency or similar proceedings or any legal action which may lead to such proceedings until two year plus one day has elapsed since the day on which any note issued (including the Notes and the Previous Securitisation Notes) or to be issued by the Issuer has been paid in full.

## **17. NOTICES**

### **(a) Valid notices**

All notices to the Noteholders, as long as the Notes are held through Monte Titoli and/or by a common depository for Euroclear and/or Clearstream, Luxembourg, shall be deemed to have been validly given if delivered to Monte Titoli and/or Euroclear and/or Clearstream, Luxembourg for communication by them to the entitled accountholders and shall be deemed to be given on the date on which it was delivered to Monte Titoli,



Clearstream, Luxembourg and Euroclear, as applicable.

In addition, so long as the Class A Notes are listed on the Irish Stock Exchange, any notice regarding the Class A Notes to such Noteholders shall be deemed to have been duly given if published in a leading newspaper having general circulation in Ireland (which is expected to be the Irish Times) or if this is not practicable, in another appropriate English language newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in a newspaper as referred to above. Notices can also be published on the Irish Stock Exchange website ([www.ise.ie](http://www.ise.ie)) (for the avoidance of doubt, such website does not constitute part this Prospectus).

In addition, so long as the Class A Notes are listed on the Irish Stock Exchange, any notice regarding the Class A Notes to the relevant Noteholders shall be given in any other manner as required by the regulation applicable from time to time, including, in particular, Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (the “**Transparency Directive**”).

The Representative of the Noteholders may sanction some other method of giving notice to the Noteholders of the relevant Class if, in its and absolute opinion, such other method is reasonable having regard to market practices then prevailing and to the rules of the stock exchange on which the Class A 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.

As regards the Junior Noteholders, notice shall be deemed to have been validly given to the Junior Noteholders if sent to the address (by delivering it by hand, or sending it by pre-paid recorded delivery or registered post) and fax number specified in respect of the Junior Noteholders in the Junior Notes Subscription Agreement, and, in each case, marked for the attention of the Junior Noteholders. Notice shall be deemed to have been duly given:

- (i) in the case of delivery by hand, when delivered;
- (ii) in the case of fax, at the time of transmission; and
- (iii) in the case of pre-paid recorded delivery or registered post, on the fourth Business Day following the date of posting,

provided that in each case where delivery by hand or fax occurs after 6.00 p.m. on a Business Day or on a day which is not a Business Day, service shall be deemed to occur at 9.00 a.m. on the next following Business Day.

The Issuer shall also ensure, through the Principal Paying Agent, that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed.

(b) **Date of publication**

Any notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication.

(c) **Other methods**

The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them, if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which any of the Notes are then listed, and

provided that notice of such other method is given to the Noteholders in such manner as the Representative of the Noteholders shall require.

(d) **Initial Specified Offices**

The Specified Offices of the Interim Account Bank, the Principal Paying Agent, the Agent Bank, the Computation Agent, the Transaction Bank and the Representative of the Noteholders, are as follows:

- (i) in relation to the Interim Account Bank: Banco Popolare via Polenghi Lombardo 13, 26900 Lodi, Italy;
- (ii) in relation to the Computation Agent, Agent Bank, Principal Paying Agent and the Representative of the Noteholders: BNP Paribas Securities Services S.A., Milan Branch, via Ansperto, 5, Milan, Italy; and
- (iii) in relation to the Transaction Bank: Banco Popolare, London Branch 1-5 Moorgate, EC2R 6JH London, United Kingdom.

## **18. GOVERNING LAW AND JURISDICTION**

(a) **Governing law**

The Notes, these Conditions, the Rules of the Organisation of Noteholders and the Italian Law Transaction Documents are governed by, and shall be construed in accordance with, Italian law (save for the provisions of the Agency and Account Agreement which are governed by, and construed in accordance with, English Law). The English Law Transaction Documents are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction**

- (i) The Courts of Milan are to have exclusive jurisdiction to settle any disputes that may arise out of, or in connection with, the Notes, these Conditions, the Rules of the Organisation of Noteholders and (with the exception of certain disputes under the Warranty and Indemnity Agreement which are to be resolved through arbitration) the Italian Law Transaction Documents (including all non contractual obligations arising out or in connection therewith) and, accordingly, any legal action or proceedings arising out of, or in connection with, any Notes, these Conditions, the Rules of the Organisation of Noteholders or any Italian Law Transaction Document may be brought in such courts. The Issuer has in each of the Italian Law Transaction Documents (with the exception of certain disputes under the Warranty and Indemnity Agreement which are to be resolved through arbitration) irrevocably submitted to the jurisdiction of such courts.
- (ii) The Courts of England and Wales are to have jurisdiction to settle any disputes that may arise out of or in connection with the English Law Transaction Documents (including all non contractual obligations arising out or in connection therewith) and, accordingly, any legal action or proceedings arising out of or in connection with any English Law Transaction Document may be brought in such courts. The Issuer has in each of the English Law Transaction Documents irrevocably submitted to the jurisdiction of such courts.

(c) **Process agent**

The Issuer has (in the English Deed of Charge and Assignment) and the English Deed of Charge and Assignment, agreed, inter alia, at all times to maintain an agent for service of process in England. The Issuer appoints Banco Popolare Società Cooperativa London Branch, at its offices at 1-5 Moorgate, London EC2R 6JH, United Kingdom, as such

agent. Any writ, judgment or other notice of legal process issued out of the English Courts in respect of any English Law Transaction Document shall be sufficiently served on the Issuer if delivered to such agent at its address for the time being. The Issuer undertakes not to revoke the authority of the above agent, and if, for any reason, such agent no longer serves as process agent of the Issuer to receive service of process, the Issuer shall promptly appoint another such agent and advise the Representative of the Noteholders of the details of such new agent.

## SCHEDULE - RULES OF THE ORGANISATION OF NOTEHOLDERS

### TITLE I

#### GENERAL PROVISIONS

##### Article 1

###### *General*

The Organisation of Noteholders is created by the issue and by the subscription of the Notes, and shall remain in force and in effect until full repayment and cancellation of the Notes.

The contents of these rules are deemed to form part of each Note issued by the Issuer.

##### Article 2

###### *Definitions*

In these rules, the following terms shall have the following meanings:

**“24 Hours”** means a period of 24 hours including all or part of a day upon which banks are open for business in the place where the Meeting of the Relevant Class Noteholders is to be held and in the place where the Principal Paying Agent has its Specified Office (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one or, to the extent necessary, more periods of 24 Hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid;

**“48 Hours”** means two consecutive periods of 24 Hours;

**“Basic Terms Modification”** means:

- (a) a modification of the date of maturity of one or more relevant Classes of Notes;
- (b) a modification which would have the effect of cancelling or postponing any date for payment of interest in respect of one or more Classes of Notes;
- (c) a modification which would have the effect of reducing or cancelling the amount of principal payable in respect of one or more relevant Classes of Notes or the rate of interest applicable in respect of one or more relevant Classes of Notes;
- (d) a modification which would have the effect of altering the method of calculating the amount of interest or such other amounts payable to the relevant Class of Notes;
- (e) a modification which would have the effect of altering the majority required to pass a specific resolution or the quorum required at any Meeting;
- (f) a modification which would have the effect of altering the currency of payment of one or more relevant Classes of Notes or any alteration of the date or priority of payment or redemption of one or more relevant Classes of Notes;
- (g) a modification which would have the effect of altering the authorisation or consent by the Noteholders, as pledgees, to applications of funds as provided for in the Transaction Documents;
- (h) the appointment and removal of the Representative of the Noteholders; and
- (i) an amendment of this definition;

**“Blocked Notes”** means the Notes which have been blocked in an account with the Relevant Clearing System, the Monte Titoli Account Holder or the relevant custodian for the purposes of obtaining a Voting Certificate or a Block Voting Instruction and will not be released until the conclusion of the Meeting;

**“Block Voting Instruction”** means, in relation to any Meeting, a document issued by the Principal Paying Agent:

- (a) certifying 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 conclusion of the Meeting;
- (b) certifying that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the Principal Paying 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) appointing one or more Proxies to vote in respect of the Blocked Notes in accordance with such instructions;

**“Chairman”** means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 (*Chairman of the Meeting*);

**“Extraordinary Resolution”** means a resolution of a Meeting of the Relevant Class Noteholders, duly convened and held in accordance with the provisions contained in these rules on any of the subjects covered by Article 21 (*Powers exercisable by Extraordinary Resolution*);

**“Monte Titoli Account Holder”** means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System);

**“Meeting”** means a meeting of the Relevant Class Noteholders (whether originally convened or resumed following an adjournment);

**“Proxy”** means, in relation to any Meeting, a person appointed to vote under a Block Voting Instruction;

**“Relevant Class Noteholders”** means (i) the Class A Noteholders; and/or (ii) the Junior Noteholders or a combination of the Class A Noteholders and/or the Junior Noteholders, as the context requires;

**“Relevant Fraction”** means:

- (a) for all business other than voting on an Extraordinary Resolution, one-tenth of the Principal Amount Outstanding of that Class of Notes (in case of a meeting of a particular Class of Notes), or one-tenth of the Principal Amount Outstanding of all relevant Classes of Notes (in case of a joint Meeting of a combination of Classes of Notes);
- (b) for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification, two-thirds of the Principal Amount Outstanding of that Class of Notes (in case of a meeting of a particular Class of Notes), or two-thirds of the Principal Amount Outstanding of all relevant Classes of Notes (in case of a joint Meeting of a combination of Classes 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 Notes of the relevant Class of Notes;

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, the fraction of the Principal Amount Outstanding of the Notes of that Class of Notes represented or held by the Voters actually present at the Meeting (in case of a Meeting of a

particular Class of Notes), or the fraction of the Principal Amount Outstanding of the Notes of all relevant Classes represented or held by the Voters actually present at the Meeting (in case of a joint Meeting of a combination of Classes of Notes); and

- (b) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each Class of Noteholders), one-third of the Principal Amount Outstanding of the Notes of the relevant Class of Notes represented or held by the Voters actually present at the Meeting;

“**Voter**” means, in relation to any Meeting, the holder of Voting Certificate or a Proxy;

“**Voting Certificate**” means, in relation to any Meeting, a certificate requested by the Noteholder and issued by 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 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) detail 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.

Capitalised terms not defined herein shall have the meanings attributed to them in the Conditions.

### **Article 3**

#### *Organisation purpose*

Each holder of the 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 the taking of any action for the protection of their interests.

In these rules, any reference to Noteholders shall be considered as a reference to the Class A Noteholders and/or the Junior Noteholders, as the case may be.

## **TITLE II**

### **THE MEETING OF NOTEHOLDERS**

#### **Article 4**

##### *General*

Any resolution passed at a Meeting of the Relevant Class Noteholders, duly convened and held in accordance with these rules, shall be binding upon all the Noteholders of such Class of Notes, whether or not present at such Meeting and whether or not voting.

Subject to the proviso of Article 21 (*Powers exercisable by Extraordinary Resolution*):

- (a) any resolution passed at a Meeting of the Class A Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Junior Noteholders;
- (b) and, in each case, all the Noteholders of the relevant Class of Notes, whether or not absent or dissenting, shall be bound by such resolution irrespective of its effect upon such Noteholders and such 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.

*provided* however that no resolution of the Junior Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders (to the extent that the Class A Notes are then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by a resolution of the Class A Noteholders (to the extent that the Class A Notes are then outstanding).

Notice of the result of every vote on a resolution duly passed by the Noteholders shall be published by and at the expense of the Issuer, in accordance with the Conditions and given to the Principal Paying Agent (with a copy to the Issuer and the Representative of the Noteholders) within 14 days of the conclusion of the Meeting.

Subject to the provisions of these rules and the Conditions, joint Meetings of the Class A Noteholders and the Junior 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 while Notes of two or more Classes of Notes are outstanding:

- (a) business which involves the passing of an Extraordinary Resolution involving a Basic Terms Modification shall be transacted at a separate Meeting of the holders of each relevant Class of Notes;
- (b) 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 holders of Notes of such Class of Notes;
- (c) 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 holders of one such Class of Notes and the holders of any other Class of Notes shall be transacted either at separate Meetings of the holders of each such Class of Notes or at a joint Meeting of the holders of each of such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion;
- (d) business which, in the opinion of the Representative of the Noteholders, affects more than one Class of Notes and gives rise to an actual or potential conflict of interest between the holders of one such Class of Notes and the holders of any other Class of Notes shall be transacted at separate Meetings of the holders of each Class of Notes; and
- (e) in the case of separate Meetings of the holders of each Class of Notes, these rules shall be applied as if references to the Notes and the Noteholders were to the Notes of the relevant Class of Notes and to the holders of such Notes and, in the case of joint Meetings, as if references to the Notes and the Noteholders were to the Notes of each of the Classes of Notes and to the respective holders of the 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 Monte Titoli Account Holder or the relevant custodian, as the case may be, or require the Principal Paying Agent to issue a Block Voting Instruction by arranging for their Notes to be blocked in an account with the Monte Titoli Account Holder or the relevant custodian at least 48 Hours before the time fixed for the Meeting of the Relevant Class Noteholders, providing to the Principal Paying Agent, where appropriate, evidence that the Notes are so blocked. The Noteholders may obtain such evidence by, inter alia, requesting the Monte Titoli Account Holder or the relevant custodian to release a certificate in accordance with, as the case may be: (i) the practices and procedures of the Relevant Clearing System; or (ii) articles 21 and 22 of the regulation issued by the Bank of Italy and CONSOB on 22 February 2008, as subsequently supplemented and amended. 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 Representative of the Noteholders, 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 so 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 Issuer or the Representative of the Noteholders may convene a Meeting at any time, and the Representative of the Noteholders shall be obliged to do so upon the request in writing of Noteholders holding not less than one-tenth of the Principal Amount Outstanding of the relevant Class of Notes.

Whenever the Issuer is about to convene any such Meeting, it shall immediately give notice in writing to the Representative of the Noteholders of the date thereof and of the nature of the business to be transacted thereat. Every Meeting shall be held at such time and place as the Representative of the Noteholders may designate or approve, provided that it is in a EU Member State.

Unless the Representative of the Noteholders decides otherwise pursuant to Article 4 (*General*), each Meeting shall be attended by Noteholders of the relevant Class of Notes.

## **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 is to be held) specifying the date, time and place of the Meeting shall be given to the Noteholders and the Principal Paying Agent (with a copy to the Issuer and to the Representative of the Noteholders). Any notice to Noteholders shall be given in accordance with Condition 17 (*Notices*).

The notice shall specify the nature of the resolutions to be proposed and shall explain how Noteholders may appoint Proxies, obtain Voting Certificates and use Block Voting Instructions and the details of the relevant time limits applicable.

## **Article 9**

### *Chairman of the Meeting*

Any individual (who may, but need not, be a Voter) nominated in writing by the Representative of the Noteholders may take the chair at any Meeting but if: (i) no such nomination is made; or (ii) the individual nominated is not present within 15 minutes after the time fixed for the Meeting; then, the Voters shall elect one of themselves to take the chair, failing which the Issuer may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as the Chairman of the original Meeting.

The Chairman 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 Voter representing or holding not less than the Relevant Fraction relative to (i) that Class of Notes (in case of a Meeting of one Class of Notes) or (ii) all relevant Classes of Notes (in case of a joint Meeting). No business (except choosing a Chairman, if requested) shall be transacted at a Meeting unless quorum is present at the commencement of business.

## **Article 11**

### *Adjournment for want of quorum*

If within 15 minutes after the time fixed for any Meeting a quorum is not present, then:

- (a) in the case of a Meeting requested by Noteholders, it shall be dissolved; and
- (b) in the case of any other Meeting, it shall be adjourned (i) until such date (which shall be not less than 14 days and not more than 42 days later) and to such place as the Chairman determines or (ii) on the date and at the place indicated in the notice convening the Meeting (if such notice sets out the date and place of any adjourned Meeting) provided, however, that, in any case:
  - (i) the Meeting shall be dissolved if the Issuer and the Representative of the Noteholders so decides; and
  - (ii) no Meeting may be adjourned by resolution of a Meeting that represents less than the Relevant Fraction applicable in the case of Meetings which have been resumed after adjournment for want of quorum.

## **Article 12**

### *Adjourned Meeting*

Without prejudice to Article 11 (*Adjournment for want of quorum*), 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, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

## **Article 13**

### *Notice following adjournment*

Article 8 (*Notice*) shall apply to any Meeting adjourned for want of quorum save that:

- (a) at least 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 given; and
- (b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes; and
- (c) it shall not be necessary to give notice of the convening of an adjourned Meeting (i) if the notice given in respect of the first Meeting already sets the time and place for an adjourned Meeting and specifies the quorum requirements which will apply when the Meeting resumes; or (ii) if the Meeting which has been adjourned for any other reason.

## **Article 14**

### *Participation*

The following may attend and speak at a Meeting:

- (a) Voters;
- (b) the Issuer or its representative and the Principal Paying Agent;

- (c) the financial advisers to the Issuer;
- (d) the Representative of the Noteholders;
- (e) the legal counsel to each of the Issuer, the Representative of the Noteholders and the Principal Paying Agent;
- (f) the Representative of the Noteholders; and
- (g) such other person as may be resolved by the Meeting and as may be approved by the Representative of the Noteholders.

## **Article 15**

### *Passing of resolution*

A resolution is validly passed when (i) in respect of an Extraordinary Resolution only,  $\frac{3}{4}$  of votes cast by the Voters attending the relevant Meeting have been cast in favour of it or (ii) in respect of any resolution other than an Extraordinary Resolution, the majority of votes cast by the Voters attending the relevant Meeting have been cast in favour of it.

## **Article 16**

### *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 of the show of hands 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 17**

### *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 holding or representing at least 2 per cent. of (i) the Principal Amount Outstanding of that relevant Class of Notes (in case of a Meeting of a particular Class of Notes), or (ii) the Principal Amount Outstanding of the aggregate relevant Classes of Notes (in case of a joint Meeting). The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the Meeting for any other business.

## **Article 18**

### *Votes*

Every Voter shall have:

- (a) on a show of hands, one vote; and
- (b) on a poll, one vote in respect of each €1,000 in principal amount of Note(s) represented by the Voting Certificate produced by such Voter or in respect of which he is a Proxy.

In the case of equality of votes, the Chairman shall, both on a show of hands and on a poll, have a casting vote in addition to the votes (if any) to which he may be entitled as a Voter.

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 19**

### *Vote by Proxies*

Any vote cast 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 Representative of the Noteholders or the Issuer has not been notified by the Principal Paying Agent in writing of such amendment or revocation by the time being 24 Hours before the time fixed for the Meeting. 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.

## **Article 20**

### *Exclusive powers of the Meeting*

The Meeting shall have exclusive powers on the following matters:

- (a) to approve any Basic Terms Modification;
- (b) to approve any proposal by the Issuer for any alteration, abrogation, variation or compromise of the rights of the Representative of the Noteholders or the Noteholders under any Transaction Document, the Notes or 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 direct the Representative of the Noteholders to serve an Issuer Acceleration Notice under Condition 10(b) (*Consequence of service of an Issuer Acceleration Notice*);
- (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 Transaction Document or any act or omission which might otherwise constitute an Event of Default;
- (f) to direct 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 resolution of the Noteholders;
- (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, other than in accordance with the Transaction Documents; and
- (h) to appoint and remove the Representative of the Noteholders.

## **Article 21**

### *Powers exercisable by Extraordinary Resolution*

Without limitation to the exclusive powers of the Meeting listed in Article 20 (*Exclusive powers of the Meeting*), each Meeting shall have the following powers exercisable only by way of an Extraordinary Resolution:

- (a) approval of any Basic Terms Modification;
- (b) approval of any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Representative of the Noteholders or 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, the Conditions or otherwise;
- (c) approval of any scheme or proposal for the exchange or substitution of any of the Notes for, or the conversion of the Notes into, or the cancellation of the 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, debentures,

- debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;
- (d) appointment and removal of the Representative of the Noteholders;
  - (e) approval of the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
  - (f) without prejudice to the Conditions, approval of any alteration of the provisions contained in these rules, the Notes, the Conditions, the Intercreditor Agreement or any other Transaction Document which shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto;
  - (g) discharge or exoneration of the Representative of the Noteholders from any liability in respect of any act or omission for which the Representative of the Noteholders may have become responsible under or in relation to these rules, the Notes, the Conditions or any other Transaction Document;
  - (h) giving any direction or granting any authority or sanction which, under the provisions of these rules, the Conditions or the Notes, is required to be given by Extraordinary Resolution;
  - (i) authorisation and sanctioning of actions of the Representative of the Noteholders under these rules, the Notes, the Conditions, the terms of the Intercreditor Agreement or any other Transaction Documents and in particular power to sanction the release of the Issuer by the Representative of the Noteholders;
  - (j) authorisation and direction to 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 Extraordinary Resolution;

*provided* however that:

- (a) no Extraordinary Resolution involving a Basic Terms Modification passed by the Relevant Class of Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Noteholders of each of the other Classes of Notes (to the extent that Notes of each such Classes of Notes are then outstanding);
- (b) no Extraordinary Resolution of the Junior Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders (to the extent that the Class A Notes are then, respectively, 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, respectively, outstanding).

## **Article 22**

### *Challenge of resolution*

Any Noteholder can challenge a resolution which is not passed in conformity with the provisions of these rules.

## **Article 23**

### *Minutes*

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be conclusive evidence of the resolutions and proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at such meeting shall be deemed to have been duly passed or transacted.

## **Article 24**

### *Written Resolution*

A Written Resolution shall take effect as if it were an Extraordinary Resolution passed at a Meeting of the Noteholders.

## **Article 25**

### *Individual actions and remedies*

The right of each Noteholder to bring individual actions or seek other individual remedies to enforce his or her rights under the Notes will be subject to the Meeting passing an Extraordinary Resolution authorising such individual action or other remedy. In this respect, the following provisions shall apply:

- (a) the Noteholder intending to enforce his or her rights under the Notes will notify the Representative of the Noteholders in writing of his or her intention;
- (b) the Representative of the Noteholders will, within 30 days of receiving such notification, convene a Meeting of the Noteholders of the relevant Class(es) in accordance with these rules at the expense of such Noteholder;
- (c) if the Meeting does not pass an Extraordinary Resolution authorising the individual enforcement or remedy, the Noteholder will be prevented from seeking such enforcement or remedy (provided that the same matter can be submitted again to a further Meeting after a reasonable period of time has elapsed); and
- (d) if the Meeting does pass an Extraordinary Resolution authorising the individual enforcement or remedy, the Noteholder will be permitted to seek such individual enforcement or remedy in accordance with the terms of the Extraordinary Resolution.

No individual action or remedy can be sought by a Noteholder to enforce his or her rights under the Notes unless a Meeting of Noteholders has been held to resolve on such action or remedy and in accordance with the provisions of this Article 25.

## **TITLE III**

### **THE REPRESENTATIVE OF THE NOTEHOLDERS**

## **Article 26**

### *Appointment, removal and remuneration*

Each appointment of a Representative of the Noteholders must be approved by an Extraordinary Resolution of the holders of each Class of Notes in accordance with the provisions of this Article 26, save in respect of the appointment of the first Representative of the Noteholders which will be BNP Paribas Securities Services S.A., Milan Branch.

Save for BNP Paribas Securities Services S.A., Milan Branch, as first Representative of the Noteholders, the Representative of the Noteholders shall be:

- (a) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction, in either case provided it is licensed to conduct banking business in Italy; or
- (b) a financial institution registered under article 107 of the Banking Act; or
- (c) 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.

It is further understood and agreed that directors, auditors, employees (if any) of the Issuer and those who fall in any of the conditions set out in article 2399 of the Italian civil code cannot be appointed as the Representative of the Noteholders.

The Representative of the Noteholders shall be appointed for an unlimited term and can be removed by way of an Extraordinary Resolution of the holders of each Class of Notes at any time.

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such Representative of the Noteholders shall remain in office until (i) acceptance of the appointment by the Issuer of a substitute Representative of the Noteholders designated among the entities indicated in (a), (b) or (c) above and (ii) acceptance by such substitute Representative of the Noteholders of the provisions of the Intercreditor Agreement and of any other Transaction Documents to which the Representative of the Noteholders is party; and, provided that a Meeting of the holders of each Class of Notes has not appointed such a substitute within 60 days of such termination, such Representative of the Noteholders may appoint such a substitute. The powers and authority of the 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.

Each of the Noteholders, by reason of holding the relevant Note(s), will recognise the power of the Representative of the Noteholders, hereby granted, to appoint its own successor and recognise the Representative of the Noteholders so appointed as its representative.

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 remuneration shall be payable in accordance with the Intercreditor Agreement and the Priority of Payments up to (and including) the date when the Notes have been repaid in full and cancelled in accordance with the Conditions.

## **Article 27**

### *Duties and powers*

The Representative of the Noteholders is the legal representative of the Organisation of Noteholders subject to and in accordance with the Conditions, these rules, the Intercreditor Agreement and the other Transaction Documents to which it is a party (together, the “**Relevant Provisions**”).

Subject to the Relevant Provisions, the Representative of the Noteholders is responsible for implementing the directions of a Meeting of Noteholders and for representing the interests of the Noteholders as a class *vis-à-vis* the Issuer. The Representative of the Noteholders has the right to attend Meetings. The Representative of the Noteholders may convene a Meeting in order to obtain the authorisation or directions of the Meeting in respect of any action proposed to be taken by the Representative of the Noteholders.

All actions taken by the Representative of the Noteholders in the execution and exercise of its powers and authorities and of the discretions 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 it expedient, whether by power of attorney or otherwise, delegate to any person(s) all or any of its duties, powers, authorities or discretions 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. The Representative of the Noteholders shall not be bound to supervise the proceedings of any such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by 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 of any renewal, extension or termination of such appointment, and shall make it a condition of any such delegation 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 proceedings involving the Issuer in creditors' agreement (*concordato preventivo*), forced liquidation (*fallimento*) or compulsory administrative liquidation (*liquidazione coatta amministrativa*).

The Representative of the Noteholders shall have regard to the interests of all the Issuer Secured Creditors as regards the exercise and performance of all powers, authorities, duties and discretions of the Representative of the Noteholders under these rules, the Intercreditor Agreement or under the Mandate Agreement (except where expressly provided otherwise), but, notwithstanding the foregoing, the Representative of the Noteholders shall have regard to the interests only: (i) of the Most Senior Class outstanding, and (ii) subject to item (i), of whichever Issuer Creditor ranks higher in the Priority of Payments hereof for the payment of the amounts therein specified if, in its opinion, there is or may be a conflict between all or any of the interests of one or more Classes of Noteholders or between one or more Classes of Noteholders and any other Issuer Secured Creditors. The foregoing provision shall not affect the payment order set forth in the applicable Priority of Payments.

Each Noteholder, by acquiring title to a Note is deemed to agree and acknowledge that:

- (i) the Representative of the Noteholders has entered into the Italian Deed of Pledge and the English Deed of Charge and Assignment for itself and as agent in the name of and on behalf of each Noteholder from time to time and each of the other Issuer Secured Creditors thereunder;
- (ii) by virtue of the transfer to it of the relevant Note, each Noteholder shall be deemed to have granted to the Representative of the Noteholders, as its agent, the right (a) to exercise in such manner as the Representative of the Noteholders in its sole opinion deems appropriate, on behalf of such Noteholder, all of that Noteholder's rights under the Securitisation Law in respect of the Portfolios and all amounts and/or other assets of the Issuer arising from the Portfolios and the Transaction Documents not subject to the Note Security and (b) to enforce its rights as an Issuer Secured Creditor for and on its behalf under the Italian Deed of Pledge and the English Deed of Charge and Assignment and in relation to the Note Security;
- (iii) the Representative of the Noteholders, in its capacity as agent in the name of and on behalf of the Noteholders of each Class, shall be the only person entitled under the Conditions and under the Transaction Documents to institute proceedings against the Issuer and/or to enforce or to exercise any rights in connection with the Note Security or to take any steps against the Issuer or any of the other parties to the Transaction Documents for the purposes of enforcing the rights of the holders of each relevant Class of Notes with respect to the other Transaction Documents and recovering any amounts owing under the Notes or under the Transaction Documents;
- (iv) the Representative of the Noteholders shall have exclusive rights under the Italian Deed of Pledge and the English Deed of Charge and Assignment to make demands, give notices, exercise or refrain from exercising any rights and to take or refrain from taking any action (including, without limitation, the release or substitution of security) in respect of the Note Security;
- (v) no Noteholder shall be entitled to proceed directly against the Issuer nor take any steps or pursue any action whatsoever for the purpose of recovering any debts due or owing to it by the Issuer or take, or join in taking, steps for the purpose of obtaining payment of any amount expressed to be payable by the Issuer or the performance of any of the Issuer's obligations under these Conditions and/or the Transaction Documents or petition for or procure the commencement of insolvency proceedings or the winding-up, insolvency, extraordinary administration or compulsory administrative liquidation of the Issuer or the appointment of any kind of insolvency official, administrator, liquidator, trustee, custodian, receiver or other similar official in respect of the Issuer for any, all, or substantially all the assets of the Issuer or in connection with any reorganisation or arrangement or composition in respect of the Issuer, pursuant to the Banking Act or otherwise, unless (in each case under (ii), (iii) and (iv) above) an Issuer Acceleration Notice shall have been served or an Insolvency Event shall have occurred and the

Representative of the Noteholders, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, (provided that any such failure shall not be conclusive *per se* of a default or breach of duty by the Representative of the Noteholders), provided that the Noteholder may then only proceed subject to the provisions of the Conditions and provided that this proviso shall not prejudice the right of any Noteholder to prove a claim in the insolvency of the Issuer where such insolvency follows the institution of an insolvency proceedings by a third party;

- (vi) no Noteholder shall at any time exercise any right of netting, set-off or counterclaim in respect of its rights against the Issuer such rights being expressly waived or exercise any right of claim of the Issuer by way of a subrogation action (*azione surrogatoria*) pursuant to article 2900 of the Italian civil code; and
- (vii) the provisions of this Article 27 shall survive and shall not be extinguished by the redemption (in whole or in part) and/or cancellation of the Notes and each Noteholder waives to the greatest extent permitted by law any rights directly to enforce its rights against the Issuer.

## **Article 28**

### *Resignation of the Representative of the Noteholders*

The Representative of the Noteholders may resign at any time upon giving not less than three calendar months' notice in writing to the Issuer and the Rating Agencies without assigning any reason therefor and without being responsible for any costs incurred as a result of such resignation (except for the administrative costs incurred with respect to the selection of a successor Representative of the Noteholder). The resignation of the Representative of the Noteholders shall not become effective until a Meeting of the holders of each Class of Notes has appointed a new Representative of the Noteholders and such new representative of the Noteholders has accepted (i) the relevant appointment; and (ii) the provisions of the Intercreditor Agreement and of any other Transaction Documents to which the Representative of the Noteholders is party. If a new Representative of the Noteholders has not been so appointed within 60 days of the date of such notice of resignation, the resigning Representative of the Noteholders will be entitled to appoint its own successor, in the name and on behalf of the Issuer and convening a fee not higher than the fee that the resigning Representative of the Noteholders agreed with the Issuer, *provided that* any such successor shall satisfy with the conditions of Article 26 herein.

## **Article 29**

### *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 other Transaction Documents to which it is a party.

Without limiting the generality of the foregoing, the Representative of the Noteholders:

- (a) shall not be under any obligation to take any steps to ascertain whether an Event of Default 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 or any Noteholder 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 Event of Default or such other event, condition or act has occurred;
- (b) shall not be under any obligation to monitor or supervise the observance or performance by the Issuer or any other party to the Transaction Documents of the provisions of, and its obligations under, these rules, the Notes, the Conditions or any other Transaction Document, and, until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each such other party is observing and performing all such provisions and obligations;



- (c) shall not be under any obligation to give notice to any person of the execution of these rules, the Notes, the Conditions or any of the Transaction Documents or any transaction contemplated hereby or thereby;
- (d) shall not be responsible for, or for investigating, the legality, validity, effectiveness, adequacy, suitability or genuineness of these rules, the Notes, the Conditions, any Transaction Document, or any other document, or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, 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: (i) the nature, status, creditworthiness or solvency of the Issuer or any other party to the Transaction Documents; (ii) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection herewith or with any Transaction Document; (iii) the suitability, adequacy or sufficiency of any collection or recovery 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 Claims; or (v) any accounts, books, records or files maintained by the Issuer, the Servicers, the Principal Paying Agent or any other person in respect of the Claims;
- (e) 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;
- (f) 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;
- (g) 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 in any Transaction Document;
- (h) 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 Claims or any part thereof, whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry, or whether capable of remedy or not;
- (i) 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, the Notes or any Transaction Document;
- (j) shall not be under any obligation to insure the Mortgage Loans and the Claims or any part thereof;
- (k) shall not be responsible for (except as otherwise provided in the Conditions or in the Transaction Documents) making or verifying any determination or calculation in respect of the Claims, the Notes and any other payment to be made in accordance with the Priority of Payments;
- (l) shall not have regard to the consequences of any modification or waiver of these rules, the Notes, the Conditions 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; and
- (m) 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 person 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, the Notes or any other Transaction Document, and none of the Noteholders, Other Issuer Creditors nor any other person shall be entitled to take any action to obtain from the Representative of the Noteholders any such information.

The Representative of the Noteholders, notwithstanding anything to the contrary contained in these rules:

- (a) may, without the consent of the Noteholders or any Other Issuer Creditors and subject to the Representative of the Noteholders giving prior written notice thereof to the Rating Agencies, concur with the Issuer and any other relevant parties in making any amendment or modification to these rules, the Conditions (other than a Basic Terms Modification) or to any of the Transaction Documents which, in the opinion of the Representative of the Noteholders, it is expedient to make or, is of a formal, minor or technical nature, to correct a manifest error or an error which is, in the opinion of the Representative of the Noteholders, proven or is necessary or desirable for the purposes of clarification. Any such amendment or modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall cause such amendment or modification to be notified to the Noteholders as soon as practicable thereafter;
- (b) may, without the consent of the Noteholders, concur with the Issuer and any other relevant parties in making any amendment or modification (other than in respect of a Basic Terms Modification) to these rules, the Conditions or to any of the Transaction Documents, which, in the opinion of the Representative of the Noteholders, it may be proper to make, provided that the Representative of the Noteholders is of the opinion that such amendment or modification will not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes;
- (c) may, without the consent of the Noteholders or any Other Issuer Creditor, authorise or waive any proposed breach or breach of the Notes (including an Event of Default) or of the Intercreditor Agreement or any other Transaction Document if, in the opinion of the Representative of the Noteholders, the interests of the Most Senior Class will not be materially prejudiced by such authorisation or waiver; provided that the Representative of the Noteholders shall not exercise any of such powers in contravention of any express direction by an Extraordinary Resolution or of a request in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any proposed breach or breach relating to a Basic Terms Modification;
- (d) may act on the advice, certificate, opinion or information (whether or not addressed to the Representative of the Noteholders) 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 gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss incurred by so acting. Any such advice, certificate, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission or cable and, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, certificate, opinion or information contained in, or purported to be conveyed by, any such letter, telex, telegram, facsimile transmission or cable, notwithstanding any error contained therein or the non-authenticity of the same;
- (e) may call for, and shall be at liberty to accept as sufficient evidence of any fact or matter or as to the expediency of any dealing, transaction, step or thing, a certificate duly signed by or on behalf of the sole director or the chairman of the board of directors of the Issuer, as the case may be, and the Representative of the Noteholders shall not be bound, in any such case, to call for further evidence or be responsible for any loss that may be occasioned as a result of acting on such certificate;
- (f) save as expressly otherwise provided herein, shall have absolute and unfettered discretion as to the exercise, or non-exercise, of any right, power and discretion vested in the Representative of the Noteholders by these rules, the Notes, any Transaction Document or by operation of law and

the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or other liabilities that may result from the exercise or non-exercise thereof except insofar as the same are incurred as a result of its gross negligence (*colpa grave*) or wilful misconduct (*dolo*);

- (g) shall be at liberty to leave in custody these rules, the Transaction Documents and any other documents relating thereto or to the Notes in any part of the world with any bank, financial institution or company whose business includes undertaking the safe custody of documents, or with any lawyer or firm of lawyers considered by the Representative of the Noteholders to be of good reputation, 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;
- (h) in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, is entitled to convene a Meeting of the Noteholders of any or all Classes of Notes in order to obtain instructions as to 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. The Representative of the Noteholders shall not be obliged to take any action in respect of these rules, the Notes, the Conditions or any Transaction Document unless it is indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands which may be brought against it and against all costs, charges, damages, expenses and liabilities (provided that supporting documents are delivered) which it may incur by taking such action;
- (i) in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, shall not be liable for acting upon any resolution purported to have been passed at any Meeting of holders of any Class of Notes in respect of which minutes have been drawn up and signed notwithstanding that subsequent to so 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 relevant Noteholders;
- (j) may call for, and shall be at liberty to accept and place full reliance on 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 principal amount of Notes;
- (k) may certify whether or not an Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders or the holders of the Most Senior Class and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other relevant person;
- (l) may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these rules, the Notes, the Conditions or any other Transaction Document is capable of remedy and, if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any relevant person;
- (m) may assume, without enquiry, that no Notes are for the time being held by, or for the benefit of, the Issuer;
- (n) shall be entitled to call for, and to rely upon, a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine of any party to the Intercreditor Agreement, any Other Issuer Creditor or the Rating Agencies in respect of any matter and circumstance for which a certificate is expressly provided for hereunder or under any Transaction Document or in respect of the ratings of the 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 incurred by its failing to do so; and

- (o) may, in determining whether the exercise of any power, authority, duty or discretion under or in relation hereto or to the Notes, the Conditions or any Transaction Document, is materially prejudicial to the interests of the Noteholders, have regard to confirmation from the Rating Agencies that the then current ratings of the Class A Notes would not be downgraded, withdrawn or qualified and to any other confirmation which it considers, in its sole and absolute discretion, as necessary and/or appropriate.

Any consent or approval given by the Representative of the Noteholders under these rules, the Notes, the Conditions or 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, in the Conditions or in any Transaction Document, such consent or approval may be given retrospectively.

No provision of these rules, the Notes, the Conditions or any Transaction Document shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations, 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 powers or discretions, and the Representative of the Noteholders may refrain from taking any action if it has reasonable grounds to believe that it will not be reimbursed for any funds, or that it will not be indemnified against any loss or liability which it may incur as a result of such action.

### **Article 30**

#### *Note Security*

The Representative of the Noteholders shall be entitled to exercise all the rights granted by the Issuer in favour of the Representative of the Noteholders on behalf of the Noteholders and the other Issuer Secured Creditors under the Note Security.

The Representative of the Noteholders, acting on behalf of the Issuer Secured Creditors, may:

- (a) prior to enforcement of the Note Security, appoint and entrust the Issuer to collect, in the interest of the Issuer Secured Creditors and on their behalf, any amounts deriving from the Note Security and may instruct, jointly with the Issuer, the obligors whose obligations form part of the Note Security to make any payments to be made thereunder to an Account of the Issuer;
- (b) agree that the Accounts shall be operated in compliance with the provisions of the Agency and Accounts Agreement and the Intercreditor Agreement;
- (c) agree that all funds credited to the Accounts from time to time shall be applied prior to the enforcement of the Note Security, in accordance with the Conditions and the Intercreditor Agreement;
- (d) agree that cash deriving from time to time from the Note Security and the amounts standing to the credit of the Accounts shall be applied prior to enforcement of the Note Security, in and towards satisfaction not only of amounts due to the Issuer Secured Creditors, but also of such amounts due and payable to the other Issuer Creditors that rank *pari passu* with, or higher than, the Issuer Secured Creditors, according to the applicable Priority of Payments and, to the extent that all amounts due and payable to the Issuer Secured Creditors have been paid in full, also towards satisfaction of amounts due to the other Issuer Creditors that rank below the Issuer Secured Creditors. The Issuer Secured Creditors irrevocably waive any right which they may have hereunder in respect of cash deriving from time to time from the Note Security 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 Note Security, under the Note Security, except in accordance with the foregoing, the Conditions and the Intercreditor Agreement; and

### **Article 31**

#### *Indemnity*

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Intercreditor Agreement to reimburse, pay or discharge (on a full indemnity basis) all costs, liabilities, losses, charges, expenses (provided, in each case, that supporting documents are delivered), damages, actions, proceedings, claims and demands (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 person to whom the Representative of the Noteholders has delegated any power, authority or discretion or any appointee thereof, in relation to the preparation and execution of, the exercise or the purported exercise of, its powers, authority and discretion and performance of its duties under and in any other manner in relation to these rules, the Notes, the Conditions, the Intercreditor Agreement or any other Transaction Document, 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 to these rules, the Notes, the Conditions or any Transaction Document, against the Issuer or any other person for enforcing any obligations under these rules, the Notes or the Transaction Documents, except insofar as the same are incurred as a result of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders.

## **TITLE IV**

### **THE ORGANISATION OF NOTEHOLDERS UPON SERVICE OF AN ISSUER ACCELERATION NOTICE**

### **Article 32**

#### *Powers*

It is hereby acknowledged that, upon service of an Issuer Acceleration Notice and/or failure by the Issuer to exercise its rights, the Representative of the Noteholders shall, pursuant to the Mandate Agreement, be entitled, in its capacity as legal representative of the Organisation of Noteholders, also in the interest and for the benefit of the Other Issuer Creditors, pursuant to articles 1411 and 1723 of the Italian civil code, to exercise certain rights in relation to the Claims. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of 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 particular and without limiting the generality of the foregoing, following the service of an Issuer Acceleration Notice, the Representative of the Noteholders will be entitled, until the Notes have been repaid in full or cancelled in accordance with the Conditions:

- (a) to request the Interim Account Bank to transfer all monies standing to the credit of the Banco Popolare Interim Account and the Creberg Interim Account and the Expenses Account to, respectively, the Collection Account and a replacement Expenses Account opened for such purpose by the Representative of the Noteholders with the Transaction Bank;
- (b) to request the Transaction Bank to transfer all monies standing to the credit of the Collection Account, the Cash Reserve Account and the replacement Expenses Account (if opened with the Transaction Bank in accordance with the Agency and Accounts Agreement) to, respectively, a replacement Collection Account, a replacement Cash Reserve Account and a replacement

- Expenses Account opened for such purpose by the Representative of the Noteholders with a replacement Transaction Bank which is an Eligible Institution;
- (c) to request the Principal Paying Agent to transfer all monies standing to the credit of the Payments Account to a replacement Payments Account opened for such purpose by the Representative of the Noteholders with a replacement Principal Paying Agent which is an Eligible Institution;
  - (d) to require performance by any Issuer Creditor of its obligations under the relevant Transaction Document to which such Issuer Creditor is a party, to bring any legal actions and exercise any remedies in the name and on behalf of the Issuer that are available to the Issuer under the relevant Transaction Document against such Issuer Creditor in case of failure to perform and generally to take such action in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Portfolios, the Claims and the Issuer's Rights;
  - (e) to instruct the Servicers in respect of the recovery of the Issuer's Rights;
  - (f) to take possession, as an agent of the Issuer and to the extent permitted by applicable laws, of all Collections (by way of a power of attorney granted hereunder in respect of the relevant Accounts) and of the Claims and to sell or otherwise dispose of the Claims or any of them in such manner and upon such terms and at such price and such time or times as the Representative of the Noteholders shall, in its discretion, deem appropriate and to apply the proceeds in accordance with the Post-Enforcement Priority of Payments provided however that if the amount of the monies at any time available to the Issuer or to the Representative of the Noteholders for the payments above shall be less than 10 per cent. of the Principal Amount Outstanding of all Classes of Notes the Representative of the Noteholders may at its discretion invest such monies (or cause such monies to be invested) in some or one of the investments authorised pursuant to the Intercreditor Agreement. The Representative of the Noteholders at its discretion may vary such investments (or cause such investments to be varied) and may accumulate such investments and the resulting income until the immediately following Accumulation Date. Any monies, which under the Intercreditor Agreement or the Conditions may be invested, may be invested, or caused to be invested, by the Representative of the Noteholders in the name or under the control of the Representative of the Noteholders in any investments or other assets in any part of the world whether or not they produce income or by placing the same on deposit in the name or under the control of the Representative of the Noteholders at such bank or other financial institution and in such currency as the Representative of the Noteholders may think fit. The Representative of the Noteholders may at any time vary any such investments, or cause any such investments to be varied, for or into other investments or convert any monies so deposited, or cause any such investments to be converted, into any other currency and shall not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise, except insofar as such loss is incurred as a result of its gross negligence (*colpa grave*) or wilful misconduct (*dolo*); and
  - (g) (i) to distribute the monies from time to time standing to the credit of the Accounts and such other accounts as may be opened by the Representative of the Noteholders pursuant to paragraph (a), (b) and/or (c) above to the Noteholders and the Other Issuer Creditors in accordance with the applicable Priority of Payments. For the purposes of this Article 32, all the Noteholders and the Other Issuer Creditors irrevocably appoint, as from the date hereof and with effect on the date on which the Notes will become due and payable following the service of an Issuer Acceleration Notice, the Representative of the Noteholders as their exclusive agent (*mandatario esclusivo*) to receive on their behalf from the Issuer any and all monies payable by the Issuer to the Noteholders and the Other Issuer Creditors from and including the date on which the Notes will

become due and payable and to apply such monies in accordance with the applicable Priority of Payments.

**TITLE V**  
**GOVERNING LAW AND JURISDICTION**

**Article 33**

*Governing law and jurisdiction*

These rules are governed by, and will be construed in accordance with, the laws of Italy.

All disputes arising out of or in connection with these rules, including those concerning their validity, interpretation, performance and termination, shall be exclusively settled by the Courts of Milan.

## **USE OF PROCEEDS**

The net proceeds from the issue of the Notes at the Issue Date, being Euro 2,501,918,000.00 of which Euro 1,701,300,000.00 of the Class A Notes and Euro 800,618,000.00 of the Junior Notes will be applied by the Issuer on the Issue Date to finance the Purchase Price of the First Portfolios.



## THE ISSUER

### Introduction

BPL Mortgages S.r.l. (the “**Issuer**”) is a limited liability company with sole shareholder (*società a responsabilità limitata con socio unico*) incorporated in 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**”), on 30 June 2006 with the name of “Giano Finance S.r.l.”. By way of an extraordinary shareholder’s resolution held on 11 May 2007, the corporate name of the Issuer was changed from “Giano Finance S.r.l.” into “BPL Mortgages S.r.l.”.

In accordance with the Issuer’s by-laws (*statuto*) as amended by way of an extraordinary shareholder’s resolution held on 12 December 2008, the corporate duration of the Issuer is limited to 31 December 2060 and may be extended by shareholders’ resolution. The Issuer is registered with the companies’ register of Treviso under number 04078130269, and its tax identification number (*codice fiscale*) and VAT number is 04078130269. The Issuer is also enrolled 3 in the elenco delle società veicolo held by the Bank of Italy pursuant to article 2 of the resolution of the Bank of Italy dated 29 April 2011. The registered office of the Issuer is at Via V. Alfieri, 1, 31015 Conegliano (Treviso), Italy. The telephone number of the registered office is +39 0438 360 926. The Issuer has no employees and no subsidiaries.

### Previous securitisations

The Issuer has already engaged in the following securitisation transactions carried out in accordance with the Securitisation Law:

- (a) a securitisation transaction completed in December 2007 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing mortgage loans acquired from Banca Popolare di Crema S.p.A., Banca Popolare di Cremona S.p.A., BPL and CR Lupili (the “**2007 Previous Portfolio**”) and (ii) the issue of asset-backed notes in an aggregate amount of € 995,479,000 (the “**2007 Previous Securitisation Notes**”);
- (b) a securitisation transaction completed in December 2008 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing mortgage loans acquired from BPN, BPV and Creberg (the “**2008 Previous Portfolio**”) and (ii) the issue of asset-backed notes in an aggregate amount of € 1,052,000,000 (the “**2008 Previous Securitisation Notes**”); and
- (c) a securitisation transaction completed in March 2009 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing mortgage loans acquired from BPL, BPN, BPV, Banca Caripe S.p.A., Creberg and CR Lupili (the “**2009-1 Previous Portfolio**”, and, together with the 2007 Previous Portfolio and the 2008 Previous Portfolio, the “**Previous Portfolios**”) and (ii) the issue of asset-backed notes in an aggregate amount of € 3,001,799,000 (the “**2009-1 Previous Securitisation Notes**”).
- (d) a securitisation transaction completed in June 2009 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing mortgage loans acquired from Banca Popolare di Crema S.p.A., Banca Popolare di Cremona S.p.A., BPL, BPN, BPV, Creberg and CR Lupili (the “**2009-2 Previous Portfolio**”, and, together with the 2007 Previous Portfolio, the 2008 Previous Portfolio, and the 2009-1 Previous Portfolio, the “**Previous Portfolios**”), and (ii) the issue of asset-backed notes in an aggregate amount of € 3,990,474,000 (the “**2009-2 Previous Securitisation Notes**” and, together with the 2007

Previous Securitisation Notes, the 2008 Previous Securitisation Notes and the 2009-1 Previous Securitisation Notes, the “**Previous Securitisations Notes**”);

The transactions indicate at the items a and b was closed in January 2010. The transaction indicate at the item c was closed in January 2011.

Pursuant to the Securitisation Law the assets relating to each securitisation transaction will constitute assets segregated for all purposes from assets of the Issuer and from the assets relating to other securitisation transactions. The assets relating to a particular securitisation transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to the general creditors of the Issuer.

### **Shareholding**

The authorised equity capital of the Issuer is €12,000. The issued and paid-up equity capital of the Issuer is € 12,000 entirely held by SVM Securitisation Vehicles Management S.r.l. No other amount of equity capital has been agreed to be issued.

Pursuant to a shareholder’s commitment dated the Signing Date between the Issuer, the Representative of the Noteholders and SVM Securitisation Vehicles Management S.r.l. (the “**Quotaholder’s Commitment**”), SVM Securitisation Vehicles Management S.r.l. has agreed certain provisions in relation to the management of the Issuer. The Shareholder’s Commitment also provides that SVM Securitisation Vehicles Management S.r.l., in its capacity as sole shareholder of the Issuer, will not approve the payment of any dividends or any repayment or return of capital by the Issuer prior to the date on which all amounts of principal and interest on the Notes have been paid in full. The Shareholder’s Commitment is governed by Italian law.

Italian company law combined with the holding structure of the Issuer, the covenants made by the Issuer and SVM Securitisation Vehicles Management S.r.l. in the Shareholder’s Commitment and the role of the Representative of the Noteholders are together intended to prevent any abuse of control of the Issuer. To the best of its knowledge, the Issuer is not aware of direct or indirect ownership or control apart from SVM Securitisation Vehicles Management S.r.l..

### **Special purpose vehicle**

The Issuer has been established as a special purpose vehicle for the purposes of issuing asset-backed securities. The Issuer may carry out other securitisation transactions in addition to the one contemplated in this Prospectus, subject to certain conditions.

### **Accounting treatment of the Portfolio**

Pursuant to the Bank of Italy’s regulations, the accounting information relating to the securitisation of the Claims will be contained in the explanatory notes to the Issuer's accounts (*nota integrativa*). The explanatory notes, together with the balance sheet and the profit and loss statements, form part of the financial statements of Italian limited liability companies (*società a responsabilità limitata*).

### **Accounts of the Issuer**

The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year with the exception of the first fiscal year which started on 30 June 2006 and ended on 31 December 2006. Consequently, the first financial statements of the Issuer of the Issuer are those relating to the fiscal year ended in December 2006 and approved on 14 March 2007.

## Principal activities

The principal corporate objectives of the Issuer, as set out in article 3 of its by-laws (*statuto*), include the acquisition of monetary receivables for the purposes of securitisation transactions and the issuance of asset-backed securities.

So long as any of the Notes remains outstanding, the Issuer shall not, without the consent of the Representative of the Noteholders and as provided in the Conditions and the Transaction Documents, incur any other indebtedness for borrowed monies, engage in any activities except pursuant to the Transaction Documents, pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person, convey or transfer its property or assets to any person, or increase its equity capital.

The Issuer will covenant to observe, *inter alia*, those restrictions which are detailed in Condition 5 (*Covenants*).

## Sole director of the Issuer

The sole director of the Issuer is:

Sole Director

Claudia Calcagni, sole director of BPL Mortgages S.r.l.. The domicile of Claudia Calcagni, in her capacity of sole director of the Issuer, is Via V. Alfieri, 1 – 3105 Conegliano (TV) Italy.

## Capitalisation and indebtedness statement

The capitalisation and indebtedness of the Issuer as at the date of this Prospectus, adjusted for the issue of the Notes on the Issue Date, are as follows:

	€
<i>Issued equity capital</i>	
€12,000 fully paid up	12,000
	12,000
<i>Borrowings</i>	
€ 935,750,000 Class A – 2007 Residential Mortgage-Backed Floating Rate Notes due 2045	0.00
€ 14,900,000 Class B – 2007 Residential Mortgage-Backed Floating Rate Notes due 2045	0,000
€ 24,900,000 Class C – 2007 Residential Mortgage-Backed Floating Rate Notes due 2045	0,000
€ 19,929,000 Class D – 2007 Residential Mortgage-Backed Floating Rate Notes due 2045	0,000
€ 973,100,000 Class A – 2008 Residential Mortgage-Backed Floating Rate Notes due 2054	0,000
€ 78,900,000 Class B – 2008 Residential Mortgage-Backed Notes due 2054	0,000

	€
€ 2,799,150,000 Class A – 2009 Residential Mortgage-Backed Floating Rate Notes due 2054	0,000
€ 202,649,000 Class B – 2009 Residential Mortgage-Backed Notes due 2054	0,000
€ 3,411,850,000 Class A – 2009 Mortgage-Backed Floating Rate Notes due 2055	1,863,720,333
€ 578,624,000 Class B – 2009 Mortgage-Backed Floating Rate Notes due 2055	578,624,000
<b>Total Notes</b>	<b>2,442,344,333.02</b>

Save for the foregoing, at the Issue Date the Issuer will not have 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.

## THE TRANSACTION BANK

**Banco Popolare London Branch** (regulated by Banca d' Italia), located within the "Financial Heart of Great Britain", close to the Bank of England, has been established in 1992, with the aim of providing a full range of commercial banking services to corporate clients of the Group. The branch participates in international syndicated loan and lends to corporate customer on a bilateral basis. It is also active in treasury management in support of corporate customers and issue London Certificates of Deposit (CDs), European commercial Paper / CDs and French CDs. It has a dedicated Customer Services for all commercial related transactions.

## SELECTED ASPECTS OF ITALIAN LAW

### (a) 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 all costs and expenses associated with the securitisation transaction.

### (b) Ring-fencing of the assets

Under the terms of article 3 of the Securitisation Law, the assets 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 receivables. Prior to and on a winding-up of such a company such assets will be available only to holders of 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 company. However, under Italian law, any creditor of the Issuer would be able to commence insolvency or winding up proceedings against the company in respect of any unpaid debt.

### (c) The assignment

The assignment of the receivables under the Securitisation Law is governed by article 58, paragraphs 2, 3 and 4 of the Banking Act. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Securitisation Law, is that the assignment can be opposed against assigned debtors and third party creditors by way of publication in the Italian Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) and registration (*iscrizione*) with the competent companies’ register, so avoiding the need for notification to be served on each assigned debtor.

As of the later of: (i) the date of publication of the notice of the assignment in the Italian Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) and (ii) the date of registration (*iscrizione*) of such notice in the competent companies’ register, the assignment becomes enforceable against:

- (a) the assigned debtors and any creditors of the relevant originator who have not, prior to the date of publication of the notice, commenced enforcement proceedings in respect of the relevant receivables;
- (b) (i) the liquidator or any other bankruptcy officials of the assigned debtors (so that any payments made by an assigned debtor to the purchasing company may not be subject to any claw-back action according to article 67 of Italian Royal Decree No. 267 of 16 March 1942 (*Disciplina del fallimento, del concordato preventivo e della liquidazione coatta amministrativa*) (the “**Bankruptcy Law**”), and (ii) the liquidator of the originator (provided that the originator has not been subjected to insolvency proceeding prior to the date of publication of the notice of assignment in the Official Gazette and the registration of the assignment in the register of companies where the assignee is enrolled); and
- (c) other permitted assignees of the relevant originator who have not perfected their

assignment prior to the date of publication. The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned receivables will automatically be transferred to, and perfected with the same priority in favour of, the issuer, without the need for any formality or annotation.

As from the later of: (i) the date of publication of the notice of the assignment in the Italian Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) and (ii) the date of registration (*iscrizione*) of such notice in the competent companies' register, no legal action may be brought against the receivables assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the holders of the notes issued for the purpose of financing the acquisition of the relevant receivables and to meet the costs of the transaction.

Notice of the assignment of the Claims by each Originator pursuant to the relevant Transfer Agreement was published in the Italian Official Gazette (*Gazzetta Ufficiale della Repubblica Italiana*) No. 145 *Parte II* on 13 December 2012 and registered (*iscritto*) in the companies' register of Treviso on 11 December 2012.

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 assignment transaction is entered into within three months of the adjudication of bankruptcy of the relevant party or, in cases where article 67, paragraph 1, applies, within six months of the adjudication of bankruptcy.

**(d) Claw-back of the sale of the Portfolios**

The sale of the Portfolios by the Originators to the Issuer may be clawed back by a receiver of the Originator under Article 67, paragraphs 1(4) and 2 of the Bankruptcy Law but only in the event that the Originator was insolvent when the assignment was entered into and the assignment was executed within three months of the admission of the relevant Originator to compulsory liquidation (*liquidazione coatta amministrativa*) pursuant to Title IV, Heading I, Section III of the Consolidated Banking Act or in cases where paragraph 1(1), 1(2) and 1(3) of Article 67 applies, within six months of the admission to compulsory liquidation. Under the Warranty and Indemnity Agreement, the Originators have represented and warranted that it was solvent as of the Initial Transfer Date, the Additional Transfer Date and on the Issue Date and on the Notes Increase Date.

**(e) Recoveries under the Mortgage Loans**

Following default by a Borrower under a Mortgage Loan, the Servicers will be required to take steps to recover the sums due under the Mortgage Loan in accordance with its servicing and collection policies and the Servicing Agreement. See "*The Servicing Agreement*" and "*The credit and collection policies*".

The Servicers may take steps to recover the deficiency from the Borrower. Such steps could include an out-of-court settlement; however, legal proceedings may be taken against the Borrower if the relevant Servicer is of the view that the potential recovery would exceed the costs of the enforcement measures. In such event, due to the complexity of and the time involved in carrying out legal or insolvency proceedings against the Borrower and the possibility for challenges, defences and appeals by the Borrower, there can be no assurance that any such proceedings would result in the payment in full of outstanding amounts under the relevant Mortgage Loan.

In the Republic of Italy, a lender which has received a judgment against a debtor in default may enforce the judgment through a forced sale of the debtor's (or guarantor's) goods (*pignoramento mobiliare*) or real estate assets (*pignoramento immobiliare*), if the lender has previously been granted a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

Forced sale proceedings are directed against the debtor's properties following notification of an

*atto di precetto* to the relevant debtor together with a *titolo esecutivo*, i.e. an instrument evidencing the nature of the claims and having certain characteristics.

The average length of time for a forced sale of a debtor's goods, from the court order or injunction of payment to the final sharing-out, is about three years. The average length of time for a forced sale of a debtor's real estate asset, from the court order or injunction of payment to the final sharing-out, is between six and seven years. In the medium-sized central and northern Italian cities it can be significantly less whereas in major cities or in southern Italy the duration of the procedure can significantly exceed the average.

However, it is to be noted that forced sale proceedings are currently subject to a wide review by the Italian government aimed, *inter alia*, at speeding up and simplifying such proceedings. In fact, law decree No. 35 of 14 March 2005 converted into law by law No. 80 of 14 May 2005 as amended, has, on the one hand, introduced certain changes in this respect which entered into force starting from 1 March 2006 and, on the other hand, delegates the Italian Government to issue the relevant implementing decrees (*decreti legislativi delegati*).

**(f) Attachment of debtor's credits**

Attachment proceedings may be commenced also on due and payable debts of a borrower (such as bank accounts, salary etc.) or on a borrower's moveable property which is located on a third party's premises.

**(g) Insolvency proceedings**

A commercial entrepreneur (*imprenditore che esercita un'attività commerciale*) qualifying under article 1 of the Bankruptcy Law may be subject to insolvency proceedings (*procedure concorsuali*). Insolvency proceedings under Bankruptcy Law may take the form of, *inter alia*, bankruptcy (*fallimento*) or a composition with creditors (*concordato preventivo*).

Bankruptcy proceedings are applicable to commercial entrepreneurs that are in state of insolvency. A debtor can be declared bankrupt (*fallito*) (either by its own initiative or upon the initiative of any of its creditors) if it is not able to timely and duly fulfill its obligations. The debtor loses control over all its assets and of the management of its business which is taken over by a court-appointed receiver (*curatore fallimentare*).

Once judgment has been made by the court on the basis of the evidence of the creditors and the opinion of the *curatore fallimentare*, and the creditors' claims have been approved, the sale of the debtor's property is conducted in a manner similar to foreclosure proceedings or forced sale of goods, as the case may be. After insolvency proceedings are commenced, no legal action can be taken against the debtor and no foreclosure proceedings or forced sale proceedings may be initiated. Moreover, all action taken and proceedings already initiated by creditors are automatically suspended.

An entrepreneur which is in a crisis situation may propose to its creditors a creditors composition (*concordato preventivo*). The proposed composition plan may provide for the restructuring of debt and terms for the satisfaction of creditors, the transfer of business activities, the grouping of creditors in classes and their proposed treatment. The proposed composition plan must be accompanied by specific documentation relating to, *inter alia*, the financial situation of the enterprise and a report by an expert certifying that the data relating to the enterprise are true and the proposed composition plan is feasible.

A proposal for a composition plan is approved if it receives the favourable vote of creditors representing the majority of the claims admitted to vote; in case of classes of creditors, such majority shall be verified also in respect of the majority of the classes. If an approved composition plan is not challenged in court, the court will validate the composition plan by decree; such decree terminates the procedure.



See “*Concordato preventivo (Composition with creditors)*” and “*Accordi di ristrutturazione dei debiti (Debts’ restructuring arrangements with creditors)*”, below.

**(h) Mutui fondiari foreclosure proceedings**

Foreclosure proceedings in respect of *mutui fondiari* commenced after 1 January 1994 are currently regulated by article 38 (et seq.) of the Banking Act in which several exceptions to the rules applying to foreclosure proceedings in general are provided for. In particular, mortgages securing the loans are not capable of being challenged under actions for revocation pursuant to article 67 of the Bankruptcy Law if they were registered at least 10 days prior to the publication of the decision declaring the bankruptcy of the debtor, 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 foreclosure 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 *fondionario* mortgage lender pays directly to the same 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 same.

Pursuant to article 58 of the Banking Act, as amended by article 12 of legislative decree No. 342 of 4 August 1999, 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.

**(i) Concordato preventivo (Composition with creditors)**

The debtor in “financial distress” (i.e. facing financial distress which does not yet amount to insolvency) may file for *concordato preventivo* by submitting a plan for the composition with its creditors which may provide for:

- (i) the restructuring of debts and the satisfaction of creditors in any manner even through assignments of debts, novations (*accollo*) or extraordinary transactions, including the issue of shares, quotas, bonds (also convertible into shares) or other financial instruments and securities;
- (ii) the appointment of a third-party manager (including the creditors);
- (iii) the division of creditors into classes; and
- (iv) different treatments for creditors belonging to different classes.

In accordance with article 177 of the Bankruptcy Law, once the competent court declares the proposal admissible and opens the procedures, the *concordato preventivo* commences if approved by the majority of the creditors entitled to vote (or, in case of different classes of creditors, by the majority of the creditors within each class).

The procedure of the composition with creditors (*concordato preventivo*) will end with a decree which is to be issued by the competent court and by which the proposal is approved (*omologata*). If the court either (i) declares that the proposal is not admissible or (ii) the creditors reject it, the entrepreneur is declared bankrupt by the court if the Italian public prosecutor or any creditor request it and the competent court ascertains the actual insolvency of the relevant debtor.

**(J) Art. 120 ter of the Consolidated Banking Act**

Article 120 ter of the Consolidated Banking Act provides that any provision imposing a prepayment penalty in case of early redemption of mortgage loans is null and void with respect to mortgage loan agreements entered into, with an individual as borrower, for the purpose of purchasing or refurbishing real estate properties destined to residential purposes or to carry out the borrower's own professional and economic activity.

The Italian banking association (“ABI”) and the main national consumer associations have reached an agreement (the “**Prepayment Penalty Agreement**”) regarding the equitable renegotiation of prepayment penalties with certain maximum limits calculated on the outstanding amount of the loans (the “**Substitutive Prepayment Penalty**”), containing the following main provisions: (i) with respect to variable rate loan agreements, the Substitutive Prepayment Penalty should not exceed 0.50% and should be further reduced to (a) 0.20% in case of early redemption of the loan carried out within the third year from the final maturity date and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (ii) with respect to fixed rate loan agreements entered into before 1 January 2001, the Substitutive Prepayment Penalty should not exceed 0.50%, and should be further reduced to: (a) 0.20%, in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (iii) with respect to fixed rate loan agreements entered into after 31 December 2000, the Substitutive Prepayment Penalty should be equal to: (a) 1.90% if the relevant early redemption is carried out in the first half of loan's agreed duration; (b) 1.50% if the relevant early redemption is carried out following the first half of loan's agreed duration, provided however that the Substitutive Prepayment Penalty should be further reduced to: (x) 0.20%, in case of early redemption of the loan carried out within three years from the final maturity date; and (y) zero, in case of early redemption of the loan carried out within two years from the final maturity date.

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

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

**(k) Article 120-quater of the Consolidated Banking Act**

Article 120-quater of the Consolidated Banking Act provides that any borrower may at any time prepay the relevant mortgage loan funding such prepayment by a loan granted by another lender which will be subrogated pursuant to article 1202 of the Italian civil code (*surrogato per volontà*

del debitore) in the rights of the former lender, including the mortgages (without any formalities for the annotation of the transfer with the land registry, which shall be requested by enclosing a certified copy of the deed of subrogation (*atto di surrogazione*) to be made in the form of a public deed (*atto pubblico*) or of a deed certified by a notary public with respect to the signature (*scrittura privata autenticata*) without prejudice to any benefits of a fiscal nature.

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

**(l) Accordi di ristrutturazione dei debiti (Debts' restructuring arrangements with creditors)**

Law decree No. 35 of 14 March 2005 converted into law by law No. 80 of 14 May 2005, introduced the new article 182-*bis* of the Bankruptcy Law which contemplates the possibility of entering into debts' restructuring arrangements with creditors.

Pursuant to new article 182-*bis* of the Bankruptcy Law, the debtor may file with the relevant court an agreement for the restructuring of debts with creditors representing at least 60 per cent. of the company's debts, together with an assessment made by an expert on the feasibility of the agreement and, in particular, on its impact on the timely payment to those creditors which are not parties to it.

The agreement is published in the companies' register and is effective as of the day of its publication. Creditors may oppose the agreement within thirty days from the publication. The court will, after having settled the oppositions (if any), validate the agreement by issuing a decree, which may be appealed within 15 days.

**(m) Suspension of mortgage instalments**

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

The 2008 Budget Law also provided for the establishment of a fund (*Fondo di solidarietà per i mutui per l'acquisto della prima casa*) (the “**Fund**”) created for the purpose of bearing certain costs deriving from the suspension of payments by the borrowers and refers to an implementing regulation to be issued by the Ministry of the Economy and Finance (*Ministro dell'economia e delle finanze*) in conjunction with the Ministry of the Social Solidarity (*Ministro della solidarietà sociale*).

Pursuant to Ministerial Decree No. 132 issued by the Ministry of Economics and Finance on 21 June 2010 and published in the Official Gazette of the Republic of Italy on 18th of August 2010 (“**Decree 132**”), the provisions relating to (i) the requirements that the borrowers must comply with in order to have the right to the aforementioned suspension and (ii) the subsequent aid from the Fund and the formalities and operating procedures of the Fund, were enacted.

Following and in compliance with Decree 132, the Ministry of Economy and Finance, on 27 October 2010, issued the guidelines (*Linee Guida*) (the “**Guidelines**”), published on the website ([www.dt.tesoro.it](http://www.dt.tesoro.it)) (for the avoidance of doubt, such website does not constitute part of this Prospectus), which establish the procedures that borrowers must follow in order to request the suspension of payments of instalment.

As specified in the Guidelines, within the provision of Decree 132, the suspension of payments of the instalments can be granted also in favour of mortgage loans which have been object of securitization transactions.

In light of the above, pursuant to the Decree of the General Director of Treasury Department of the Ministry of Economy and Finance issued on 14 September 2010, CONSAP (*Concessionaria Servizi Assicurativi S.p.A*) was selected as managing company of the Fund. The request to access to the aid granted by the Fund must be presented by the Borrowers starting from 15 November 2010, by using the relevant form of suspension-request duly prepared in compliance with the Guidelines and accompanied by the relevant documentation indicated therein. Any Debtor who complies with the requirements set out in Decree 132 and the Guidelines, has the right to suspend the payment of the instalments of its Mortgage Loans up to 18 months and therefore there is the risk that the Issuer will experience a consequential delay in the collection of the relevant instalments. A significant number of applications by Borrowers of Mortgage Loans concentrated over a specific period will have an adverse impact on the Issuer's cash flow of that period, although the number of applications for suspension and their overall duration is limited under the 2008 Budget Law.

**(n) The Families Plan**

On 18 December 2009, the Italian Banking Association (“**ABI**”) and the consumers associations signed a convention (the terms of which have been subsequently extended two times pursuant to two subsequent agreement signed by ABI and consumers associations) concerning the temporary suspension of payments of loan instalments due by individuals to the banking system in order to help those families stricken by the financial crisis (“**Families Plan**”). The Families Plan provides the possibility for the individuals with a taxable income of maximum € 40,000 per year and with an amount of the relevant mortgage loan not higher than € 150,000, to request, upon certain conditions, the suspension of the payment of the mortgage loan instalments for the principal component (or also for the interest component), for 12 (twelve) months (the “**Suspension**”). As a consequence of the Suspension, the reimbursement plan will be extended for a period equal to the Suspension.

Pursuant to the above convention, the Suspension can be requested between 1 February 2010 and 31 January 2013 by all families to which, between the period of 1 January 2009 and 31 December 2012, one of the following events has happened: a) closing down of a subordinated working relationship, except for the consensual termination of the working relationship (*risoluzione consensuale*) or cases in which the termination is due for having reached the age limit, with the consequent right to receive an old-age pension (*pensione di anzianità*), or in cases of termination for *giusta causa* or *giustificato motivo soggettivo*; b) closing down of the working relationship pursuant to article 409, paragraph 3, of the Italian civil procedure code except for the consensual termination, withdrawal of the employer or withdrawal of the employee not for *giusta causa*; c) death or cases of loss of self-sufficiency; d) suspension or reduction of the working relationship for a period of at least 30 days.

The Families Plan may be joined by (i) banks, or (ii) securitisation vehicles or (iii) banks in their name and in the name and on behalf of securitisation vehicles.

In adhering to the Families Plan, banks shall indicate (i) if borrowers may ask for the Suspension only of the principal component of the instalments or also of the interest component; and (ii) if they intend to grant more favourable conditions for the Suspension to their borrowers (including a period of suspension longer than 12 months).

**(o) The Development Decree**

On 13 May 2011, the Italian government approved the law-decree No. 70, published on the Italian Official Gazette on 13 May 2011, which introduces new provisions concerning the renegotiation of mortgage loans (“**Development Decree**”).

In particular, the Development Decree provides that borrowers who, before the entry in force of such new provisions have executed or assumed a mortgage loan agreement, will have the right to renegotiate the terms of their mortgage loan with their respective lender, provided that: (a) the

relevant mortgage loan agreement has been entered into for purchasing or rebuilding a residential property; (b) the original amount of the relevant mortgage loan is not higher than Euro 150,000; (c) the relevant mortgage loan accrues interest at a floating rate and provides for payment of variable instalments for the whole duration; (d) the relevant borrower submits, together with the request of the renegotiation, the certificate of the relevant ISEE (*Indicatore della Situazione Economica Equivalente*), which should not exceed the amount of Euro 30,000; (e) no late payments have been made with respect to the relevant mortgage loan.

The Development Decree has been converted in Law No. 106 of 12 July 2011 with amendments. As a consequence of that, the cap amounts indicated under items (b) and (d) above have been modified respectively to Euro 200,000 and Euro 35,000.

Such renegotiation involves the change from a floating rate to a fixed nominal annual interest rate which must not be higher than the interest rate obtained by applying (i) the lower between the 10-year Euro IRS and the IRS in Euro applicable to a duration equal to the residual life of the mortgage loan or, if not available, the quotation of the IRS related to the immediately preceding duration, as it appears on Reuters ISDAFIX 2 page at the renegotiation date, plus (ii) a spread equal to the one indicated in the relevant loan agreement, for the purpose of determining the applicable interest rate.

Borrowers will be entitled to agree with their respective lenders that the renegotiation will extend the amortisation plan of the mortgage loans for a maximum period of five years, provided that the residual life of the relevant mortgage loan, following the date of such renegotiation, does not exceed twenty-five years.

With reference to securitised mortgage loans, the Development Decree provides that the provision relating to the remaining in force of the mortgage securities originally created to secure the mortgage loan which is being renegotiated, also applies to the loan granted by lenders to borrowers, as assigned debtors, in the context of a securitisation transaction, in order to permit the loan repayment in accordance with the applicable amortisation plan at the time of the renegotiation. In these cases, the lender will be subrogated in the relevant mortgage securities, without the need of any additional formality or annotation, but such subrogation will be not effective until the claims of the assignee, deriving from mortgage loans which have been transferred in the context of a securitisation transaction are fully satisfied (article 8, paragraph 8, letter d) of the Development Decree).

Moreover, under article 8, paragraph 8, item e) of the Development Decree, if the lender, in order to carry out the renegotiation, repurchases the claim previously transferred in the context of a securitisation transaction or issuance of covered bonds, the relevant assignee shall be allowed to give notice of such repurchase through the publication in the Italian Official Gazette, even by means of a single notice relating to all of the claims repurchased by the lender/assignor. Any security interest, lien or encumbrance created in favour of the lender/assignor, shall continue to be in force and effect and shall have the same ranking, without the need of any additional formality or annotation. The request of renegotiation will presumably be satisfied by the Originators by utilising the renegotiations faculty granted to them under the Servicing Agreement or through repurchase/refinancing of the relevant loan. It is not completely clear if the Development Decree is binding for the securitisation SPVs (i.e. the securitisation SPVs would be obliged to grant the renegotiation in case the Originator is not allowed to that).

In this respect, considering that the provisions of article 8, paragraph 6, items a) and c) of the Development Decree explicitly provide that borrowers have the right to enter into renegotiations with their respective “lender” (not making any reference to different entities, such as the possible assignees) it could be argued that the Originators are the only entities obliged to grant such renegotiations.

## DESCRIPTION OF THE AGENCY AND ACCOUNTS AGREEMENT

*The description of the Agency and Accounts Agreement set out below is a summary of certain features of such Transaction Document and is qualified in its entirety by reference to the detailed provisions of such Agency and Accounts Agreement. Prospective Noteholders may inspect a copy of the Agency and Accounts Agreement upon request at the Specified Offices of, respectively, the Representative of the Noteholders and the Principal Paying Agent.*

Pursuant to the Agency and Accounts Agreement, the Issuer has appointed:

- (a) BNPSS Milan Branch, as (i) the Principal Paying Agent, for the purpose of, *inter alia*, making payment of interest and the repayment of principal in respect of the Notes and of establishing and maintaining the Payment Account; (ii) the Agent Bank, for the purpose of, *inter alia*, determining the rate of interest payable in respect of the Notes and (iii) the Computation Agent, for the purpose of, *inter alia*, determining certain of the Issuer's liabilities and the funds available to pay the same (subject to the receipt of certain information and in reliance thereon as set forth herein);
- (b) Banco Popolare as the Interim Account Bank, for the purposes of establishing and maintaining the Guaranteed Accounts; and
- (c) Banco Popolare, LONDON BRANCH, as the Transaction Bank, for the purposes of, *inter alia*, establishing and maintaining the Transaction Accounts and managing certain payment services.

### 1. Duties of the Interim Account Bank

Pursuant to the Agency and Accounts Agreement, the Issuer has opened and will maintain with the Interim Account Bank the Guaranteed Accounts.

The Interim Account Bank will operate each of the Guaranteed Accounts in the name of, and on behalf of, the Issuer under a power of attorney given to it by the Issuer.

For a description of the operation of the Guaranteed Accounts and the cash flows through the Guaranteed Accounts, see "*Credit structure – Cash flow through the Accounts*" and "*The Issuer's bank accounts*".

### 2. Duties of the Transaction Bank

Pursuant to the Agency and Accounts Agreement, the Issuer has opened and will maintain with the Transaction Bank the Transaction Accounts.

The Transaction Bank and the Computation Agent will operate each of the Transaction Accounts in the name of, and on behalf of, the Issuer.

For a description of the operation of the Transaction Accounts and the cash flows through the Transaction Accounts, see "*Credit structure – Cash flow through the Accounts*" and "*The Issuer's bank accounts*".

In performing its obligations, the Transaction Bank may rely on the instructions and determinations of the Issuer, Monte Titoli, the Representative of the Noteholders and the Computation Agent and will not be liable for any omission or error in so doing, except in case of its own gross negligence (*colpa grave*) or wilful misconduct (*dolo*).

The Transaction Bank has agreed to establish and maintain the Transaction Accounts whilst the Computation Agent will manage certain payment services in relation to the Transaction Accounts.

If the Transaction Bank ceases to be: (i) in case of Banco Popolare, an Eligible Transaction Bank; or (ii) in case of any successor of Banco Popolare, an Eligible Institution,

- (a) the Transaction Bank will notify the Issuer, the Representative of the Noteholders and the Rating Agencies thereof and will act on a best effort basis in order to, by no later than 20 (twenty) calendar days' from the date on which the relevant downgrading occurs, select a leading bank:
  - (i) approved by the Representative of the Noteholders and by the Issuer; and
  - (ii) which is an Eligible Institution, willing to act as successor Transaction Bank thereunder; and
- (b) the Issuer will, by no later than 30 (thirty) calendar days' from the date on which the relevant downgrading occurs,
  - (i) appoint that bank specified above as successor Transaction Bank (and will promptly after so doing notify the Representative of the Noteholders and the Rating Agencies thereof) which, on or before the replacement of the Transaction Bank, shall agree to become bound by the provisions of this Agreement, the Intercreditor Agreement and of any other agreement providing for, mutatis mutandis, the same obligations contained in this Agreement for the Transaction Bank;
  - (ii) open a replacement Collection Account, a replacement Cash Reserve Account and a replacement Expenses Account with the successor Transaction Bank specified in (a) above; and procure that a legal, valid and binding guarantee substantially in the form of the Deed of Charge is created thereon;
  - (iii) transfer the balance standing to the credit of, respectively, the Collection Account, the Cash Reserve Account and the Expenses Account (if opened in accordance with the Agency and Accounts Agreement) to the credit of each of the relevant replacement accounts set out above;
  - (iv) close the Collection Account, the Cash Reserve Account and the Expenses Account (if opened in accordance with the Agency and Accounts Agreement) once the steps under (i), (ii) and (iii) are completed; and
  - (v) terminate the appointment of the Transaction Bank (and will promptly after so doing notify the Representative of the Noteholders and the Rating Agencies thereof) once the steps under (i), (ii), (iii) and (iv) are completed,

provided that:

- (c) the administrative costs incurred with respect to the selection of a successor Transaction Bank (which, for the avoidance of doubt, shall not include any fees payable to, or costs and expenses of, the successor Transaction Bank) under (a) above and the transfer of funds referred under (b) above shall be borne by the replaced Transaction Bank; and
- (d) in case the successor Transaction Bank is not selected within the term under clause (a) above, the Issuer, with the cooperation of the Representative of the Noteholders, will select such successor Transaction Bank being an Eligible Institution.

If the Principal Paying Agent ceases to be an Eligible Institution,

- (a) the Principal Paying Agent will notify the Issuer, the Representative of the Noteholders and the Rating Agencies thereof and will act on a best effort basis in order to, by no later than 20 (twenty) calendar days' from the date on which the relevant downgrading occurs, select a leading bank:
  - (i) approved by the Representative of the Noteholders and by the Issuer; and

- (ii) which is an Eligible Institution, willing to act as successor Principal Paying Agent thereunder; and
- (b) the Issuer will, by no later than 30 (thirty) calendar days' from the date on which the relevant downgrading occurs,
  - (i) appoint that bank specified above as successor Principal Paying Agent (and will promptly after so doing notify the Representative of the Noteholders and the Rating Agencies thereof) which, on or before the replacement of the Principal Paying Agent shall agree to become bound by the provisions of this Agreement, the Intercreditor Agreement and of any other relevant agreement providing for, *mutatis mutandis*, the same obligations contained in this Agreement for the Principal Paying Agent;
  - (ii) open a replacement Payments Account with the successor Principal Paying Agent specified in (a) above, and procure that a legal, valid and binding guarantee substantially in the form of the Deed of Pledge is created thereon;
  - (iii) transfer the balance standing to the credit of the Payments Account to the credit of the relevant replacement account set out above;
  - (iv) close the Payments Account once the steps under (i), (ii) and (iii) are completed; and
  - (v) terminate the appointment of the Principal Paying Agent (and will promptly after so doing notify the Representative of the Noteholders and the Rating Agency thereof) once the steps under (i), (ii), (iii) and (iv) are completed,

provided that:

- (a) the administrative costs incurred with respect to the selection of a successor Principal Paying Agent (which, for the avoidance of doubt, shall not include any fees payable to, or costs and expenses of, the successor Principal Paying Agent) under (a) above and the transfer of funds referred under (b) above shall be borne by the replaced Principal Paying Agent; and
- (b) in case the successor Principal Paying Agent is not selected within the term under clause (a) above, the Issuer, with the cooperation of the Representative of the Noteholders, will select such successor Principal Paying Agent being an Eligible Institution.

#### Duties of the Agent Bank

On each Interest Determination Date, the Agent Bank will, in accordance with Condition 6 (*Interest*), determine EURIBOR and the Rate of Interest applicable to the Class A Notes during the following Interest Period, as well as the Interest Amount and the Interest Payment Date in respect of such following Interest Period, all subject to and in accordance with the Conditions, and will notify such amounts to the Issuer, the Representative of the Noteholders, the Corporate Servicer, the Principal Paying Agent, the Initial Class A Notes Subscribers, the Computation Agent, the Servicers and, with exclusive regard to the Class A Notes and the Irish Stock Exchange.

### **3. Duties of the Computation Agent**

The duties of the Computation Agent include the making of certain calculations in respect of the Securitisation. The Computation Agent will make such calculations based on, *inter alia*:

- (a) the Statement of the Guaranteed Accounts prepared by the Interim Account Bank on the Reporting Dates;
- (b) the Statement of the Transaction Accounts prepared by the Transaction Bank on the Reporting Dates;



- (c) the Servicer Reports prepared by each of the Servicers, by the Reporting Dates;
- (d) the determinations received from the Agent Bank concerning the Rate of Interest, the Interest Amount and the Interest Payment Date; and
- (e) the instructions and determinations of the Issuer, Monte Titoli and the Corporate Servicer,

and the Computation Agent will not be liable for any omission or error in so doing, save as to the extent caused by its own gross negligence (*colpa grave*) or wilful misconduct (*dolo*).

The Computation Agent will calculate, *inter alia*, on each Calculation Date:

- (i) the Issuer Available Funds;
- (ii) the Principal Payments (if any) due on the Notes of each Class on the next following Interest Payment Date;
- (iii) the Interest Amounts (if any) due on the Notes of each Class on the next following Interest Payment Date;
- (iv) the Junior Notes Remuneration (if any);
- (v) the Principal Amount Outstanding of each Class of Notes on the next following Interest Payment Date;
- (vi) the Principal Amount Outstanding of the Notes of all Classes on the next following Interest Payment Date;
- (vii) the interest payable (if any) in respect of the Class A Notes on the next following Interest Payment Date;
- (viii) the amount of the Cash Reserve after draw-down and replenishment on the immediately following Interest Payment Date;
- (ix) the Interest Amount Arrears, if any, that will arise in respect of the Class A Notes on the immediately following Interest Payment Date;
- (x) the amount to be credited to the Cash Reserve Account in accordance with the Pre-Enforcement Priority of Payments;
- (xi) the Target Cash Reserve Amount;
- (xii) the payments (if any) to be made to each of the parties to the Intercreditor Agreement under the relevant Transaction Document,
- (xiii) the amounts payable to each Subordinated Loan Provider under the Subordinated Loan Agreement.

and will determine how the Issuer's funds available for distribution pursuant to this Agreement shall be applied, on the immediately following Interest Payment Date, pursuant to the Pre-Enforcement Priority of Payments, and will deliver to the Principal Paying Agent and the Account Bank a report setting forth such determinations and amounts.

On each Calculation Date, the Computation Agent will calculate the amounts to be disbursed on the following Interest Payment Date pursuant to the priority of payments as set forth in Condition 3(d) (*Pre-Enforcement Priority of Payments*) and will compile a payments report (the "**Payments Report**"). The Computation Agent will distribute by electronic means and/or fax the Payments Report to the Issuer, the Servicers, the Initial Class A Notes Subscribers, the Corporate Servicer, the Rating Agencies, the Principal Paying Agent, the Interim Account Bank, the Transaction Bank and the Representative of the Noteholders by no later than 6.00 p.m. (London time) on each Calculation Date.

Following the delivery of an Issuer Acceleration Notice and upon request by the Representative of the Noteholders, the Computation Agent will calculate the amounts to be disbursed pursuant to the priority of payments as set forth in Condition 3(e) (*Post-Enforcement Priority of Payments*) and will compile the relevant Payments Report.

In addition, the Computation Agent will prepare and deliver by no later than five Business Days following each Interest Payment Date (or, if such day is not a Business Day, on the immediately preceding Business Day) to the Issuer, the Servicers, the Initial Class A Notes Subscribers, the Corporate Servicer, the Rating Agencies, the Principal Paying Agent, the Interim Account Bank, the Transaction Bank, the Representative of the Noteholders, any stock exchange on which the Class A Notes are listed, a report containing details of, *inter alia*, the Claims, amounts received by the Issuer from any source during the preceding Collection Period and amounts paid by the Issuer during such Collection Period as well as on the immediately preceding Interest Payment Date (the “**Investor Report**”).

#### **4. Duties of the Principal Paying Agent**

The Principal Paying Agent will, on each Interest Payment Date, receive from the Transaction Bank, acting in the name and on behalf of the Issuer, the monies necessary to make the payments due on the Notes on the same Interest Payment Date and will apply such funds in or towards such payments as specified in the Payments Report. The Principal Paying Agent will provide the Issuer and the Corporate Servicer with the data necessary to maintain and update the Noteholders’ register (*registro degli obbligazionisti*) in accordance with Italian law and any other applicable law.

The Principal Paying Agent will act as intermediary between the Noteholders and the Issuer for certain purposes and make available for inspection during normal business hours at its Specified Office such documents as may from time to time be required by the rules of the Irish Stock Exchange and, upon reasonable request, will allow copies of such documents to be taken.

The Principal Paying Agent will keep a record of all Notes and of their redemption, purchase, cancellation and repayment and will make such records available for inspection, and copies thereof obtainable, during normal business hours by the Issuer, the Representative of the Noteholders and the Computation Agent.

In performing their obligations, the Principal Paying Agent may rely on the instructions and determinations of the Issuer, Monte Titoli and the Computation Agent, and will not be liable for any omission or error in so doing, except in case of their own gross negligence (*colpa grave*) or wilful misconduct (*dolo*).

#### **5. General provisions**

Each of the Agents will act as agents solely of the Issuer and will not assume any obligation towards, or relationship of agency or trust for or with, any of the Noteholders. Each of the Issuer and the Representative of the Noteholders has agreed that it will not consent to any amendment to the Conditions that materially affects the obligations of any of the Agents without such Agent’s prior written consent (such consent not to be unreasonably withheld).

The Issuer has undertaken to indemnify each of the Agents and its respective directors, officers, employees and controlling persons against all losses, liabilities, costs, claims, actions, damages, expenses or demands which any of them may incur or which may be made against any of them as a result of or in connection with the appointment of or the exercise of the powers and duties by any Agent, except as may result from its gross negligence (*colpa grave*) or wilful misconduct (*dolo*), or that of its directors, officers, employees or controlling persons or any of them, or breach by it of the terms of the Agency and Accounts Agreement.

In return for the services so provided, the Agents will receive commissions in respect of the services of such Agents agreed on or about the Issue Date between the Issuer and the Agents,

payable by the Issuer in accordance with the Priority of Payments, except that certain fees may be paid up-front on or around the Issue Date.

The appointment of any Agent may be terminated by the Issuer (with the prior written approval of the Representative of the Noteholders) upon 30 days' written notice or upon the occurrence of certain events of default or insolvency or of similar events occurring in relation to such Agent.

If any of the Agents resigns, the Issuer will promptly and in any event within 30 days appoint a successor approved by the Representative of the Noteholders. If the Issuer fails to appoint a successor within such period, the resigning Agent may select a leading bank approved by the Representative of the Noteholders to act as the relevant Agent and the Issuer will appoint that bank as the successor Agent.

The Agency and Accounts Agreement, save for certain provisions which are governed by English law, is governed by Italian law.

## DESCRIPTION OF THE TRANSFER AGREEMENTS

*The description of the Transfer Agreements set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the relevant Transfer Agreements. Prospective Noteholders may inspect a copy of each Transfer Agreement upon request at the Specified Offices of, respectively, the Representative of the Noteholders and the Principal Paying Agent.*

### 1. Transfer of the Claims

Pursuant to the terms of two transfer agreements dated 7 December 2012 (the “**Signing Date**”) between, respectively, the Issuer and Banco Popolare (the “**Banco Popolare First Transfer Agreement**”) and between the Issuer and Creberg (the “**Creberg First Transfer Agreement**”) and, together with the Banco Popolare First Transfer Agreement, the “**First Transfer Agreements**”), the Issuer acquired from the Originators without recourse (*pro soluto*):

- (A) the monetary claims (the “**First Banco Popolare Claims**”) and other connected rights arising out of a portfolio consisting of residential mortgage loans which qualify either as *mutui fondiari* or as *mutui ipotecari* (the “**First Banco Popolare Mortgage Loans**”) owed to Banco Popolare (the “**First Banco Popolare Portfolio**”); and
- (B) the monetary claims (the “**First Creberg Claims**”) and other connected rights arising out of a portfolio consisting of residential mortgage loans which qualify either as *mutui fondiari* or as *mutui ipotecari* (the “**Creberg Mortgage Loans**”) owed to Creberg (the “**First Creberg Portfolio**”) and, together with the First Banco Popolare Mortgage Loans (the “**First Mortgage Loans**”).

The First Banco Popolare Claims and the First Creberg Claims are collectively referred to as the “**First Claims**” and the First Banco Popolare Portfolio and the First Creberg Portfolio are collectively referred to as the “**First Portfolios**”.

Subject to the terms of two transfer agreements to be entered into after the Issue Date between the Issuer and Banco Popolare (the “**Banco Popolare Subsequent Transfer Agreement**”) and between, respectively, the Issuer and Creberg (the “**Creberg Subsequent Transfer Agreement**”) and, together with the Banco Popolare Subsequent Transfer Agreement, the “**Subsequent Transfer Agreements**”), the Originators may offer and the Issuer shall purchase from the Originators without recourse (*pro soluto*):

- (a) the monetary claims (the “**Additional Banco Popolare Claims**”) and other connected rights arising out of a portfolio consisting of residential mortgage loans which qualify either as *mutui fondiari* or as *mutui ipotecari* (the “**Additional Banco Popolare Mortgage Loans**”) and, together with the First Banco Popolare Mortgage Loans, the “**Banco Popolare Mortgage Loans**”) owed to Banco Popolare (the “**Additional Banco Popolare Portfolio**”) and, together with the First Banco Popolare Portfolio, the “**Banco Popolare Portfolios**”); and
- (b) the monetary claims (the “**Additional Creberg Claims**”) and other connected rights arising out of a portfolio consisting of residential mortgage loans which qualify either as *mutui fondiari* or as *mutui ipotecari* (the “**Additional Creberg Mortgage Loans**”) and,
  - (i) together with the First Creberg Mortgage Loans, the “**Creberg Mortgage Loans**” or
  - (ii) together with the Additional Banco Popolare Mortgage Loans, the “**Additional Mortgage Loans**” and together with the First Mortgage Loans, the “**Mortgage Loans**”) owed to Creberg (the “**Additional Creberg Portfolio**”) and, together with the First

Creberg Portfolio, the “**Creberg Portfolios**”).

The Additional Banco Popolare Claims and the Additional Creberg Claims are collectively referred to as the “**Additional Claims**” and the Additional Banco Popolare Portfolio and the Additional Creberg Portfolio are collectively referred to as the “**Additional Portfolios**”.

The First Claims and the Additional Claims are collectively referred to as the “**Claims**” and the First Portfolios and the Additional Portfolios are collectively referred to as the “**Portfolios**”.

Under each Transfer Agreement, the relevant Originator passed title to the relevant Claims to the Issuer on the date of execution of the relevant Transfer Agreement but with economic effect as of the relevant Valuation Date (included). Schedule 1 to the relevant Transfer Agreement contains a list of the Mortgage Loans and the Claims arising thereunder which have been transferred under the relevant Transfer Agreement.

The information concerning the Mortgage Loans and the Claims (e.g. the outstanding balance, accrued interest etc.) contained in schedule 1 to each Transfer Agreement reflects the composition of the Portfolios as at the relevant Valuation Date.

## **2. Purchase price**

The individual purchase price for each Claim (the “**Individual Purchase Price**”) is equal to the outstanding principal amount under the relevant Mortgage Loan, as at the relevant Valuation Date, and is listed in schedule 1 to the relevant Transfer Agreement.

The purchase price payable by the Issuer:

- (a) for all the First Banco Popolare Claims, as at the Signing Date, amounts to € 2,050,686,974.56;
- (b) for all the First Creberg Claims, as at the Signing Date, amounts to € 451,231,470.33;

calculated as the aggregate of the relevant Individual Purchase Prices (rounded down to the amount equal to the minimum denomination of the Notes).

The relevant purchase price is required to be paid in full to the relevant Originator, on the Issue Date or, on the Notes Increase Date, as the case may be, or, if subsequent, on the later of (i) the date of publication in the Italian Official Gazette (*Gazzetta Ufficiale della Repubblica Italiana*) of the notice of assignment as described in the relevant Transfer Agreement and (ii) the date of registration (*iscrizione*) with the competent companies’ register of the notice of assignment as described in the relevant Transfer Agreement.

The payment of the Purchase Prices will be financed by, and will be limited recourse to, the net proceeds of the issue of the Notes.

## **3. Economic effects**

Under the relevant Transfer Agreement, each Originator passed title to the relevant Claims to the Issuer on the date of execution of the relevant Transfer Agreement. However, each Originator and the Issuer have agreed that the economic effects of the relevant Transfer Agreement will take effect as of (but including) the relevant Valuation Date. Accordingly, each Originator will pay to the Issuer within the day preceding the Issue Date, or the Notes Increase Date, as the case may be, an amount equal to the sum of any amount received by the relevant Originator in respect of the relevant Claims before (and including) the relevant Valuation Date, if such amount was not correctly deducted when the outstanding principal amount of the relevant Claims was calculated as at the relevant Valuation Date, plus any interest accrued on such amount from (and including) the relevant Valuation Date to the date on which such amount will be effectively paid to the Issuer at a rate equal to Euribor.

## **4. Purchase price adjustment**

Each Transfer Agreement provides that if, at any time after the date of execution of the relevant Transfer Agreement, it transpires that any Mortgage Loan from which a Claim arises does not meet the Criteria set out in the relevant Transfer Agreement and was therefore erroneously transferred to the Issuer, then the relevant Claim relating to such Mortgage Loan (the “**Excluded Claim**”) will be deemed not to have been assigned and transferred to the Issuer pursuant to the relevant Transfer Agreement, and the relevant Originator will pay to the Issuer an amount equal to the sum of:

- (i) the Individual Purchase Price of the relevant Claim relating to such Mortgage Loan (as specified in schedule 1 of the relevant Transfer Agreement); *plus*
- (ii) the interest accrued on such Individual Purchase Price from the relevant Valuation Date to the Interest Payment Date on which principal on the Notes may be paid immediately succeeding the day on which the parties agree on the existence of such Excluded Claim at a rate equal to interest rate applicable to such Excluded Claim; *minus*
- (iii) an amount equal to the aggregate of all the Collections recovered or collected by the Issuer (also through the relevant Originator) after the relevant Valuation Date in relation to such Excluded Claims; *minus*
- (iv) an amount equal to the interests accrued on the amount set out in (iii) above from the relevant collection date to the date on which those amounts related to the relevant Excluded Claim are paid to the Issuer at a rate equal to the rate of interest from time to time applicable to the relevant Interim Account, net of any withholding provided by any applicable law.

Each Transfer Agreement further provides that if, at any time after the Initial Execution Date, it transpires that a mortgage loan which met the Criteria set out in the relevant Transfer Agreement was not included in the relevant Portfolio then the claims under such mortgage loan (the “**Additional Claim**”) shall be deemed to have been assigned and transferred to the Issuer by the relevant Originator on the date of execution of the relevant Transfer Agreement. In respect of such Additional Claims, the Issuer shall pay to the relevant Originator, in accordance with the Priority of Payments, an amount equal to:

- (i) the purchase price of the Additional Claim, calculated adopting the same method used to calculate the Individual Purchase Price of the Claims (including reference to the Valuation Date); *minus*
- (ii) any principal amount collected from the relevant Valuation Date onwards by the relevant Originator under the relevant Additional Claim; *minus*
- (iii) interest accrued on the amount under (ii) above, at a rate equal to the rate of interest paid on the date of collection on the mortgage loan from which the relevant Additional Claim derives, from the date of collection of any such amount to the date of the collection of the amount under (i) above,

(each such amount, at any time due to the relevant Originator, the “**Additional Claims Purchase Price**”).

## 5. Rateo Amounts

Moreover, the Issuer will pay to each Originator a sum equal to the interest accrued on the relevant Mortgage Loans up to the relevant Valuation Date (excluded) but not yet due (the “**Rateo Amounts**”

The Rateo Amounts of the First Portfolios are equal to:

- (i) € 2,804,810.68 with respect to Banco Popolare;
- (ii) € 518,220.06 with respect to Creberg;

The Rateo Amounts shall be payable to the Originator in accordance with the applicable Priority of Payments commencing from the first Interest Payment Date.

#### 6. **Settlement expenses**

Each Transfer Agreement further provides for an out-of-court settlement procedure in the case of a dispute arising between the Issuer and the relevant Originator concerning the qualification of certain claims as Excluded Claims or as Additional Claims. In such circumstance, the costs and fees of the deciding arbitrator, appointed pursuant to the relevant Transfer Agreement, shall be borne by the relevant Originator even if the Issuer is the succumbent. Should the Issuer succumb, the relevant Originator shall advance to the latter the fees and costs of the deciding panel (the “**Settlement Expenses Amount**”). The Issuer shall then reimburse the Settlement Expenses Amount on the next subsequent Interest Payment Date, in accordance with the Priority of Payments.

#### 7. **Additional provisions**

Each Transfer Agreement contains certain representations and warranties made by the relevant Originator in respect of the relevant Claims and the relevant Mortgage Loans. The principal representations and warranties given by each Originator to the Issuer in connection with the transfer of the relevant Claims in relation to the Portfolio are contained in the relevant Warranty and Indemnity Agreement (see “*The Warranty and Indemnity Agreements*”).

Each Transfer Agreement provides that the representations and warranties made by the relevant Originator in respect of the relevant Claims are deemed to be given and repeated on the Issue Date.

Each Transfer Agreement also contains a number of undertakings by the relevant Originator in respect of its activities relating to the Claims. Each Originator has undertaken, *inter alia*, to refrain from carrying out activities with respect to the relevant Claims which may prejudice the validity or recoverability of any of such Claims or the relevant related security and not to assign or transfer the relevant Claims 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 the relevant Claims in the period of time between the date of execution of the relevant Transfer Agreement and the later of (i) the date of publication of the notice of the transfer in the Italian Official Gazette (*Gazzetta Ufficiale della Repubblica Italiana*) and (ii) the date of registration (*iscrizione*) with the competent companies’ register of the notice of assignment as described in the relevant Transfer Agreement.

#### 8. **Insurance policies**

In connection with the Insurance Policies, each Originator has, *inter alia*, undertaken to ensure, with reference to the insurance policies executed by the relevant Borrowers and in respect of which the Borrowers have undertaken to pay to the relevant insurance company the relevant premia, that the real estate assets will continue to have the benefit of the insurance coverage until the related Mortgage Loan is fully repaid. Thus, should a Borrower fail to pay the insurance premia as they fall due, the relevant Originator will (upon becoming aware of the Borrower’s failure) make the relevant payment (the “**Insurance Premia**” to the relevant insurance company in lieu of the relevant Borrower.

Each Originator will be entitled to a reimbursement from the Issuer of the Insurance Premia thus paid by it in accordance with the applicable Priority of Payments.

#### 9. **Repurchase of the Claims**

Pursuant to the Transfer Agreements, the Originators have been given the right to purchase from the Issuer the Claims. The purchase price payable by the Originators to the Issuer for the repurchase of the Claims may not exceed (A) the outstanding principal amount of the Claims to

be repurchased, provided that none of such Claims qualify as *Crediti ad Incaglio* or as Defaulted Claims (B) the aggregate of: (I) the fair value of the Claims which are classified as *Crediti ad Incaglio* or as Defaulted Claims (if any), as verified by one or more third-party experts independent from the Originators in accordance with the Transfer Agreements; and (II) the outstanding principal of the Claims which are classified neither as *Crediti ad Incaglio* nor as Defaulted Claims.

**10. Payments by the Issuer**

The Purchase Price Interest Amount, the Additional Claims Purchase Price (if ever due), the Settlement Expenses Amount, the Insurance Premia and any other amount owed to the Originators from time to time by the Issuer pursuant to the terms of the Transfer Agreements, with the exception of the Purchase Price, will be treated as “Originator’s Claims” will be paid by the Issuer to the Originators accordingly under the applicable Priority of Payments and subject to the Intercreditor Agreement commencing from the first Interest Payment Date.

The Transfer Agreements are governed by Italian law.



## DESCRIPTION OF THE SERVICING AGREEMENT

*The description of the Servicing Agreement set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the Servicing Agreement. Prospective Noteholders may inspect a copy of each Servicing Agreement upon request at the Specified Offices of, respectively, the Representative of the Noteholders and the Principal Paying Agent.*

On the Signing Date, the Issuer appointed:

- (a) Banco Popolare (in such capacity, the “**Servicer of the Banco Popolare Portfolio**”) as servicer of the Banco Popolare Portfolio; and
- (b) Creberg (in such capacity, the “**Servicer of the Creberg Portfolio**” and together with the Servicer of the Banco Popolare Portfolio, the “**Servicers**”) as servicer of the Creberg Portfolio pursuant to the terms of a servicing agreement dated the Signing Date, as amended on the Signing Date, between the Issuer and the Servicers (the “**Servicing Agreement**”).

Pursuant to the terms of the Servicing Agreement, each of the Servicers has agreed to administer and service the relevant Portfolio on behalf of the Issuer and, in particular, to:

- (a) collect amounts due in respect thereof;
- (b) administer relationships with any person who is a borrower under a Mortgage Loan; and
- (c) commence and pursue any enforcement proceedings in respect of any borrowers who may default.

### 1. Duties of the Servicers

Each Servicer is responsible for the receipt of cash collections in respect of the relevant Mortgage Loans and related Claims and for cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*) pursuant to the Securitisation Law. Within the limits of article 2, paragraph 6-bis of the Securitisation Law, each Servicer is responsible for verifying that the transactions to be carried out in connection with the Securitisation comply with applicable laws and are consistent with the contents of the Prospectus.

Each Servicer has undertaken in relation to each of the relevant Mortgage Loans and related Claims, *inter alia*:

- (a) to collect the relevant Collections and to credit them into the relevant Interim Account by no later than the receipt date, for value as at the relevant receipt date in accordance with the procedure described in the Servicing Agreement. In particular, payments made (i) through the direct debit mechanism will automatically pass from the current account of the relevant Borrower to the relevant Interim Account; and (ii) by, respectively, cash, inter-banking direct debit of the Borrowers’ bank account opened with a bank other than the Originator (*R.I.D. – rimessa interbancaria diretta*) and payment request (*MAV – mediante avviso*) will be credited by the relevant Servicer on the relevant Interim Account through an automatic process. In case of exceptional circumstances causing an operational delay in the transfer, the relevant Collections are required to be transferred to the relevant Interim Account by the day on which the operational delay in the transfer has been resolved. Each Servicing Agreement provides that if monies already transferred to the relevant Interim Account are identified as having not been paid, in whole or in part, by the relevant Borrower, following the verification activity carried out

- by the relevant Servicer, such Servicer may deduct those unpaid amounts from the relevant Collections not yet transferred to the Issuer within the same Collection Period;
- (b) to strictly comply with the relevant Servicing Agreement and the relevant servicing and collection policy described in “*credit and collection policies*” above (the “**Collection Policy**”);
  - (c) to carry out the administration and management of such Claims and to manage any possible legal proceedings (*procedura giudiziale*) against the relative Borrower or related guarantor in respect thereof, if any (the “**Judicial Proceedings**”), and any possible bankruptcy or insolvency proceedings against any Borrower (“**Debtor Insolvency Proceedings**”, and, together with Judicial Proceedings, the “**Proceedings**”);
  - (d) to initiate any Proceedings in respect of such Claims, if necessary;
  - (e) to comply with any requirements of laws and regulations applicable in the Republic of Italy in carrying out activities under the Servicing Agreement;
  - (f) to maintain effective accounting and auditing procedures so as to ensure compliance with the provisions of the Servicing Agreement;
  - (g) save where otherwise provided for in the relevant Collection Policy or other than in certain limited circumstances specified in the Servicing Agreement, not to consent to any waiver or cancellation of or other change prejudicial to the Issuer’s interests in or to such Claims, the mortgage and any other real or personal security or remedy under or with respect to such Mortgage Loan unless it is ordered to do so by an order of a competent judicial or other authority or authorised to do so by the Issuer and the Representative of the Noteholders;
  - (h) on behalf of the Issuer, operate an adequate supervision and information disclosure system with respect to the relevant Claims and an adequate database maintenance system as provided for under any laws relating to money laundering, by keeping and maintaining any books, records, documents, magnetic media and IT systems as may be useful for, or relevant to, the implementation of a data disclosure system to permit the Issuer to operate in full compliance with all applicable laws and regulations in matters of supervision, reporting procedures or money laundering;
  - (i) interpret, consider and manage autonomously any issue arising out of the application of the Usury Act from time to time. Each Servicer has undertaken, in carrying out such tasks and its functions pursuant to the Servicing Agreement, and in particular in the collection of the relevant Claims, not to breach the Usury Act; and
  - (j) maintain and implement administrative and operating procedures (including, without limitation, copying recordings in case of destruction thereof), keep and maintain all books, records and all the necessary or advisable documents (i) in order to collect all the relevant Claims and all the other amounts which are to be paid for any reason whatsoever in connection with the relevant Claims (including, without limitation, records which make it possible to identify the nature of any payment and the precise allocation of payment and collected amounts to capital and interest), and (ii) in order to check the amount of all the relevant Collections received.

The Issuer and the Representative of the Noteholders have the right to inspect and copy the documentation and records relating to the relevant Claims in order to verify the activities undertaken by each Servicer pursuant to the Servicing Agreement, provided that the relevant Servicer has been informed at least two Business Days in advance of any such inspection.

Pursuant to the terms of the Servicing Agreement, the relevant Servicer will indemnify the Issuer from and against any and all damages and losses incurred or suffered by the Issuer as a

consequence of a default by the relevant Servicer of any obligation of the relevant Servicer under the Servicing Agreement. Each Servicer has acknowledged and accepted that, pursuant to the terms of the relevant Servicing Agreement, it will not have any recourse against the Issuer for any damages, claims, liabilities or costs incurred by it as a result of the performance of its activities under the Servicing Agreement except as may result from the Issuer's wilful default (*dolo*) or gross negligence (*colpa grave*).

## **2. Delegation of activities**

Each Servicer is entitled to delegate, to one or more companies fulfilling the prerequisites set forth in the Servicing Agreement, certain activities entrusted to it as servicer pursuant to the Servicing Agreement. The relevant Servicer will remain directly responsible for the performance of all duties and obligations delegated to any such company and will be liable for the conduct of all of them.

## **3. Reporting requirements**

Each of the Servicers have undertaken to prepare and submit to the Computation Agent, the Rating Agencies, the Representative of the Noteholders, the Initial Class A Notes Subscribers, the Corporate Servicer, the Administrative Servicer and the Issuer by no later than each Reporting Date quarterly reports (each, a “**Servicer Report**”) in the form set out in the relevant Servicing Agreement and containing information as to the Portfolio and any Collections in respect of the preceding Collection Period.

Moreover, each Servicer has undertaken to furnish, in a reasonable period of time taking into consideration the nature of the relevant request, to the Issuer, to the Rating Agencies, to the Representative of the Noteholders, the Administrative Servicer, the Corporate Servicer and to the Computation Agent such further information as the Issuer and/or the Computation Agent and/or the Rating Agencies and/or the Administrative Servicer and/or the Corporate Servicer and/or the Representative of the Noteholders may reasonably request with respect to the relevant Claims and/or the related Proceedings.

## **4. Remuneration of the Servicers**

In return for the services provided by each Servicer in relation to the ongoing management of the relevant Portfolio, on each Interest Payment Date and in accordance with the Priority of Payments, the Issuer will pay to each of the Servicers, the following amounts:

- (a) in connection with the collection of the Claims of the relevant Portfolios (other than the Defaulted Claims of the relevant Portfolios), an amount equal to 0.50 per cent. (on a yearly basis calculated according to the Act/360 method) of the Collections in respect of the Claims of the relevant Portfolios (other than the Defaulted Claims of the relevant Portfolios) in the immediately preceding Collection Period (including VAT where applicable) as better specified in the Servicing Agreement;
- (b) in connection with the management of the Claims of the relevant Portfolios (other than the Defaulted Claims of the relevant Portfolios), an annual fee of € 10,000.00 (including VAT where applicable) payable by the Issuer pro quota on each Interest Payment Date; and
- (c) in connection with the recovery of the Defaulted Claims of the relevant Portfolios, an amount equal to 0.25 per cent. of the recoveries in respect of the Defaulted Claims of the relevant Portfolios collected in the immediately preceding Collection Period, (excluding VAT where applicable).

In addition to the above, the Issuer will pay to each Servicer, in accordance with the applicable Priority of Payments and provided that supporting documents are provided, the expenses and fees of external counsels and the judicial expenses and taxes reasonably incurred during each

Collection Period by the relevant Servicer in connection with its servicing activities concerning the Claims classified as Defaulted Claims (VAT excluded where applicable).

**5. Subordination and limited recourse**

Each Servicer has agreed that the obligations of the Issuer under the Servicing Agreement are subordinated and limited recourse obligations and will be payable only in accordance with the applicable Priority of Payments.

**6. Termination and resignation of the Servicers and withdrawal of the Issuer**

The Issuer may terminate the appointment of each Servicer (*revocare il mandato*), pursuant to article 1725 of the Italian civil code, or withdraw from the Servicing Agreement (*recesso unilaterale*), pursuant to article 1373 of the Italian civil code, upon the occurrence of one of any of the following events:

- (a) the Bank of Italy has proposed to the Minister of Finance to admit the relevant Servicer to any insolvency proceeding or a request for the judicial assessment of the insolvency of the relevant Servicer has been filed with the competent office or the relevant Servicer has been admitted to the procedures set out in articles 74 and 76 of the Banking Act, or a resolution is passed by the relevant Servicer with the intention of applying for such proceedings to be initiated;
- (b) failure on the part of the relevant Servicer to deliver and pay any amount due under the Servicing Agreement within 10 Business Days from the date of receipt of a notice claiming that such amount became due and payable and has not been duly paid;
- (c) failure on the part of the entity, once a 10-day notice period has elapsed, to observe or perform in any respect any of its obligations under the Servicing Agreement, the Warranty and Indemnity Agreement, the relevant Transfer Agreement or any of the Transaction Documents to which it is a party which could affect the fiduciary relationship between the relevant Servicer and the Issuer;
- (d) a representation given by the relevant Servicer pursuant to the terms of the Servicing Agreement is verified to be false or misleading and this could have a material negative effect on the Issuer and/or the Securitisation;
- (e) the relevant Servicer changes significantly the departments and/or the resources in charge of the management of the relevant Claims and the relevant Proceedings and such change reasonably renders more burdensome to the relevant Servicer the fulfilment of its obligations under the Servicing Agreement; or
- (f) the relevant Servicer does not meet the requirements provided by law or by the Bank of Italy for the entities appointed as servicer in a securitisation transaction or the relevant Servicer does not meet any further requirement which may be requested in the future by either the Bank of Italy or any other competent authority.

The Issuer is obliged to notify the relevant Servicer of its intention to terminate the relevant Servicing Agreement with prior written notice to the Representative of the Noteholders, to the Rating Agencies and the Initial Class A Notes Subscribers.

Moreover, the relevant Servicer is entitled to resign from the Servicing Agreement at any time after a 12-month period has elapsed from the Signing Date by giving at least 12 months' prior written notice to that effect to the Issuer, the Representative of the Noteholders and the Rating Agencies. Following the resignation of the relevant Servicer, the Issuer shall promptly commence procedures necessary to appoint a substitute servicer.

The termination and the resignation of the relevant Servicer shall become effective after fifteen Business Days have elapsed from the date specified in the notice of the termination or of the resignation, or from the date, if successive, of the appointment of the substitute servicer.

The Issuer may appoint with the cooperation of the Back-up Servicer Facilitator a substitute servicer, only (i) with the prior written approval of the Representative of the Noteholders and (ii) with prior written notice to the Rating Agencies. The substitute servicer shall be:

- (a) a bank operating for at least three years and having one or more branches in the territory of the Republic of Italy; or
- (b) an entity having the specific requirements provided for under law provisions or regulatory provisions (or other provisions issued by the Bank of Italy or by other authorities) in order to carry out the activity as servicer, having specific expertise in the management of residential and commercial mortgage loans in Italy, operating and having one or more branches in the territory of the Republic of Italy, which has software that is compatible with the management of the Mortgage Loans and adequate assets to ensure that its activities are carried out effectively and on a constant basis.

The Servicing Agreement further provides for an out-of-court settlement procedure in the case of a dispute arising between the Issuer and the relevant Servicer concerning the termination of the appointment of the relevant Servicer. In such circumstance, the costs and fees of the deciding arbitrator, appointed pursuant to the Servicing Agreement, shall be borne by the succumbent. Should the Issuer succumb, the relevant Servicer shall advance to the latter the fees and costs of the deciding arbitrator (the “**Servicing Settlement Expenses Amount**”). The Issuer shall reimburse the Servicing Settlement Expenses Amount on the next subsequent Interest Payment Date in accordance with the Priority of Payments.

The substitute servicer must execute a servicing agreement with the Issuer substantially in the form of the Servicing Agreement and must accept all the provisions and obligations set out in the Intercreditor Agreement.

## **7. Other provisions**

Following the classification of a Claim as Defaulted Claims or as *Credito ad Incaglio*, each Servicer, subject to certain conditions set out in the Servicing Agreement, may also enter into settlement agreements (as an alternative to judicial proceedings against the relevant Borrower) in the context of which it may modify the original amortising plan and discharge, in relation to the Defaulted Claims only, the Borrower in relation to a portion of the amount still due. In addition, in relation to Claims which are not classified as Defaulted Claims or *Crediti ad Incaglio*, each Servicer, subject to certain conditions set out in the Servicing Agreement, may also enter into settlement agreements aiming to, inter alia, the modification of (i) the original amortising plans (including as a consequence of the suspension of payments of the relevant instalments); or (ii) the relevant interest rates.

Furthermore, as an alternative to the renegotiation power granted to the Servicers, and in order to allow the Originators to keep good relationships with the Borrowers, each of the Originators has been given the power to make offers to repurchase Claims, subject to certain conditions set out in the Servicing Agreement.

Ultimately, each Servicer may, if the sale of Defaulted Claims procures an advantage to the Noteholders, sell the Defaulted Claims at a price indicated under the Servicing Agreement subject however to certain other conditions set out in the same Servicing Agreement.

The Servicing Agreement is governed by Italian law.

## DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT

*The description of the Warranty and Indemnity Agreement set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the Warranty and Indemnity Agreement. Prospective Noteholders may inspect a copy of the Warranty and Indemnity Agreement upon request at the Specified Offices of, respectively, the Representative of the Noteholders and the Principal Paying Agent.*

On the Signing Date, the Issuer and each of the Originators entered into a warranty and indemnity agreement (the “**Warranty and Indemnity Agreement**”) pursuant to which Banco Popolare and Creberg respectively, have given certain representations and warranties in favour of the Issuer in relation to, respectively, the Banco Popolare Portfolios and the Creberg Portfolios.

Prospective Noteholders should note that each Originator has given representations and warranties only in respect of the Claims respectively transferred to the Issuer. Below is a description of the provisions of the Warranty and Indemnity Agreement.

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

1. the relevant Mortgage Loans, the relevant Claims, the relevant Mortgages and any collateral security related thereto;
2. the real estate assets which have been mortgaged to secure the relevant Claims;
3. the disclosure of information; and
4. the Securitisation Law and article 58 of the Banking Act.

All representations and warranties set forth in the Warranty and Indemnity Agreement shall be deemed to be given or repeated:

- (i) on the Signing Date (with reference to the First Portfolios);
- (ii) on the Issue Date (with reference to the First Portfolios); and
- (iii) on the Notes Increase Date (in relation to the Additional Portfolios, if not otherwise specified).

with reference to the facts and circumstances then existing, as if made at each such time; provided, however, that the representations and warranties referring to a Transaction Document executed after the date hereof shall be deemed to be made or repeated at the time of the execution of such Transaction Document and on the Issue Date or on the Notes Increase Date, as the case may be, in each case with reference to the facts and circumstances then existing as if made at each such time.

Pursuant to the Warranty and Indemnity Agreement, the relevant Originator has agreed to indemnify and hold harmless the Issuer, its officers, agents or employees or any of its permitted assignees and the Representative of the Noteholders from and against any and all duly documented damages, losses, claims, liabilities, costs and expenses (including, without limitation, fees and legal expenses as well as any VAT if applicable) awarded against or incurred by the Issuer or any of the other foregoing persons arising from, *inter alia*, any default by the relevant Originator in the performance of any of its obligations under the Warranty and Indemnity Agreement or any of the other Transaction Documents or any representations and/or warranties made by the relevant Originator thereunder or being false, incomplete or incorrect.

Each Originator has also agreed to indemnify and hold harmless the Issuer, its officers, agents or employees or any of its permitted assignees and the Representative of the Noteholders from and against any and all damages, losses, claims, liabilities, costs and expenses awarded against or incurred by it

arising out of, *inter alia*, the application of the Usury Law to any interest accrued on any Mortgage Loans.

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

- (i) the Claims and the Mortgage Loans are existing and denominated in Euro (or granted in a different currency and subsequently redenominated in Euro);
- (ii) the Mortgage Loans, the Claims and the Mortgages are governed by Italian law;
- (iii) in relation to each Claim, the Guarantees and the Mortgages have been assigned to the Issuer pursuant to the relevant Transfer Agreement;
- (iv) none of the Borrower, the Mortgagor and/or the Guarantor is a public entities, a public administration or an ecclesiastical entity;
- (v) all the Borrowers are (i) individuals (*persone fisiche*) resident in Italy, or (ii) legal entities (qualifiable as *società semplici*) incorporated under Italian law and having their registered office in Italy;
- (vi) to the best knowledge of the relevant Originator none of the Borrowers has been classified as “in sofferenza” or “incaglio” by the relevant Originator pursuant to the regulations issued by the Bank of Italy (*istruzioni di vigilanza*);
- (vii) there are no Guarantors who are not resident (if individuals) or not incorporated (if legal entities) in a State Member of the European Economic Area;
- (viii) as at the relevant Valuation Date each First Claim has been classified as *in bonis* pursuant to the regulations issued by the Bank of Italy (*istruzioni di vigilanza*) and the relevant Mortgage Loan does not include as at the transfer date of the Claims or the Singing Date non performing loans pursuant to the Guidelines issued by the European Central Bank on the 2 August 2012 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral;
- (ix) as at the relevant Valuation Date each Additional Claim has been classified as *in bonis* pursuant to the regulations issued by the Bank of Italy (*istruzioni di vigilanza*) and each Mortgage Loan does not include as at the relevant transfer date of the Claims and as at the relevant Notes Increase Date, non performing loans pursuant to the Guidelines issued by the European Central Bank on the 2 August 2012 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral;
- (x) no Loan Agreement could be classified as a leasing agreement;
- (xi) no Loan Agreement could be qualified as structured loan, syndicated loan or leveraged loan pursuant to the Guidelines issued by the European Central Bank on the 2 August 2012 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral; and
- (xii) each Real Estate Asset is located in Italy.

Moreover, the Warranty and Indemnity Agreement provides that, in the event of a misrepresentation or a breach of any of the representations and warranties made by the relevant Originator under the Warranty and Indemnity Agreement, which materially and adversely affects the value of one or more Claims or the interest of the Issuer in such Claims, and such misrepresentation or breach is not cured, whether by payment of damages or indemnification or otherwise, by the Originator within a period of 30 (thirty) days from receipt of a written notice from the Issuer to that effect (the “**Cure Period**”), the Issuer has the option, pursuant to article 1331 of the Italian civil code, to assign and transfer to the relevant Originator all of the Claims affected by any such misrepresentation or breach (the “**Affected Claims**”). The Issuer

will be entitled to exercise the put option by giving to the relevant Originator, at any time during the period commencing on the Business Day immediately following the last day of the Cure Period and ending on the day which is 180 days after such Business Day, written notice to that effect (the “**Put Option Notice**”).

The relevant Originator will be required to pay to the Issuer, within 15 (fifteen) Business Days from the date of receipt by the relevant Originator of the Put Option Notice, an amount to be calculated *mutatis mutandis* as the purchase price of the Excluded Claims pursuant to the relevant Transfer Agreement.

The Warranty and Indemnity Agreement provides that, notwithstanding any other provision of such agreement, the obligations of the Issuer to make any payment thereunder shall be equal to the lesser of the nominal amount of such payment and the amount which may be applied by the Issuer in making such payment in accordance with the Priority of Payments. Each Originator has acknowledged 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.



## DESCRIPTION OF THE OTHER TRANSACTION DOCUMENTS

*The description of the Transaction Documents set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of such Transaction Documents. Prospective Noteholders may inspect a copy of such Transaction Documents upon request at the Specified Offices of, respectively, the Representative of the Noteholders and the Principal Paying Agent.*

### **The Corporate Services Agreement**

Under an agreement denominated “Corporate Services Agreement” dated on or about the Issue Date between the Issuer, the Corporate Servicer and the Representative of the Noteholders (the “**Corporate Services Agreement**”), the Corporate Servicer has agreed to provide certain corporate administration and management services to the Issuer. The services will include the safekeeping of the documents pertaining to the meetings of the Issuer's quotaholders, directors and auditors and of the Noteholders, maintaining the quotaholders' register and liaising with the Representative of the Noteholders.

Under the terms of the Corporate Services Agreement in the event of a termination of the appointment of the Corporate Servicer for any reason whatsoever, the Issuer shall appoint a substitute Corporate Servicer.

The Corporate Services Agreement is governed by Italian law.

### **The Administrative Services Agreement**

Under an agreement denominated “*Contratto di Servizi Amministrativi*” dated on or about the Issue Date between the Issuer, the Administrative Servicer and the Representative of the Noteholders (the “**Administrative Services Agreement**”), the Administrative Servicer has agreed to provide certain accounting services to the Issuer. The services will include, amongst others, preparing tax and accounting records and preparing the Issuer's annual financial statements.

Under the terms of the Administrative Services Agreement in the event of a termination of the appointment of the Administrative Servicer for any reason whatsoever, the Issuer shall appoint a substitute Administrative Servicer.

The Administrative Services Agreement is governed by Italian law.

### **The English Deed of Charge and Assignment**

Pursuant to an English law deed of charge dated on or about the Issue Date (the “**English Deed of Charge and Assignment**”), the Issuer will grant in favour of the Representative of the Noteholders for itself and as security trustee for the Noteholders and the other Issuer Secured Creditors, *inter alia*, (i) an English law charge over the Transaction Accounts; (ii) an English law assignment by way of security of all the Issuer's rights under the provisions of the Agency and Accounts Agreement which are governed by English law and all future contracts, agreements, deeds and documents governed by English law to which the Issuer may become a party in relation to the Notes, the Claims and the Portfolio; and (iii) a floating charge over all of the Issuer's assets which are subject to the assignments or charges described under (i) and (ii) above and not effectively assigned or charged thereunder.

### **The Intercreditor Agreement**

Pursuant to an intercreditor agreement on or about the Issue Date between the Issuer, the Representative of the Noteholders on its own behalf and on behalf of the Noteholders, the Principal Paying Agent, the Agent Bank, the Computation Agent, the Interim Account Bank, the Transaction Bank, Banco Popolare (in any capacity), Creberg (in any capacity), the Corporate Servicer, the Back-up Servicer Facilitator, the Administrative Servicer, the Servicers, the Subordinated Loan Providers, the Initial Class A Notes Subscribers and the Initial Junior Notes Subscribers (the “**Intercreditor Agreement**”), provision has been made as to the application of the proceeds of collections in respect of the Claims and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Claims. The Intercreditor Agreement also sets out the order of priority for payments to be made by the Issuer in connection with the securitisation transaction.

Pursuant to the Intercreditor Agreement, the Other Issuer Creditors have agreed that, until two year plus one day has elapsed since the day on which any note issued (including the Notes and the Previous Securitisations Notes) or to be issued by the Issuer has been paid in full, no Other Issuer Creditor shall be entitled to institute against the Issuer, or join any other person in instituting against the Issuer, any reorganisation, liquidation, bankruptcy, insolvency or similar proceedings.

Pursuant to the Intercreditor Agreement, following the service of an Issuer Acceleration Notice, the Representative of the Noteholders will be entitled (as an agent of the Issuer and to the extent permitted by applicable laws), until the Notes have been repaid in full or cancelled in accordance with the Conditions, to take possession of all Collections and of the Claims and to sell or otherwise dispose of the Claims or any of them in such manner and upon such terms and at such price and such time or times as the Representative of the Noteholders shall, in its absolute discretion, deem appropriate and to apply the proceeds in accordance with the Post-Enforcement Priority of Payments.

The Intercreditor Agreement is governed by Italian law.

### **The Italian Deed of Pledge**

Pursuant to a deed of pledge (the “**Italian Deed of Pledge**”) dated on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting on its own behalf and on behalf of the other Issuer Secured Creditors), the Issuer will create in favour of the Representative of the Noteholders for itself and on behalf of the Noteholders and the other Issuer Secured Creditors, concurrently with the issue of the Notes, a pledge (i) over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled from time to time pursuant to the Italian Law Transaction Documents (other than the Conditions, the Rules of the Organisation of Noteholders, the Italian Deed of Pledge, the provisions of the Agency and Accounts Agreement which are governed by English law and the Mandate Agreement) and (ii) over the positive balance of the Interim Accounts, the Payments Account and the Expenses Account.

The Italian Deed of Pledge will be governed by Italian law.

### **The Mandate Agreement**

Pursuant to the terms of a mandate agreement dated on or about the Issue Date between the Issuer and the Representative of the Noteholders (the “**Mandate Agreement**”), the Representative of the Noteholders is empowered to take such action in the name of the Issuer, *inter alia*, following the service of an Issuer Acceleration Notice, as the Representative of the Noteholders may deem necessary to protect the interests of the Noteholders and the Other Issuer Creditors.

The Mandate Agreement is governed by Italian law.

### **The Quotaholder’s Commitment**

The quotaholder's commitment dated on or about the Issue Date between the Issuer, the Representative of the Noteholders and SVM Securitisation Vehicles Management S.r.l. (the "**Quotaholder's Commitment**") contains, *inter alia*, provisions in relation to the management of the Issuer.

The Quotaholder's Commitment also provides that SVM Securitisation Vehicles Management S.r.l. in its capacity as quotaholder of the Issuer, will not approve the payment of any dividends or any repayment or return of capital by the Issuer prior to the date on which all amounts of principal and interest on the Notes have been paid in full.

In the context of the Previous Securitisations, pursuant to separate quotaholder's commitment dated, respectively, 14 December 2007, 17 December 2008 and 13 March 2009 (the "**Previous Quotaholder's Commitments**"), the quotaholder of the Issuer has agreed certain obligations concerning the management of the Issuer.

The Quotaholder's Commitment is governed by Italian law.

### **The Letter of Undertaking**

Pursuant to a letter of undertaking dated the Signing Date (the "**Letter of Undertaking**") between the Issuer, the Representative of the Noteholders and Banco Popolare and Creberg (in such capacity, the "**Financing Banks**"), the Financing Banks have undertaken to provide the Issuer with all necessary monies (in any form of financing deemed appropriate by the Representative of the Noteholders, for example by way of a subordinated loan, the repayment of which is to be made in compliance with item (xii)(C) of the Pre-Enforcement Priority of Payments or, as the case may be, item x)(C) of the Post-Enforcement Priority of Payments) in order for the Issuer to pay any losses, costs, expenses or liabilities in respect of:

- (a) any tax expenses or tax liability which the Issuer is at any time obliged to pay other than: (i) any withholding tax at any time applicable in respect of either the Notes or the Previous Securitisations Notes; (ii) any withholding tax applicable in respect of the Accounts (other than by reason of a change in law or the interpretation or administration thereof since the Issue Date and provided that it cannot be avoided by the Issuer), any other bank account opened in the context of the Previous Securitisations (other than by reason of a change in law or the interpretation or administration thereof since the Issue Date and provided that it cannot be avoided by the Issuer) and the financial instruments which meet the definition of "Eligible Investments" in the context of the Previous Securitisations in connection with the Securitisation and the Previous Securitisations; (iii) any VAT due in respect of the Transaction Documents (other than by reason of a change in law or the interpretation or administration thereof since the Issue Date) and the Previous Transactions Documents or the purchase of services or goods by the Issuer; (iv) any tax applicable in respect of the Transaction Documents and the Previous Transactions Documents; and (v) any court tax applicable to the Issuer, other than those provided for by the Servicing Agreement;
- (b) any other costs, charges or liabilities arising in connection with regulatory or supervisory requirements (including as a result of any change of law or regulation or interpretation or administration thereof since the Issue Date) but with excluding any amounts payable by the Issuer under the Transaction Documents and the Previous Transactions Documents (including, for the avoidance of doubt, any amount due and payable under the Notes or the Previous Securitisations Notes); and
- (c) any other costs, charges or liabilities which may affect the Issuer (other than losses, costs, expenses or liabilities in respect of the normal day-to-day operating costs of the Issuer) and which are not directly related to the securitisation of the Claims or the claims purchased by the Issuer in the context of the Previous Securitisations,

but, in each case, with the exception of any losses, costs, expenses or liabilities borne by the Issuer as a

consequence of events or situations caused by the fraudulent or negligent conduct of the Issuer or of any other third party (other than the Originators) who provides any services in relation to any of the Transaction Documents or any of the Previous Transactions Documents.

Prospective Noteholders' attention is drawn to the fact that the Letter of Undertaking does not and will not constitute a guarantee by any of Banco Popolare and Creberg or any of the quotaholders of the Issuer of any obligation of a Borrower or the Issuer.

The Letter of Undertaking is governed by Italian law.

### **The Subordinate Loan Agreement**

Pursuant to a limited recourse loan agreement to be entered into on or prior to the Issue Date between Banco Popolare Società Cooperativa and Credito Bergamasco S.p.A. (each a **"Subordinated Loan Provider"**), the Issuer and the Representative of the Noteholders (the **"Subordinated Loan Agreement"**), each of the Subordinated Loan Providers will grant to the Issuer a limited recourse loan in the aggregate amount of Euro 60,000,000.00 (the **"Subordinated Loan"**). The Subordinated Loan will be drawn down by the Issuer on or about the Issue Date in order to fund the Cash Reserve at the Issue Date. The Subordinated Loan Agreement is in Italian language. The Subordinated Loan Agreement and all non contractual obligations arising out or in connection with the Subordinated Loan Agreement shall be governed by and construed in accordance with Italian law.

### **The other Transaction Documents**

For a description of the Transfer Agreements, see *"The Transfer Agreements"*. For a description of the Servicing Agreement, see *"The Servicing Agreement"*. For a description of the Warranty and Indemnity Agreement, see *"The Warranty and Indemnity Agreement"*. For a description of the Agency and Accounts Agreement, see *"The Agency and Accounts Agreement"*.

## ESTIMATED WEIGHTED AVERAGE LIFE OF THE CLASS A NOTES AND ASSUMPTIONS

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in reduction of principal of such security (assuming no losses). The weighted average life of the Class A Notes will be influenced by, among other things, the actual rate of redemption of the Mortgage Loans which may be in the form of scheduled amortisation, prepayments, or enforcement proceeds. The weighted average life of the Class A Notes cannot be predicted as the actual rate at which the Mortgage Loans will be repaid and a number of other relevant factors are unknown. Calculations of possible average life of the Class A Notes can be made under certain assumptions. The table below sets out the expected weighted average life of the Class A Notes in the event that redemption pursuant to Condition 7(c) (*Optional Redemption of the Notes*) does not occur and has been calculated based on the characteristics of the Mortgage Loans included in the Portfolios as of the relevant Valuation Date and on the assumptions that:

- (a) no Event of Default occurs in respect to the Notes;
- (b) the Mortgage Loans are subject to a constant prepayment rate of eight per cent.;
- (c) the fees referred to in the relevant Transaction Documents are not increased;
- (d) no default by the parties to the Transaction Documents occur;
- (e) the Issuer will not exercise the option to redeem the Notes pursuant to Condition 7(c) (*Optional redemption of the Notes*);
- (f) the Class A Notes will commence amortisation on the first Interest Payment Date;
- (g) no defaults and no delinquencies in payments in relation to the Mortgage Loans occur.

Assumption (b) above is stated as an average annualised prepayment rate since the prepayment rate for one Interest Period may be substantially different from that for another. The constant prepayment rate assumed is purely illustrative.

The weighted average lives of the Class A Notes are subject to factors outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates set forth above will be realised.

Notes	Expected weighted average life (years)
Class A	3.47
Class B	10.07

The actual characteristics and performances of the Mortgage Loans may differ from the assumptions used in constructing the table set forth above, which are hypothetical in nature.

## TAXATION IN THE REPUBLIC OF ITALY

*The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. 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 Class A Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. Prospective investors' attention is drawn to the fact that prospective purchasers of the Class A Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Class A Notes. Prospective noteholders should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Class A Notes and receiving payments of interest, principal and/or other amounts under the Class A Notes, including in particular the effect of any state, regional or local tax laws. Prospective noteholders should in any event seek their own professional advice regarding the Italian or other jurisdictions' tax consequences of the subscription, purchase, ownership and disposition of the Class A Notes, including the effect of Italian or other jurisdictions' tax rules on residence of individuals and entities.*

### TAX TREATMENT OF THE CLASS A NOTES

#### Income Tax

Italian legislative decree No. 239 of 1 April 1996, as subsequently amended (“**Decree 239**”), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian companies incorporated pursuant to law No. 130 of 30 April 1999.

#### Italian resident Class A Noteholders

Under the current legislation, payments of interest and other proceeds in respect of the Class A Notes:

- (i) will be subject to *imposta sostitutiva* at the rate of 20 per cent. in the Republic of Italy levied as final tax if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; (ii) Italian resident non-commercial partnerships; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities as their exclusive or principal purpose (including the Italian State and public entities); and (iv) Italian resident entities exempt from corporate income tax.

Payments of interest and other proceeds in respect of the Class A Notes will not be included in the general taxable base of the above mentioned individuals, partnerships and entities.

The *imposta sostitutiva* will be levied by the Italian resident qualified financial intermediaries that will intervene, in any way, in the collection of interest and other proceeds on the Class A Notes or in the transfer of the Class A Notes;

- (ii) will be subject to *imposta sostitutiva* at the rate of 20 per cent rate in the Republic of Italy levied as provisional tax if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; (ii) Italian resident non-commercial partnerships; and (iii) Italian resident public and private entities, other than companies; any of them engaged in an entrepreneurial activity – to the extent permitted by law – to which the Class A Notes are connected;

- (iii) will not be subject to the *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations, commercial partnerships or permanent establishments in Italy of non resident corporations to which the Class A Notes are effectively connected; (ii) Italian resident collective investment funds, SICAVs, Italian resident pension funds referred to in Legislative Decree No. 124 of 21 April 1993, as further superseded by Legislative Decree 5 December 2005, No. 252 and Italian resident real estate investment funds established pursuant to article 37 of Legislative Decree No. 58 of February 24, 1998 and article 14-bis of law No. 86 of January 25, 1994; (iii) Italian resident individuals who have entrusted the management of their financial assets, including the Class A Notes, to an Italian authorised financial intermediary and have opted for the so-called *risparmio gestito* regime according to Article 7 of Legislative Decree No. 461 of 21 November 1997 - the “Asset Management Option”.

Italian resident individuals holding Class A Notes not in connection with an entrepreneurial activity who have opted for the Asset Management Option are subject to a annual substitute tax levied at the rate of 20 per cent (the “**Asset Management Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Class A Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Interest and other proceeds accrued on the Class A Notes held by Italian resident corporations, commercial partnerships, individual entrepreneurs as well as Italian resident public and private entities, other than companies, holding Class A Notes in connection with entrepreneurial activities or permanent establishments in Italy of non-resident corporations to which the Class A Notes are effectively connected, are included in the taxable base for the purposes of: (i) corporate income tax (*imposta sul reddito delle società*, “IRES”); or (ii) individual income tax (*imposta sul reddito delle persone fisiche*, “IRPEF”) plus local surtaxes, if applicable; under certain circumstances, such interest is included in the taxable basis of the regional tax on productive activities (*imposta regionale sulle attività produttive*, “IRAP”).

Where the holder of the Class A Notes is an Italian resident investment fund subject to the tax regime provided by Law No. 77 of 23 March 1983 (“Fund”), interest payments relating to the Class A Notes are not subject to *imposta sostitutiva* but must be included in the management results of the Fund accrued at the end of each tax period. The Fund will not be subject to taxation on such result, but a substitutive tax, up to 20 per cent., will apply, in certain circumstances, to distributions made in favour of unitholders or quotaholders.

Starting from 1 January 2001, Italian resident pension funds are subject to an 11 per cent annual substitute tax (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year.

Any positive difference between the nominal redeemable amount of the Class A Notes and their issue price is deemed to be interest for capital income (*redditi di capitale*) tax purposes. In general terms, income from capital is treated as a separate classification of tax liability only for tax-payers who are not engaged in entrepreneurial activities.

### **Non-Italian resident Class A Noteholders**

Where the Class A Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Class A Notes are effectively connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (i) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (ii) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (iii) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or (iv) an institutional investor which is incorporated in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

For the purpose of the application of the exemption, the countries which allow for a satisfactory exchange of information with Italy are at present listed in ministerial decree dated 4 September 1996. According to article 168-bis of Presidential Decree No. 917 of 22 December 1986, as introduced by Law No. 244 of 24 December 2007, a new list will be issued by the Ministry of Economic and Finance, which will enter into force from the tax period starting after it is published in the Italian Official Gazette.

In order to ensure gross payment, non-Italian resident Class A Noteholders must be the beneficial owners of the payments of interest, premium or other income and (i) deposit, directly or indirectly, the Class A Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and (ii) file with the relevant depository, prior to or concurrently with the deposit of the Class A Notes, a statement of the relevant Class A Noteholder, which remains valid until withdrawn or revoked and in which the Class A Noteholder declares itself to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is requested neither for the international bodies or entities set up in accordance with international agreements which have entered into force in Italy, nor in the case of foreign Central Banks or entities which manage, inter alia, the official reserves of a foreign State, must comply with the requirements set forth by ministerial decree dated 12 December 2001. In case of institutional investors which do not possess the status of taxpayers in their own country, the institutional investor is considered the beneficial owner and the statement under (ii) above shall be issued by the relevant management body.

The *imposta sostitutiva* will be applicable at the rate of 20 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Class A Noteholders which are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy or for which the above mentioned provisions are not met.

### Capital gains tax

Any capital gain realised upon the sale for consideration or redemption of Class A Notes would be treated for the purpose of corporate income tax and of individual income tax as part of the taxable business income of Class A Noteholders (and, in certain cases, depending on the status of the Class A Noteholders, may also be included in the taxable basis of IRAP), and therefore subject to tax in Italy according to the relevant tax provisions, if derived by Class A Noteholders who are:

- (a) Italian resident corporations;
- (b) Italian resident commercial partnerships;
- (c) permanent establishments in Italy of foreign corporations to which the Class A Notes are effectively connected; or
- (d) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of their commercial activity.

Pursuant to Legislative Decree No. 461 of 21 November 1997, any capital gain realised by Italian resident individuals holding Class A Notes not in connection with an entrepreneurial activity and by certain other persons upon the sale for consideration or redemption of the Class A Notes would be subject to an *imposta sostitutiva* at the rate of 20 per cent.

Under the tax declaration regime (*regime della dichiarazione*), which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by Italian resident individual noteholders holding Class A Notes not in connection with an entrepreneurial activity pursuant to all disposals on Class A Notes carried out during any given fiscal year. These individuals must report the overall capital gains realised in any tax year, net



of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authority for such year and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Specific provisions have been stated by Law Decree No. 138/2011, converted into Law No. 148/2011 (“Decree 138/2011”), with reference to capital losses realized before January 1, 2012 to be carried forward against capital gains realized after January 1, 2012.

As an alternative to the tax declaration regime, Italian resident individual Class A Noteholders holding the Class A Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Class A Notes (the *risparmio amministrato regime*). Such separate taxation of capital gains is allowed subject to (i) the Class A Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato regime* being made punctually in writing by the relevant Class A Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Class A Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Class A Noteholder or using funds provided by the Class A Noteholder for this purpose. Under the *risparmio amministrato regime*, where a sale or redemption of the Class A Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Specific provisions have been stated by Decree 138/2011 with reference to capital losses realized before January 1, 2012 to be carried forward against capital gains realized after January 1, 2012. Under the *risparmio amministrato regime*, the Class A Noteholder is not required to declare the capital gains in its annual tax return.

Any capital gains realised by Italian resident individuals holding the Class A Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Class A Notes, to an authorised intermediary and have opted for the Asset Management Option (*risparmio gestito regime*) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 20 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito regime*, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito regime*, the Class A Noteholder is not required to declare the capital gains realised in its annual tax return.

Any capital gains realised by a Class A Noteholder which is a Fund (as defined above) will be included in the results of the relevant portfolio accrued at the end of the tax period. The Fund will not be subject to taxation on such result, but a substitutive tax, up to 20 per cent., will apply, in certain circumstances, to distributions made in favour of unitholders or quotaholders.

Any capital gains realised by Noteholders who are Italian resident pension funds will be included in the computation of the taxable basis of Pension Fund Tax.

The 20 per cent. *imposta sostitutiva* may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of Class A Notes by non Italian resident persons or entities without a permanent establishment in Italy to which the Class A Notes are effectively connected, if the Class A Notes are held in Italy.

However, pursuant to Article 23 of Presidential Decree of 22 December 1986, No. 917, any capital gains realised, by non-Italian residents without a permanent establishment in Italy to which the Class A Notes are effectively connected, through the sale for consideration or redemption of Class A Notes are exempt from taxation in Italy to the extent that the Class A Notes are listed on a regulated market in Italy or abroad and in certain cases subject to filing of required documentation, even if the Class A Notes are held in Italy. The exemption applies provided that the non Italian investor promptly file with the

authorized financial intermediary an appropriate affidavit (*autodichiarazione*) stating that the investor is not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Class A Noteholders, without a permanent establishment in Italy to which the Class A Notes are effectively connected, from the sale or redemption of the Class A Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (i) is resident in a country which allows for a satisfactory exchange of information with Italy; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or (iv) is an institutional investor which is incorporated in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence. In order to benefit of said exemption, non Italian resident Class A Noteholders are required to file appropriate documentation stating their entitlement to it.

For the purpose of the application of the exemption, the countries which allow for a satisfactory exchange of information with Italy are at present listed in ministerial decree dated 4 September 1996. According to article 168-bis of Presidential Decree No. 917 of 22 December 1986, as introduced by Law No. 244 of 24 December 2007, a new list will be issued by the Ministry of Economic and Finance, which will enter into force from the tax period starting after it is published in the Italian Official Gazette.

If the conditions above are not met, capital gains realised by non-Italian resident Class A Noteholders from the sale or redemption of the Class A Notes not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 20 per cent., unless more favourable double taxation treaty provisions apply.

### **Anti – abuse provisions and generale abuse of law doctrine**

As confirmed by the Italian Supreme Court (*Corte di Cassazione*), amongst all, in sentence No. 30055 of 23 December 2008, the Italian general anti-abuse provision of Article 37-bis of Presidential Decree No. 600 of 29 September 1973, the European Court of Justice doctrine of the “abuse of law” (also referred to as “abuse of rights”) and previous Supreme Court case law on the voidance of contracts simulated or entered into for a cause contrary to the law, can be used, jointly or alternatively, by the Italian Tax Authority to deny the Italian tax benefits or preferential regime possibly associated with the adoption of a given contractual or transactional structure, subject to the demonstration that such contract or transaction has been implemented essentially for the purpose of obtaining the associated Italian tax benefit or preferential regime. Consequently, it is not possible to exclude, if the parties involved are not able to demonstrate that this securitisation transaction has been implemented not essentially for the purpose of obtaining a tax saving or reduction and that there are alternative or concurring financial motivation that are not of a merely marginal or theoretical character, that the tax regime of the securitisation as herein outlined is disallowed by the Italian Tax Authority, thereby possibly causing, amongst other, the recharacterisation of the Notes as shares-like securities or in any case securities not having the legal nature of a bond.

### **Italian inheritance and gift tax**

Under Law Decree No. 262 of 3 October 2006 (converted with amendments into Law No. 286 of 24 November 2006), as subsequently amended, transfers of the Class A Notes by reason of death or gift or gratuities to (i) spouses, ascendants or descendants will be subject to inheritance and gift tax at the rate of 4 per cent. on the value of the inheritance or gift exceeding 1,000,000 Euros per beneficiary, (ii) relatives within the fourth degree, ascendants or descendants relatives in law or other relatives in law within the third degree will be subject to inheritance and gift tax at the rate of 6 per cent. (the inheritance and gift tax will apply only on the value of the inheritance or gift exceeding 100,000 Euros per person if the beneficiary is a brother or sister of the donor), (iii) persons other than the ones mentioned in (i) and (ii) above will be subject to inheritance and gift tax at the rate of 8 per cent.

Moreover, an anti-avoidance rule is provided for in case of gift of assets, such as the Notes, whose sale for consideration would give rise to capital gains to be subject to the *imposta sostitutiva* provided for by

legislative decree No. 461 of 21 November 1997, as subsequently amended. In particular, if the donee sells the Notes for consideration within five years from their receipt as a gift, the donee is required to pay the relevant *imposta sostitutiva* as if the gift had never taken place.

### **EU Savings Directive**

On June 3, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income under which Member States are required starting from July 1, 2005, to provide to the tax authorities of another Member State the details of payments of interest (or similar income) paid by a person within its jurisdiction, qualifying as paying agent under the Directive, to an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain Third Countries). Luxembourg and Austria may however elect to introduce automatic exchange of information during the transitional period, in which case they will no longer apply the withholding tax.

The Council Directive was implemented in Italy by Legislative Decree No. 84 of 18 April 2005. Pursuant to said decree Italian paying agents (e.g., banks, SIMs, SGRs., financial companies and fiduciary companies resident in Italy for tax purposes, permanent establishments in Italy of non-resident persons as well as any other person resident in Italy for tax purposes paying interest for professional or commercial reasons) are required to report to the Italian tax authorities details of interest payments made from 1 July 2005 to individuals which qualify as beneficial owners thereof and are resident for tax purposes in another EU Member State. Such information must be transmitted by the Italian tax authorities to the competent authorities of the State of residence of the beneficial owner of the interest payment by 30th June of the fiscal year following the fiscal year in which said interest payment is made.

Prospective investors resident in a Member State of the European Union should consult their own legal or tax advisers regarding the consequences of the Directive in their particular circumstances.

### **Tax monitoring**

Pursuant to Law Decree No. 167 of 28 June, 1990, converted by Law No. 227 of 4 August, 1990, as amended, individuals resident in Italy who, at the end of the fiscal year, hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). Such obligation is not provided if, inter alia, each of the overall value of the foreign investments or financial activities held at the end of the fiscal year, and the overall value of the related transfers carried out during the relevant fiscal year, does not exceed Euro 10,000.

### **Stamp Duty**

Article 13, paragraph 2-ter, of the First Part of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 (“Stamp Duty Law”), as amended by Law Decree No. 201 of 6 December 2011, converted into Law No. 214 of 22 December 2011, introduced a stamp duty on the value of the financial products and/or financial instruments included in the statement sent to the clients as of 1 January 2012 (“Statement Duty”). The statement is deemed to be sent to the clients once a year, irrespective of any legal or contractual obligation to do so. The Statement Duty is levied at the rate of 0.1 per cent in 2012 (but in any case not exceeding € 1,200.00) and 0.15 percent in 2013 and in any of the following years. According to a literal interpretation of the amended Article 13, the Statement Duty seems to be applicable to the value of the Notes included in any statement sent to the clients, as the Notes are to be characterized for tax purposes as “financial instruments”. The relevant taxable basis shall be determined as of the sending of each periodic statement and, therefore, shall be liquidated taking into account the period of the relevant statement.

The stamp duty must be levied on:

- (i) whoever executes or takes advantage (in Italian known as the “caso d'uso”) of the document included in the Tariff, as the main obligors (*obbligati in via principale*);
- (ii) whoever signs, receives, accepts or negotiates the document included in the Tariff, if the stamp duty has not already been properly paid, as the joint obligors (*obbligati in via solidale*).

The Italian Ministerial Decree dated May 24, 2012 stated that the Stamp Duty has to be applied by the financial intermediary which has the relationship with the clients and qualified it as an “*ente gestore*” (managing entity). Such “*ente gestore*”, according to the law, is the financial intermediary that has direct or indirect contact with the clients for the purposes of periodical reports relating to the relationship in place and the statement made in any form.

The Issuer seems not to fall within the list of the obligors, as set forth in the Stamp Duty Law, neither in the definition of “*ente gestore*”. However, the lack of an interpretation by the Italian Tax Authority with respect to securitization transactions and the broad scope of the Statement Duty could lead the Italian Tax Authority to a different interpretation and may induce the Authority to include the Issuer among the obligors.

## SUBSCRIPTION AND SALE

The Class A Notes will be purchased and subscribed by Banco Popolare and Creberg (the “**Initial Class A Notes Subscribers**” and the Junior Notes will be purchased and subscribed by Banco Popolare and Creberg (in such capacity, the “**Initial Junior Notes Subscribers**” and, together with the Initial Class A Notes Subscribers, the “**Initial Notes Subscribers**”). The Initial Class A Notes Subscribers have, pursuant to a subscription agreement dated the Signing Date between the Issuer, the Initial Class A Notes Subscribers and the Representative of the Noteholders (the “**Class A Notes Subscription Agreement**”), agreed to subscribe and pay for, or procure the subscription and payment for, each class of Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of Class A Notes.

The Class A Notes Subscription Agreement is subject to a number of conditions and may be terminated in certain circumstances prior to payment to the Issuer for the Class A Notes.

The Initial Junior Notes Subscribers have, pursuant to a subscription agreement dated the Signing Date between the Issuer, the Representative of the Noteholders and the Initial Junior Notes Subscribers (the “**Junior Notes Subscription Agreement**” and, together with the Class A Notes Subscription Agreement, the “**Subscription Agreements**” and each a “**Subscription Agreement**”), agreed to subscribe and pay the Issuer for the Junior Notes at the issue price of 100 per cent. of the aggregate principal amount of the Junior Notes.

The Junior Notes Subscription Agreement is subject to a number of conditions and may be terminated by the Initial Junior Notes Subscribers in certain circumstances prior to payment to the Issuer for the Junior Notes.

### United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States. Each Initial Notes Subscriber has agreed that it will not offer, sell or deliver any Notes within the United States.

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

### 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**”), each Initial Notes 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 legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43,000,000; and (3) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

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

provided that no such offer of Notes shall require the Issuer to publish a prospectus pursuant to article 3 of the Prospectus Directive or supplement a prospectus pursuant to article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “an offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## Republic of Italy

The offering of the Class A Notes has not been registered with CONSOB pursuant to Italian securities legislation and, accordingly, no Class A Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other offering material relating to the Notes be distributed in the Republic of Italy, other than:

- (a) to qualified investors (*investitori qualificati*) pursuant to article 100 of Italian legislative decree No. 58 of 24 February 1998 (the “**Financial Services Act**”) and article 34-ter, paragraph 1, letter (b), of CONSOB Regulation No. 11971 of 14 May 1999, all as amended and integrated from time to time; or
- (b) in any other circumstances where an express exemption from compliance with the restrictions to offers to the public applies, as provided under the Financial Services Act or CONSOB Regulation No. 11971 of 14 May 1999, all as amended and integrated from time to time.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Class A Notes or distribution of copies of the Prospectus or any other document relating to the Class A Notes in Italy under paragraphs (a) or (b) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, the Banking Act and CONSOB regulation No. 16190 of 29 October 2007, all as amended and integrated from time to time; and
- (b) in accordance with any other applicable laws and regulations, including all relevant Italian securities, tax and exchange controls laws and regulations and any limitation or requirements which may be imposed from time to time by CONSOB or the Bank of Italy.

The offering of the Junior Notes has not been cleared by CONSOB pursuant to Italian securities legislation. Therefore, no Junior Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Junior Notes be distributed in the Republic of Italy, other than to “qualified investors” (*investitori qualificati*) pursuant to article 100 of the Financial Services Act and article 34-ter, paragraph 1, letter (b), of CONSOB Regulation No. 11971 of 14 May 1999, all as amended and integrated from time to time.

In no event may the Junior Notes be sold or offered for sale (on the Issue Date or at any time thereafter) to individuals (*persone fisiche*) residing in the Republic of Italy regardless their qualification as qualified investors (*investitori qualificati*) pursuant to article 100 of the Financial Services Act and article 34-ter, paragraph 1, letter (b), of CONSOB Regulation No. 11971 of 14 May 1999, all as amended and integrated from time to time.

## **United Kingdom**

Each Initial Notes Subscriber has represented and agreed that:

- (a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

## **General**

Each Initial Notes Subscriber has represented, warranted and undertaken that no action has been taken by them that would, or is intended to, permit a public offer of the Notes or possession or distribution of the Prospectus or any other offering or publicity material relating to the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, pursuant to the relevant Subscription Agreement to which each of them is a party, each Initial Notes Subscriber has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish this Prospectus or any prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

## GENERAL INFORMATION

### Authorisation

The issue of the Notes has been authorised by resolutions of the quotaholder's meetings of the Issuer passed on 26 November 2012.

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Funds available to the Issuer

The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be from collections made in respect of the Portfolio.

### Listing

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

### Clearing systems

The Class A Notes have been accepted for clearance through Monte Titoli by Euroclear and Clearstream, Luxembourg. Monte Titoli shall act as depository for Euroclear and Clearstream, Luxembourg. The ISINs and the Common Codes for the Class A Notes are as follows:

	Class A Notes	Class B Notes
Common Code:	087119319	
ISIN:	IT0004883051	IT0004883374

### No significant change

Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer since 31 December 2011.

No material contracts or arrangements, other than those disclosed in this Prospectus, have been entered into by the Issuer since the date of its incorporation.

### Legal and arbitration proceedings

The Issuer is not involved in any legal, governmental or arbitration proceedings (including any



proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since its incorporation significant effects on the financial position or profitability of the Issuer.

### **Conflicts of interest**

There are no restrictions on the Initial Class A Notes Subscribers, *inter alia*, acquiring the Class A Notes and/or financing to or for third parties. Consequently, conflicts of interest may exist or may arise as a result of the Initial Class A Notes Subscribers having different roles in this transaction and/or carrying out other transactions for third parties.

### **Accounts**

The Issuer will produce, and will make available at its registered office, proper accounts (*ordinata contabilità interna*) and audited (to the extent required) financial statements in respect of each financial year (commencing on 1 January and ending on 31 December) but will not produce interim financial statements.

Reconta Ernst & Young S.p.A. whose registered office is in Rome, via Po 32, are currently the auditors of the Issuer and are registered in the Special Register (Albo Speciale) for auditing companies (società di revisione) provided for by article 161 of legislative decree No. 58 of 24 February 1998 (repealed by article 43 of Italian legislative decree No. 39 of 27 January 2010 but still in force, pursuant to the latter decree, until the entry into force of the implementing regulations to be issued by the Ministry of Economy and Finance pursuant to such decree) 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”). Reconta Ernst & Young S.p.A. is also a member of ASSIREVI – Associazione Nazionale Revisori Contabili.

### **Borrowings**

Save as disclosed in this Prospectus, as at the date of this Prospectus, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.

### **Documents**

As long as the Class A Notes are listed on the Irish Stock Exchange, copies of the following documents (and, with regard to the documents listed under (a) and (b) below, the English translations thereof) will, when published, be available in physical form for inspection free of charge during usual office hours on any Business Day (excluding public holidays) at the registered office of the Issuer and the Specified Offices of, respectively, the Representative of the Noteholders and the Principal Paying Agent (as set forth in Condition 17 (*Notices*)) for the life of this Prospectus:

- (a) the by-laws (*statuto*) and the deed of incorporation (*atto costitutivo*) of the Issuer;
- (b) the annual audited (to the extent required) financial reports of the Issuer. The next annual financial reports will relate to the financial year ended on 31 December 2012 and will be available not later than May 2013. The previous financial reports relates to the financial years ended on, respectively, 31 December 2010, and 31 December 2011. The financial statements and the financial reports are drafted in Italian and any future statutory annual report prepared by the Issuer will be audited;
- (c) the Investor Reports;

- (d) the Servicer Report setting forth the performance of the Claims and Collections made in respect of the Portfolio prepared by each of the Servicers; and
- (e) copies of the following documents:
  - (i) the Class A Notes Subscription Agreement;
  - (ii) the Junior Notes Subscription Agreement;
  - (iii) the Agency and Accounts Agreement;
  - (iv) the Mandate Agreement;
  - (v) the Intercreditor Agreement;
  - (vi) the English Deed of Charge and Assignment;
  - (vii) the Italian Deed of Pledge;
  - (viii) the Corporate Services Agreement;
  - (ix) the Subordinated Loan Agreement;
  - (x) the Administrative Services Agreement;
  - (xi) the Quotaholder's Commitment;
  - (xii) the Letter of Undertaking;
  - (xiii) the Transfer Agreements;
  - (xiv) the Servicing Agreement;
  - (xv) the Warranty and Indemnity Agreement; and
  - (xvi) this Prospectus.

Any references to websites and website addresses (and the contents thereof) do not form part of this Prospectus.

### **Notes freely transferable**

The Class A Notes shall be freely transferable.

### **Annual fees**

The estimated annual fees and expenses payable by the Issuer in connection with the transaction described herein (inclusive of the total expenses related to the admission to trading, being equal to € 5.032 for the first year and € 2,000 for each year thereafter) amount to approximately € 81,500, excluding all fees payable to the Servicers under the Servicing Agreement, plus any VAT if applicable.

#### **ISSUER**

**BPL Mortgages S.r.l.**  
via Alfieri, 1  
I-31015 Conegliano (Treviso)  
Italy

#### **ORIGINATORS AND SERVICERS**

**Banca Popolare – Società Cooperativa**  
Piazza Nogara, 2  
I-37121 Verona  
Italy

**Credito Bergamasco S.p.A.**  
Largo Porta Nuova, 2  
I-24122 Bergamo  
Italy

#### **PRINCIPAL PAYING AGENT AND REPRESENTATIVE OF THE NOTEHOLDERS**

**BNP Paribas Securities Services S.A.**  
3, Rue d'Antin, Paris  
France

**BNP Paribas Securities Services, Milan branch**  
Via Ansperto, 5, 20123 Milan  
Italy

#### **QUOTAHOLDER**

**SVM Securitisation Vehicles Management S.r.l.**  
via Alfieri, 1, 31015 Conegliano (Treviso)  
Italy

#### **CORPORATE SERVICER**

**Securitisation Services S.p.A.**  
via Alfieri, 1, 31015 Conegliano (Treviso),  
Italy

#### **INTERIM ACCOUNT BANK**

**Banca Popolare – Società Cooperativa**  
Piazza Nogara, 2  
I-37121 Verona  
Italy

#### **TRANSACTION BANK, COMPUTATION AGENT AND AGENT BANK**

**Banco Popolare, London Branch**  
1-5 Moorgate, EC2R 6JH London,  
United Kingdom

#### **AUDITORS TO THE ISSUER**

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#### **LEGAL ADVISERS**

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**Orrick, Herrington & Sutcliffe**  
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