

# PROSPECTUS

## DEDALO FINANCE S.R.L.

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

**Euro 166,800,000 Class A Asset Backed Floating Rate Notes due October 2048**

Issue Price: 100%

**Euro 13,048,000 Class B1 Asset Backed Floating Rate Notes due October 2048**

Issue Price: 100%

**Euro 5,164,000 Class B2 Asset Backed Floating Rate Notes due October 2048**

Issue Price: 100%

**Euro 15,625,000 Class B3 Asset Backed Floating Rate Notes due October 2048**

Issue Price: 100%

This prospectus (the "**Prospectus**" or the "**Offering Circular**") contains information relating to the issue by Dedalo Finance S.r.l., a limited liability company organised under the laws of the Republic of Italy (the "**Issuer**") of Euro 166,800,000 Class A Asset Backed Floating Rate Notes due October 2048 (the "**Class A Notes**").

In connection with the issue of the Class A Notes the Issuer will issue three series of junior notes for an aggregate amount of Euro 33,837,000 divided as follows: Euro 13,048,000 Class B1 Asset Backed Floating Rate Notes due October 2048 (the "**Class B1 Notes**"), Euro 5,164,000 Class B2 Asset Backed Floating Rate Notes due October 2048 (the "**Class B2 Notes**") and Euro 15,625,000 Class B3 Asset Backed Floating Rate Notes due October 2048 (the "**Class B3 Notes**" and together with the Class B1 Notes and the Class B2 Notes, the "**Class B Notes**" and, together with the Class A Notes, the "**Notes**"). The Class B Notes are not being offered pursuant to this Prospectus.

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

The Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive. 2003/71/EC. The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Application has been made to the Irish Stock Exchange for the Class A Notes to be admitted to the Official List and trading on its regulated market. Such approval relates only to the Class A Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

The net proceeds of the offering of the Notes will be mainly applied by the Issuer to fund the purchase of portfolios of monetary claims (the "**Portfolios**" and the "**Claims**", respectively) arising under mortgage loans executed by Banca Alpi Marittime Credito Cooperativo Carrù Società Cooperativa per Azioni ("**Banca Alpi Marittime**"), Banca di Credito Cooperativo di Pianfei e Rocca de' Baldi – Società Cooperativa ("**BCC di Pianfei**") and Cassa di Risparmio di Bra S.p.A. ("**CR Bra**", and, together with Banca Alpi Marittime and BCC di Pianfei, the "**Originators**"). The Portfolios have been purchased by the Issuer under the terms of three transfer agreements as between the Issuer and each Originator pursuant to Law 130 on 29 June 2011 (each a "**Transfer Agreement**" and collectively the "**Transfer Agreements**"). The principal source of payment of interest and repayment of principal on the Notes will be collections and recoveries made from or in respect of the Portfolios.

Calculations as to the expected average life of the Class A Notes can be made based on certain assumptions as set out in the section "**Weighted Average Life of the Class A Notes**", including, but not limited to, the level of prepayments of the Claims. However, there is no certainty that the Class A Notes will receive their full principal outstanding and all the interest accrued thereon and ultimately the obligations of the Issuer to pay principal and interest on the Class A Notes could be reduced as a result of losses incurred in respect of the Portfolios. If the Notes cannot be redeemed in full on the Final Maturity Date, as a result of the Issuer having insufficient funds available to it in accordance with the Conditions for application in or towards such redemption, the Issuer will have no other funds available to it to be paid to the Noteholders, because the Issuer has no assets other than those described in this Prospectus. If any amounts remain outstanding in respect of the Notes upon expiry of the Final Maturity Date, such amounts (and the obligations to make payments in their respect) will be deemed to be released by the Noteholders and the Notes will be cancelled. The amount and timing of repayment of principal under the Claims will affect also the yield to maturity of the Notes which cannot be predicted, depending, inter alia, on the level of prepayments which will occur under the Portfolios.

The Notes will be subject to mandatory pro-rata redemption in whole or in part on each Payment Date following the expiry of a period of 18 (eighteen) months and one day after the Issue Date (the "**Initial Period**"). Unless previously redeemed in accordance with their applicable terms and conditions (the "**Conditions**"), the Class A Notes will be redeemed on the Payment Date falling on October 2048 (the "**Final Maturity Date**"). The Notes of each Class will be redeemed in the manner specified in Condition 6 (Redemption, Purchase and Cancellation). Before the Final Maturity Date the Notes may be redeemed at the option of the Issuer at their Principal Amount Outstanding together with accrued interest to the date fixed for redemption under and in accordance Condition 6.2 (Redemption for Taxation) or Condition 6.4 (Optional Redemption).

Interest on the Notes will accrue from 25 July 2011 (the "**Issue Date**") and will be payable on 2 November 2011 (the "**First Payment Date**") and thereafter semi-annually in arrears on the 30<sup>th</sup> day of October and the 30<sup>th</sup> day of April in each year or, if any such day is not a day (other than Saturday and Sunday) on which banks are open for business in Dublin, London and Milan and on which the Trans-European

Automated Real Time Gross Transfer System (or any successor thereto) is open (a "**Business Day**"), the following Business Day (each a "**Payment Date**"). The Notes will bear interest from (and including) a Payment Date to (but excluding) the following Payment Date (each an "**Interest Period**") provided that the first Interest Period (the "**Initial Interest Period**") shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date. The Notes of each Class shall bear interest at an annual rate equal to the Euro-Zone Inter-bank offered rate for six month deposits in Euro ("**Six Month EURIBOR**") (or in the case of the Initial Interest Period, the linear interpolation between the Euro-Zone Inter-bank offered rate ("**Euribor**") for three and four months deposits in Euro), plus in respect of the Class A Notes, a margin of 0.70% per annum. In addition, the Class B Notes will bear additional interest in an amount equal to the Single Series Class B Notes Additional Interest Payment Amount. All payments of principal and interest on the Notes will be made free and clear of any withholding or deduction for Italian withholding taxes, subject to the requirements of Legislative Decree No. 239 of 1 April 1996 as amended by Italian Law No. 409 of 23 November 2001 and as subsequently amended and supplemented, unless the Issuer is required by any applicable law to make such a withholding or deduction. If any withholding tax is applicable to the Notes, payments of interest on, and principal of the Notes will be made subject to such withholding tax, without the Issuer or any other Person being obliged to pay any additional amounts to any holder of Notes of any Class as a consequence.

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

The Class A Notes are expected, on issue, to be rated Aaa by Moody's Investors Service Inc. ("**Moody's**") and AAA by Standard & Poor's Credit Market Services Italy Srl ("**S&P**"). As of the date of this Prospectus, each of the Rating Agencies is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009 (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the relevant competent 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. No rating will be assigned to the Class B Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning rating organisation.

The Class A Notes and the Class B Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any other jurisdiction. Accordingly, the Class A Notes and the Class B Notes are being offered and/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**".

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

**Arranger**

**Advisory & Finance S.A.**

**Dated 22 July 2011**

## **Responsibility Statement**

*None of the Issuer, the Arranger or any other party to any of the Transaction Documents (as defined herein), other than the Originators, has undertaken or will undertake any investigations, searches or other actions to verify the details of the Portfolios sold by each of the Originators to the Issuer, nor have the Issuer, the Arranger or any other party to any of the Transaction Documents, other than the Originators, undertaken nor will any of them undertake, any investigations, searches or other actions to establish the existence of any of the monetary claims in the Portfolios or the creditworthiness of any Borrower.*

### ***The Issuer***

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

### ***The Originators***

*Each of the Originators has provided the information under the sections headed "**The Portfolios**", "**The Originators**" and "**Collection Policy and Recovery Procedures**" and any other information contained in this Prospectus relating to itself and the Portfolios and accepts responsibility for the information contained in those sections. To the best of the knowledge of each of the Originators (which has taken all reasonable care to ensure that such is the case), the information and data for which it is responsible as described above, are in accordance with the facts and do not omit anything likely to affect the import of such information and data.*

### ***The Swap Counterparty***

*Banca IMI has provided the information under the section headed the "**Swap Counterparty**" and accepts responsibility for the information contained in that section. To the best of the knowledge of the Swap Counterparty (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, the Swap Counterparty has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

### ***The Operating Bank, the Principal Paying Agent, the Transaction Bank, the Back Up Computation Agent and the Custodian Bank***

*Each of The Bank of New York Mellon (Luxembourg) S.A., Italian Branch and The Bank of New York Mellon, London Branch, has provided the information included in this Prospectus in the relevant part of the section headed "**The Operating Bank, the Principal Paying Agent, the Transaction Bank, the Back Up Computation Agent and the Custodian Bank**" and accepts responsibility for the information contained in that section. To the best of the knowledge of each of The Bank of New York Mellon (Luxembourg) S.A., Italian Branch and The Bank of New York Mellon, London Branch (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, each of The Bank of New York Mellon (Luxembourg) S.A., Italian Branch and The Bank of New York*

Mellon, London Branch, has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.

### **The Computation Agent**

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

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

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

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

Both before and after a winding-up of the Issuer, the Issuer's rights, title and interest in and to the Portfolios and to all amounts deriving therefrom will be available exclusively for the purposes of satisfying the Issuer's obligations to the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the securitisation of the Portfolios (the "**Transaction**") and to the corporate existence and good standing of the Issuer. The "**Other Issuer Creditors**" are the Swap Counterparty, the Originators, the Servicers, the Representative of the Noteholders, the Stichting Corporate Services Provider, the Security Trustee, the Operating Bank, the Back-up Servicers, the Transaction Bank, the Custodian Bank, the Principal Paying Agent, the Corporate Services Provider, the Back Up Computation Agent, the Back-Up Servicer Facilitator, the Computation Agent, the Subscribers and the Irish Listing Agent and any other person that may accede to the Intercreditor Agreement from time to time. The Noteholders will agree that the Single Portfolio Available Funds and the Issuer Available Funds (as defined below in the Conditions) will be applied by the Issuer in accordance with the order of priority of application of the Single Portfolio Available Funds and of the Issuer Available Funds set forth in the Intercreditor Agreement (the "**Orders of Priority**").

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

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

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

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

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

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

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

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

*In this Prospectus references to "Euro", "EUR", "€" and "cents" are to the single currency introduced in the member states of the European Community which adopted the single currency in accordance*

*with the Treaty of Rome of 25 March 1957, as amended by, inter alia, the Single European Act 1986 and the Treaty of European Union of 7 February 1992 establishing the European Union and the European Council of Madrid of 16 December 1995.*

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## THE PRINCIPAL PARTIES

<b>ISSUER</b>	<b>Dedalo Finance S.r.l.</b> , a limited liability company with sole quotaholder incorporated under article 3 of Law 130, with paid-in share capital of Euro 10,000, VAT number 10492010011, 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. 35001.7, whose registered office is at Corso Re Umberto 8 – 10121 Torino, Italy.
<b>THE ORIGINATORS</b>	<b>Banca Alpi Marittime Credito Cooperativo Carrù Società Cooperativa per Azioni</b> , a bank incorporated in Italy as a <i>credito cooperativo</i> , with paid-in share capital of Euro 5,604,606.24 as at 31 December 20010, whose registered office is at Via Stazione, 10 - 12061 Carrù (CN), Italy, VAT number 00195530043, enrolled in the Companies' Register of Cuneo under number 00195530043 (" <b>Banca Alpi Marittime</b> ");  <b>Banca di Credito Cooperativo di Pianfei e Rocca de' Baldi – Società Cooperativa</b> , a bank incorporated in Italy as a <i>società cooperativa</i> , with paid-in share capital of Euro 1,150,920, whose registered office is at Via Villanova, 23 - 12080 Pianfei (CN), Italy, VAT number 00167840040, enrolled in the Companies' Register of Cuneo under number 00167840040 (" <b>BCC di Pianfei</b> "); and  <b>Cassa di Risparmio di Bra S.p.A.</b> , a bank incorporated in Italy as a <i>società per azioni</i> , with paid-in share capital of Euro 20,800,000, whose registered office is at Via Principe di Piemonte, 12 - 12042 Bra (CN), Italy, VAT number 00200060044, enrolled in the Companies' Register of Cuneo under number 00200060044 (" <b>CR Bra</b> ").
<b>PRINCIPAL PAYING AGENT</b>	<b>The Bank of New York Mellon (Luxembourg) S.A. Italian Branch</b> , whose registered office is at Via Carducci, 31, 20123 Milano, Italy, (" <b>Bank of New York Mellon, Italian Branch</b> ") or any other person from time to time acting as principal paying agent (the " <b>Principal Paying Agent</b> ").
<b>OPERATING BANK</b>	<b>Bank of New York Mellon, Italian Branch</b> , or any other person from time to time acting as operating bank (the " <b>Operating Bank</b> ").
<b>TRANSACTION BANK</b>	<b>Bank of New York Mellon, Italian Branch</b> , or any other person from time to time acting as transaction bank (the " <b>Transaction Bank</b> ").
<b>CUSTODIAN BANK</b>	<b>The Bank of New York Mellon, London Branch</b> , a company incorporated under the laws of England and Wales, the principal place of business of which is at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom (" <b>Bank of New York Mellon, London Branch</b> ") or any other person from time to time acting as custodian bank (the " <b>Custodian Bank</b> ").
<b>REPRESENTATIVE OF THE NOTEHOLDERS</b>	<b>Accounting Partners S.r.l.</b> , a limited liability company, VAT number 9180200017, whose registered office is at Corso Re Umberto 8 – 10121 Torino, Italy (" <b>Accounting Partners</b> "), or any other person from time to time acting as representative of the noteholders (the " <b>Representative of</b> ").



the Noteholders").

**SWAP COUNTERPARTY**

**Banca IMI S.p.A.**, a bank incorporated as a joint stock company (*societa per azioni*) organised under the laws of the Republic of Italy, registered with the companies' register held in Milan under number 04377700150, fiscal code and VAT number 04377700150, registered with the register of banks (*albo delle banche*) held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act under number 5570, belonging to the "*Gruppo Bancario Intesa Sanpaolo*" 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 Largo Mattioli 3, 20121 Milan, Italy, in its capacity as swap counterparty, or any other person from time to time acting as swap counterparty ("**Banca IMI**" or the "**Swap Counterparty**").

**SERVICERS**

**Banca Alpi Marittime, BCC di Pianfei and CR Bra**, or any other person from time to time acting as servicer (each of them a "**Servicer**" and collectively the "**Servicers**").

**BACK-UP SERVICERS**

**Banca Alpi Marittime, BCC di Pianfei and CR Bra**, or any other person from time to time acting as back-up servicers (each of them a "**Back-Up Servicer**" and collectively the "**Back-Up Servicers**").

- (i) with respect to CR Bra, Banca Alpi Marittime, or, should the event under clause 2.3(b) of the Back-up Servicing Agreement occur, BCC di Pianfei;
- (ii) with respect to Banca Alpi Marittime, CR Bra, or, should the event under clause 2.3(a) of the Back-up Servicing Agreement occur, BCC di Pianfei;
- (iii) with respect to BCC di Pianfei, Banca Alpi Marittime, or, should the event under clause 2.2(b) of the Back-up Servicing Agreement occur, CR Bra; or
- (iv) the External Back-up Servicer,

or any other person from time to time acting as Back-up Servicer.

"**External Back-up Servicer**" means the back-up servicer to be appointed pursuant to the Servicing Agreement in case an insolvency event occurs in respect of any of the Originators (or in case of merger among two or all the Originators) and which must be an entity different from the Originators.

**CORPORATE SERVICES PROVIDER**

**Accounting Partners**, or any other person from time to time acting as corporate services provider (the "**Corporate Services Provider**").

**STICHTING CORPORATE SERVICES PROVIDER**

**Wilmington Trust SP Services (London) Limit**, a company incorporated under the laws of England and Wales, having its registered office at 3rd Floor, 1 King's Arms Yard, London EC2R 7AF, UK ("**Wilmington Trust**"), or any other person from time to time acting as stichting corporate services provider (the "**Stichting Corporate Services Provider**").

<b>COMPUTATION AGENT</b>	<b>Accounting Partners</b> , or any other person from time to time acting as computation agent (the " <b>Computation Agent</b> ").
<b>BACK UP COMPUTATION AGENT</b>	<b>Bank of New York Mellon, London Branch</b> , or any other person from time to time acting as back up computation agent (the " <b>Back Up Computation Agent</b> ").
<b>BACK-UP SERVICER FACILITATOR</b>	<b>Zenith Service S.p.A.</b> , a joint stock company ( <i>società per azioni</i> ), incorporated and organised under the laws of the Republic of Italy, with registered office at Via Guidubaldo Del Monte 61, 00197 - Rome, enrolled with the Companies Registrar of Rome under No. 02200990980, in the general register of financial intermediaries held by the Bank of Italy pursuant to Article 106 of the Banking Act under number 32819, in the special register of financial intermediaries held by the Bank of Italy pursuant to Article 107 of the Banking Act and with a share capital of Euro 1,525,000 (" <b>Zenith</b> ") or any other person from time to time acting as back-up servicer facilitator (the " <b>Back-Up Servicer Facilitator</b> ").
<b>SECURITY TRUSTEE</b>	<b>Accounting Partners</b> , or any other person from time to time acting as security trustee (the " <b>Security Trustee</b> ").
<b>IRISH LISTING AGENT</b>	<b>NCB Stockbrokers Limited</b> , with office at 3 George's Dock, ISFC Dublin 1, Ireland, or any other person from time to time acting as listing agent of the Notes in Ireland (the " <b>Irish Listing Agent</b> ").
<b>QUOTAHOLDER</b>	<b>Stichting Gaudi</b> , a foundation ( <i>Stichting</i> ) having its registered office at Claude Debussylaan 24 1082 MD, Amsterdam, The Netherlands and enrolled at the Chamber of Commerce in Amsterdam at the No. 51109891 (the " <b>Quotaholder</b> ").
<b>ARRANGER</b>	<b>Advisory &amp; Finance S.A.</b> , whose registered office is at 370, Route de Longwy, L-1940 Luxembourg – GD Luxembourg (the " <b>Arranger</b> ").

## TRANSACTION SUMMARY INFORMATION

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

## PRINCIPAL FEATURES OF THE NOTES

### TITLE

The Notes will be issued by the Issuer on the Issue Date in the following classes (each a "**Class**"):

Euro 166,800,000 Class A Asset Backed Floating Rate Notes due October 2048 (the "**Class A Notes**");

Euro Class B Asset Backed Floating Rate Notes due October 2048 (the "**Class B Notes**");

The 33,837,000 Class B Notes will be issued by the Issuer on the Issue Date in the following series (each, a "**Series**"):

Euro 13,048,000 Class B1 Asset Backed Floating Rate Notes due October 2048;

Euro 5,164,000 Class B2 Asset Backed Floating Rate Notes due October 2048;

Euro 15,625,000 Class B3 Asset Backed Floating Rate Notes due October 2048.

### ISSUE PRICE

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

<i>Class</i>	<i>Issue Price</i>
Class A	100%
Class B1	100%
Class B2	100%
Class B3	100%

### INTEREST

The rate of interest applicable from time to time in respect of the Notes (the "**Interest Rate**") will be: (a) in respect of the Class A Notes, EURIBOR for 6 (six) month deposits in Euro ("**Six Month EURIBOR**"), (or in the case of the Initial Interest Period, the linear interpolation between the Euribor for three and four month deposits in Euro) as determined and defined in accordance with Condition 5 (*Interest*), plus a margin of 0.70% *per annum* (the "**Class A Margin**"); and (b) in respect of the Class B Notes, the Six Month EURIBOR, as determined and defined in accordance with Condition 5 (*Interest*).

In addition to the Interest Rate, each Series of Class B Notes will

accrue, in each Interest Period, additional interest in an amount equal to the Single Series Class B Notes Additional Interest Payment Amount (as defined below) calculated on each Calculation Date and payable on the next following Payment Date.

**SINGLE SERIES CLASS B  
NOTES ADDITIONAL  
INTEREST PAYMENT  
AMOUNT**

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

- (i) the aggregate of all Interest Instalments collected on the Claims of the Relevant Portfolio in the immediately preceding Collection Period; plus
- (ii) the aggregate of all fees for prepayment paid on the Claims of the Relevant Portfolio in the immediately preceding Collection Period; plus
- (iii) the aggregate of all interest for late payments (*interessi di mora*) paid on the Claims of the Relevant Portfolio in the immediately preceding Collection Period; plus
- (iv) all amounts to be received by the Issuer under the Relevant Swap Transactions in respect of the following Payment Date; plus
- (v) all amounts received or recovered by the Issuer in the immediately preceding Collection Period with respect to the Claims of the Relevant Portfolio which are or have been Defaulted Claims; plus
- (vi) (a) the relevant Outstanding Notes Ratio of all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Payments Account and paid into the same during the immediately preceding Collection Period; (b) all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the relevant Collections and Recoveries Account, Single Portfolio Detrimental Reserve SubAccount, Principal Amortisation Reserve SubAccount and the Cash Reserve SubAccount and paid into the same during the immediately preceding Collection Period; and (c) all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Detrimental Reserve SubAccount which were paid into it out of the relevant Single Portfolio Available Funds, during the immediately preceding Collection Period; plus
- (vii) the Cash Reserve Excess of the Relevant Portfolio and the Cash Reserve Amortisation Amount of the Relevant Portfolio; plus
- (viii) all profit and accrued interest (if any) received under the Eligible Investments made in respect of the immediately preceding Collection Period out of the relevant Investment Account; minus

- (ix) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date out of the relevant Single Portfolio Available Funds under items *First* through *Sixth* plus *Eighth*, *Fourteenth*, *Fifteenth*, *Eighteenth* and *Nineteenth* of the Pre-Acceleration Order of Priority, or the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items *First* through *Sixth*, plus *Eighth*, *Tenth*, *Eleventh* and *Fifteenth* of the Acceleration Order of Priority, or the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items *First* through *Sixth* plus *Eighth*, *Twelfth*, *Thirteenth* and *Seventeenth* of the Cross Collateral Order of Priority; minus
- (x) the Outstanding Balance of all the Claims of the Relevant Portfolio which have become Defaulted Claims during the immediately preceding Collection Period calculated as at the immediately preceding Collection Date; minus
- (xi) on the First Payment Date only, the amount of any Interest Accrual;

but excluding: (i) prior to the occurrence of an Early Termination Date (as defined in the Swap Agreement) for the Swap Transactions, the amount (if any) standing to the credit of the account into which the collateral, posted pursuant to the Swap Agreement is paid (the "**Collateral Account**"); and (ii) following the date on which the Swap Transactions are terminated, the amount standing to the credit of the Collateral Account (if any) which exceeds the termination amount (if any) that would have otherwise been payable by the Swap Counterparty to the Issuer had the collateral not been provided.

#### **PAYMENT DATE**

Interest is payable in respect of the Notes, semi-annually in arrears in Euro on the 30<sup>th</sup> day of October and the 30<sup>th</sup> day of April in each year or, if such date is not a Business Day, on the following Business Day (each such date a "**Payment Date**"). The first payment of interest under the Notes will be due and payable on the Payment Date falling on 2 November 2011 (the "**First Payment Date**") and will relate to the period from (and including) the Issue Date to (but excluding) such Payment Date.

#### **CALCULATION DATE**

Means the date falling on the 20<sup>th</sup> day of April and the 20<sup>th</sup> day of October in each year or, if such date is not a Business Day, the following Business Day.

#### **FORM AND DENOMINATION**

The Class A 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 Class A Notes will be evidenced by book entries in accordance with the provisions of article 83-*bis* of the Italian Legislative Decree No. 58

of 24 February 1998 and the Resolution dated 22 February 2008 jointly issued by CONSOB and the Bank of Italy, as amended from time to time. No physical document of title will be issued in respect of the Class A Notes. The Class A Notes will be issued in denominations of Euro 100,000.

The Class B Notes will be issued in denomination of Euro 1,000.

The Issuer has elected Italy as Home Member State for the purpose of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (the "**Transparency Directive**").

## **STATUS**

Before delivery of a Trigger Notice (as defined below) with respect to the obligation of the Issuer to pay interest and repay principal on the Notes, the Conditions provide that the Class A Notes will rank *pari passu* and without any preference or priority among themselves. The Class B Notes of each Series will rank *pari passu* and without any preference or priority among themselves but will be subordinated to the Class A Notes.

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

Principal on each Series of Class B Notes will be reimbursed and interest accrued thereon will be paid out of available funds deriving from collections and recoveries from the Relevant Portfolio, provided that following delivery of a Cross Collateral Notice and/or delivery of a Trigger Notice, principal on all Series of Class B Notes will be reimbursed and interest accrued thereon will be paid out of the aggregate available funds deriving from collections and recoveries of all the Portfolios, but in an amount which is a function of the performance of the Relevant Portfolio. The Class B Notes shall at all times be subordinated to the Class A Notes.

**ISSUER AVAILABLE FUNDS**

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

- (i) all the Collections and other amounts received by the Issuer in respect of the Claims during the immediately preceding Collection Period;
- (ii) all other amounts transferred during the immediately preceding Collection Period into the Collections and Recoveries Accounts;
- (iii) all the amounts credited to the Collections and Recoveries Accounts on the immediately preceding Payment Date;
- (iv) all interest accrued on the amounts standing to the credit of each of the Accounts (except for the Quota Capital Account) during the immediately preceding Collection Period and any profit and accrued interest received under the Eligible Investments made in respect of the immediately preceding Collection Period;
- (v) all amounts paid into the Principal Amortisation Reserve SubAccounts on the preceding Payment Date;
- (vi) all amounts due and payable to the Issuer in respect of such Payment Date under the terms of the Swap Agreement;
- (vii) all amounts received from the Originators, if any, pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreements, all amounts received by the Issuer as indemnities for the renegotiation of the Mortgage Loan Agreements and any payment made to the Issuer by any other party to the Transaction Documents during the immediately preceding Collection Period;
- (viii) any amounts paid into the Payments Account during the immediately preceding Collection Period (other than amounts credited on the second Business Day of the immediately preceding Payment Date and to be utilized on the same immediately preceding Payment Date in accordance with the relevant Order of Priority and the amounts used under items (vi) and (vii) of the description of the Payments Account for payments made out of such Payments Account in the preceding Collection Period);
- (ix) all amounts paid into the Single Portfolio Detrimental Reserve SubAccounts in the preceding Payment Date;
- (x) any amount paid into the Detrimental Reserve SubAccount in the preceding Payment Date;
- (xi) any proceeds paid to the Issuer resulting from any termination of the Swap Agreement only to the purpose of entering into a replacement Swap Agreement, and to the

extent such proceeds exceed the cost of entering into a replacement Swap Agreement such excess may be utilised only to pay any shortfall under items *Eighth* of the Cross Collateral Order of Priority or items *Eighth* or *Ninth* of the Acceleration Order of Priority. Provided that any amount under this item could be fully utilised if by doing so the Class A Notes will be fully redeemed on that Payment Date;

- (xii) until full repayment of the Class A Notes, the Cash Reserve in an amount equal to the Portfolio Shortfall with respect to such Payment Date, exclusively to pay amounts due (a) under items *First* to *Eighth* of the Cross Collateral Order of Priority *provided that* any amount under this item could be fully utilised if by doing so the Class A Notes will be fully redeemed on that Payment Date and (b) under items *First* to *Ninth* of the Acceleration Order of Priority; and
- (xiii) the proceeds from the sale of the Portfolios;

but excluding: (i) prior to the occurrence of an Early Termination Date (as defined in the Swap Agreement) for the Swap Transactions, the amount (if any) standing to the credit of the Collateral Account; and (ii) following the date on which the Swap Transactions are terminated, the amount standing to the credit of the Collateral Account (if any) which exceeds the termination amount (if any) that would have otherwise been payable by the Swap Counterparty to the Issuer had the collateral not been provided.

**SINGLE PORTFOLIO  
AVAILABLE FUNDS**

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

- (i) all the Collections and other amounts received by the Issuer during the immediately preceding Collection Period in relation to the Claims of the Relevant Portfolio;
- (ii) all other amounts transferred during the immediately preceding Collection Period into the relevant Collections and Recoveries Account;
- (iii) any relevant Single Portfolio Class A Notes Principal Payment Amount and Single Series Available Class B Notes Redemption Funds paid into the relevant Collections and Recoveries Account on the immediately preceding Payment Date;
- (iv) (a) the relevant Outstanding Notes Ratio of all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Payments Account and paid into the same during the immediately preceding Collection Period; (b) all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the relevant Collections and Recoveries Account,



Single Portfolio Detrimental Reserve SubAccount, Principal Amortisation Reserve SubAccount and the Cash Reserve SubAccount and paid into the same during the immediately preceding Collection Period; and (c) all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Detrimental Reserve SubAccount which were paid into it out of the relevant Single Portfolio Available Funds, during the immediately preceding Collection Period;

- (v) any profit and accrued interest received under the Eligible Investments made in respect of the immediately preceding Collection Period out of the relevant Investment Account;
- (vi) all amounts paid into the credit of the relevant Principal Amortisation Reserve SubAccount on the preceding Payment Date;
- (vii) all amounts due and payable to the Issuer in respect of such Payment Date under the terms of the Relevant Swap Transactions;
- (viii) all amounts, if any, received from the relevant Originator pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreement in respect of the Claims of the Relevant Portfolio, all amounts received by the Issuer as indemnities for the renegotiation of the Mortgage Loan Agreements in respect of the Claims of the Relevant Portfolio and the relevant Outstanding Notes Ratio of all payments made to the Issuer by any other party to the Transaction Documents during the immediately preceding Collection Period;
- (ix) the relevant Outstanding Notes Ratio of any amounts paid into the Payments Account during the immediately preceding Collection Period (other than amounts credited on the second Business Day of the immediately preceding Payment Date and to be utilized on the same immediately preceding Payment Date in accordance with the relevant Order of Priority and the amounts used under items (vi) and (vii) of the description of the Payments Account for payments made out of such Payments Account in the preceding Collection Period);
- (x) the amounts paid into the credit of the Detrimental Reserve SubAccount in the preceding Payment Date out of the relevant Single Portfolio Available Funds;
- (xi) the amounts paid into the relevant Single Portfolio Detrimental Reserve SubAccount in the preceding Payment Date;
- (xii) any proceeds paid to the Issuer resulting from any termination of the Relevant Swap Transactions only to the purpose of entering into a replacement Swap Transaction,

and to the extent such proceeds exceed the cost of entering into a replacement Swap Agreement such excess may be utilised only to pay any shortfall under item *Eighth* of the Pre-Acceleration Order of Priority. Provided that any amount under this item could be fully utilised if by doing so the Class A Notes will be fully redeemed on that Payment Date;

- (xiii) until full repayment of the Class A Notes, the Relevant Cash Reserve (augmented as the case may be by the amount made available by the other Relevant Cash Reserve pursuant to the terms of the Cash Administration and Agency Agreement) in an amount equal to the Single Portfolio Shortfall with respect to such Payment Date, exclusively to pay amounts due under items *First* to *Eighth* (inclusive) of the Pre-Acceleration Order of Priority; *provided that* any amount under this item could be fully utilised if by doing so the Class A Notes will be fully redeemed on that Payment Date; and
- (xiv) the proceeds from the sale of the Relevant Portfolio, the Cash Reserve Amortisation Amount of the Relevant Portfolio and the Cash Reserve Excess of the Relevant Portfolio;

but excluding: (i) prior to the occurrence of an Early Termination Date (as defined in the Swap Agreement) for the Swap Transactions, the amount (if any) standing to the credit of the Collateral Account; and (ii) following the date on which the Swap Transactions are terminated, the amount standing to the credit of the Collateral Account (if any) which exceeds the termination amount (if any) that would have otherwise been payable by the Swap Counterparty to the Issuer had the collateral not been provided.

## THE PORTFOLIOS

The principal source of payment of interest and repayment of principal on the Notes will be recoveries and collections made in respect of the following portfolios of monetary claims and connected rights arising under mortgage loan agreements purchased by the Issuer pursuant to the Transfer Agreements:

***Portfolio No. 1***, the portfolio of Claims which are sold to the Issuer by Banca Alpi Marittime; and

***Portfolio No. 2***, the portfolio of Claims which are sold to the Issuer by BCC di Pianfei; and

***Portfolio No. 3***, the portfolio of Claims which are sold to the Issuer by CR Bra (each a "**Portfolio**" and, collectively, the "**Portfolios**").

The claims comprised in the Portfolios are claims arising under mortgage loan agreements (the "**Mortgage Loan Agreements**") which on 31 May 2011 (the "**Valuation Date**") were all performing claims (the "**Claims**", which term, for the purposes of this Prospectus will be deemed to include any Claim which, after

the Valuation Date, has become or will become non performing, and hereon a "**Defaulted Claim**" as better defined in the Conditions).

See further "*Description of the Transfer Agreements*" and "*Description of the Warranty and Indemnity Agreement*".

**OUTSTANDING NOTES RATIO** Means with respect to any Payment Date and to each Portfolio, the ratio, calculated as at the immediately preceding Collection Date, between: (x) the relevant Single Portfolio Notes Principal Amount Outstanding; and (y) the Principal Amount Outstanding of all the Notes.

The "**Principal Amount Outstanding**" of each of the Notes on any date shall be the principal amount of that Note upon issue less the aggregate amount of all payments of principal in respect of that Note that have been made prior to such date.

**SINGLE PORTFOLIO NOTES PRINCIPAL AMOUNT OUTSTANDING**

Means with respect to each Payment Date:

- (i) with respect to Portfolio No. 1, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, and the Principal Amount Outstanding of the Class B1 Notes;
- (ii) with respect to Portfolio No. 2, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, and the Principal Amount Outstanding of the Class B2 Notes;
- (iii) with respect to Portfolio No. 3, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, and the Principal Amount Outstanding of the Class B3 Notes;

in each case as at the immediately preceding Collection Date.

**SINGLE PORTFOLIO CLASS A NOTES PRINCIPAL AMOUNT OUTSTANDING**

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

- 1. the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding; and
- 2. the aggregate of all the Single Portfolio Class A Notes Principal Payment Amounts paid in respect of the Relevant Portfolio to the Class A Noteholders on the preceding Payment Dates.

**SINGLE PORTFOLIO INITIAL CLASS A NOTES PRINCIPAL AMOUNT OUTSTANDING**

Means (i) with respect to Portfolio No. 1, the Principal Amount Outstanding as at the Issue Date of 38.55% of the Class A Notes, equal to Euro 64,300,000; (ii) with respect to Portfolio No. 2, the Principal Amount Outstanding as at the Issue Date of 15.29% of the Class A Notes, equal to Euro 25,500,000; and (iii) with respect to Portfolio No. 3, the Principal Amount Outstanding as at the Issue Date of 46.16% of the Class A Notes, equal to Euro

77,000,000.

**SINGLE SERIES AVAILABLE  
CLASS B NOTES  
REDEMPTION FUNDS**

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

- (i) the Single Portfolio Available Funds with respect to the Relevant Portfolio, available for redemption of the Principal Amount Outstanding of such Series of Class B Notes according to the Pre-Acceleration Order of Priority or the Acceleration Order of Priority or the Cross Collateral Order of Priority as applicable; and
- (ii) the Principal Amount Outstanding of such Series of Class B Notes.

**CLASS A NOTES PRINCIPAL  
PAYMENT AMOUNT**

Means with respect to each Payment Date, the aggregate of all Single Portfolio Class A Notes Principal Payment Amounts.

**SINGLE PORTFOLIO CLASS A  
NOTES PRINCIPAL PAYMENT  
AMOUNT**

Means with respect to each Payment Date and to each Portfolio the lesser of: (i) the relevant Single Portfolio Amortised Principal with respect to such Payment Date; and (ii) the relevant Single Portfolio Class A Notes Principal Amount Outstanding as at the immediately preceding Collection Date.

**SINGLE PORTFOLIO  
AMORTISED PRINCIPAL**

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

- (i) the aggregate amount of the Principal Instalments of the Claims of the Relevant Portfolio collected during the immediately preceding Collection Period (including, for the avoidance of doubt, any such collection lost due to any insolvency event on the Servicer having occurred) excluding all Principal Instalments collected in such immediately preceding Collection Period in relation to the Claims that have become Defaulted Claims in any previous Collection Period (without prejudice to the provisions under items (iii) and (iv) below);
- (ii) the aggregate amount of the Principal Instalments of the Pre-paid Claims that have been prepaid during the immediately preceding Collection Period;
- (iii) the Outstanding Principal of the Claims of the Relevant Portfolio that have become Defaulted Claims during the immediately preceding Collection Period, as of the date when such Claims became Defaulted Claims;
- (iv) any amount received by the Issuer during the immediately preceding Collection Period from the Originator of such Portfolio pursuant to the relevant Transfer Agreement and/or the Warranty and Indemnity Agreement and any amount received by the Issuer from the relevant Originator as indemnities in respect of the renegotiation of the Mortgage Loan Agreements of the Relevant Portfolio in

accordance with the Servicing Agreement;

- (v) the Single Portfolio Amortised Principal (a) unpaid at the previous Payment Date and/or (b) credited on the Collections and Recoveries Account and not distributed to the Noteholders on the previous Payment Date;
- (vi) the proceeds from the sale of the Relevant Portfolio; and
- (vii) upon any of the Originators becoming subject to an insolvency proceeding, any amount not received by the Issuer in the immediately preceding Collection Period as a result of the set-off by any Borrower between its claims towards such Originator (in respect of the Borrower's deposits with such Originator) and the Claims.

## ACCOUNTS AND DESCRIPTION OF CASH FLOWS

<b>ACCOUNT HELD WITH THE OPERATING BANK</b>	The Issuer has directed the Operating Bank to establish, maintain and operate the following account as separate account in the name of the Issuer:
<b>QUOTA CAPITAL ACCOUNT</b>	An account (the " <b>Quota Capital Account</b> ") ( <i>Conto Capitale Sociale</i> ), IBAN Code: IT88X0335101600004869389780, <u>into which</u> all sums contributed by the Quotaholder as quota capital and any interest thereon will be credited.
<b>ACCOUNTS HELD WITH THE TRANSACTION BANK</b>	The Issuer has directed the Transaction Bank to establish, maintain and operate the following accounts as separate accounts in the name of the Issuer:
<b>COLLECTIONS AND RECOVERIES ACCOUNTS</b>	Three accounts (denominated " <b>Collections and Recoveries Accounts</b> ", and each a " <b>Collections and Recoveries Account</b> ") ( <i>Conto Incassi</i> ) IBAN Code: IT28Y0335101600004861939780 (with respect to Portfolio No. 1, the " <b>Collections and Recoveries Alpi</b> "); IBAN Code: IT73X0335101600004861929780 (with respect to Portfolio No. 2, the " <b>Collections and Recoveries Pianfei</b> "); and IBAN Code: IT74T0335101600004869349780 (with respect to Portfolio No. 3, the " <b>Collections and Recoveries Bra</b> "), <u>into which</u> respectively (i) all amounts received or recovered by each Servicer in respect of the Claims of the Relevant Portfolio shall be credited in accordance with the Servicing Agreement; (ii) on each Payment Date prior to (but excluding) the Payment Date falling on April 2013, any amounts payable in respect of any relevant Single Portfolio Class A Notes Principal Payment Amount and Single Series Available Class B Notes Redemption Funds, if the Pre-Acceleration Order of Priority applies, or in respect of any relevant Class A Notes Principal Payment Amount and Single Series Available Class B Notes Redemption Funds, if the Cross Collateral Order of Priority applies, or in respect of any Available Class A Notes Redemption Funds and any Single Series Available Class B Notes Redemption Funds, if the Acceleration Order of Priority applies, shall be paid into the Collections and Recoveries Account related to the Relevant Portfolio; (iii) all amounts, if any, received by the Issuer

from the relevant Originator pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreement in respect of the Claims of the Relevant Portfolio and all amounts received by the Issuer as indemnities in respect of the renegotiation of the Mortgage Loan Agreements of the Relevant Portfolio in accordance with the Servicing Agreement shall be credited into the Collections and Recoveries Account related to the Relevant Portfolio; and *out of which*: in accordance with the provisions of the Cash Administration and Agency Agreement, 1 (one) Business Day after the relevant deposit, all amounts standing to the credit of the Collections and Recoveries Account related to each Relevant Portfolio will be transferred to the Investment Account of the Relevant Portfolio;.

## **PAYMENTS ACCOUNT**

An account (the "**Payments Account**") (*Conto Pagamenti*), IBAN Code: IT29U0335101600004869359780, *into which* (i) on the Issue Date the subscription price of the Notes (net of any set off agreed in the Notes Subscription Agreement) shall be paid; (ii) all amounts received by the Issuer under the Transaction Documents (other than collections and recoveries on the Claims) will be credited, if not credited to other accounts pursuant to the Transaction Documents; (iii) all amounts arising from the liquidation, disposal or maturity of the Eligible Investments (including any profit generated thereby or interest matured thereon) shall be credited two Business Days prior to each Payment Date in accordance with clause 8.2 of the Cash Administration and Agency Agreement, and (iv) any amount due from the Swap Counterparty under the Swap Agreement will be paid within 2 (two) Business Day prior to each Payment Date within 2 p.m. (Italian time); and *out of which* (i) on the Issue Date amounts necessary to fund respectively the Banca Alpi Marittime Cash Reserve, the BCC di Pianfei Cash Reserve and the CR Bra Cash Reserve shall be paid to the Relevant Cash Reserve SubAccount; (ii) in accordance with the provisions of the Cash Administration and Agency Agreement, (a) 1 (one) Business Day after each Payment Date, the amounts standing to the credit of the Payments Account and deriving from disinvestment of the Eligible Investments purchased out of the amounts standing to the credit of the Investment Account related to each Relevant Portfolio will be transferred to the relevant Investment Account and (b) 1 (one) Business Day after the relevant deposit, any amount other than the amounts under item (a) above will be transferred to the relevant Investment Account; (iii) (a) on each Payment Date amounts necessary to repay principal and to pay interests on the Notes shall be used by the Principal Paying Agent in accordance with the Cash Administration and Agency Agreement, provided that, should the Principal Paying Agent and the Transaction Bank cease to be the same institution, amounts necessary to pay interest and principal in respect of the Notes shall be transferred in accordance with clause 4.2(b) of the Cash Administration and Agency Agreement; (b) on each Payment Date all payments shall be made in accordance with the Intercreditor Agreement, the applicable Order of Priority and the relevant Payments Report; (iv) on the Business Day preceding each Payment Date an amount equal to the difference between (a) amounts invested in Eligible Investments out of each Relevant

Cash Reserve SubAccount in the preceding Collection Period and (b) the sum of (x) the amount of each Relevant Cash Reserve necessary to augment the Issuer Available Funds or the Single Portfolio Available Funds as calculated by the Computation Agent (also in accordance with clause 14 of the Cash Administration and Agency Agreement and indicated in the relevant Payments Reports) in respect of the immediately following Payment Date, (y) each relevant Cash Reserve Excess in respect of the immediately following Payment Date and (z) each relevant Cash Reserve Amortisation Amount in respect of the immediately following Payment Date, shall be credited to the Relevant Cash Reserve SubAccount; (v) on the Issue Date certain upfront costs of the Transaction shall be paid by the Issuer in accordance with the Notes Subscription Agreement; (vi) any taxes due and payable on behalf of the Issuer will be paid and (vii) any fees, costs and expenses required to be paid (a) in order to preserve the corporate existence of the Issuer or to maintain it in good standing and comply with applicable legislation and regulations and (b) to fulfil payment obligations of the Issuer to third parties incurred in relation to this Transaction to the extent that the payment of such fees, costs and expenses is not deferrable until the immediately subsequent Payment Date, will be paid;

*provided that* in any case the balance of the Payments Account shall at least be equal to the Retention Amount, unless such amount has to be used to pay any amount under item (vi) and (vii) above.

**"Interest Accruals"** means, with respect to each Portfolio, the interest accrued, not yet due and unpaid on the relevant Claims as of the Effective Date, and equal to, with respect to Portfolio No. 1, Euro 91,421.05, with respect to Portfolio No. 2, Euro 37,043.71 and with respect to Portfolio No. 3, Euro 223,400.55.

#### **ACCOUNTS HELD WITH THE CUSTODIAN BANK**

The Issuer has directed the Custodian Bank to establish, maintain and operate the following accounts as separate accounts in the name of the Issuer, in accordance with the terms and conditions set forth in the Custody Terms and Conditions (without prejudice to what provided by clause 7.1 of the Cash Administration and Agency Agreement):

#### **SINGLE PORTFOLIO DETRIMENTAL RESERVE ACCOUNT**

An account (the **"Single Portfolio Detrimental Reserve Account"**) (*Conto di Riserva Singolo Portafoglio*) divided in three sub-accounts denominated with reference to each Portfolio (each a **"Single Portfolio Detrimental Reserve SubAccount"**) (*Sottoconto di Riserva Singolo Portafoglio*) to be opened within 4 (four) Business Days following receipt of a Single Portfolio Detrimental Event Notice *into which* on each Payment Date following the occurrence of a Single Portfolio Detrimental Event with respect to one or more Portfolios, the Single Portfolio Detrimental Reserve Amount with respect to the relevant Portfolio or Portfolios in respect of which the Single Portfolio Detrimental Event has not occurred shall be paid from the Payments Account in accordance with the applicable Order of Priority; and *out of which* in accordance with the provisions of the Cash

Administration and Agency Agreement, 1 (one) Business Day after the relevant deposit, all amounts standing to the credit of the relevant Single Portfolio Detrimental Reserve SubAccount will be transferred to the Investment Account of the Relevant Portfolio.

#### **PRINCIPAL AMORTISATION RESERVE ACCOUNT**

An account (the "**Principal Amortisation Reserve Account**") (*Conto di Riserva Ammortamento Capitale*) divided in three sub-accounts denominated with reference to each Portfolio (each a "**Principal Amortisation Reserve SubAccount**") (*Sottoconto di Riserva Ammortamento Capitale*) to be opened within 4 (four) Business Days following receipt of a Disequilibrium Event Notice into which on each Payment Date following the occurrence of a Disequilibrium Event the relevant Principal Amortisation Reserve Amount shall be paid from the Payments Account in accordance with the applicable Order of Priority; and out of which: in accordance with the provisions of the Cash Administration and Agency Agreement, 1 (one) Business Day after the relevant deposit, all amounts standing to the credit of the relevant Principal Amortisation Reserve SubAccount will be transferred to the Investment Account of the Relevant Portfolio.

#### **CASH RESERVE ACCOUNT**

An account (the "**Cash Reserve Account**") IBAN Code: GB45IRVT70022548607480 divided in four sub-accounts of which (A) three sub-accounts denominated Banca Alpi Marittime Cash Reserve SubAccount, BCC di Pianfei Cash Reserve SubAccount and CR Bra Cash Reserve SubAccount (each a "**Cash Reserve SubAccount**" and together the "**Cash Reserve SubAccounts**"), into which, (i) on the Issue Date amounts necessary to fund each Relevant Cash Reserve shall be paid from the Payments Account; (ii) on each Payment Date all sums payable from the Relevant Portfolio under item *Tenth* of the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority shall be credited, and (iii) on the Business Day preceding each Payment Date an amount equal to the difference between (a) amounts invested in Eligible Investments out of each Relevant Cash Reserve SubAccount in the preceding Collection Period and (b) the sum of (x) the amount of each Relevant Cash Reserve necessary to augment the Issuer Available Funds or the Single Portfolio Available Funds as calculated by the Computation Agent (and indicated in the relevant Payments Reports) in respect of the immediately following Payment Date, (y) each relevant Cash Reserve Excess in respect of the immediately following Payment Date and (z) each relevant Cash Reserve Amortisation Amount in respect of the immediately following Payment Date, shall be credited from the Payments Account; and out of which: in accordance with the provisions of the Cash Administration and Agency Agreement, 1 (one) Business Day after the relevant deposit, all amounts standing to the credit of the Relevant Cash Reserve SubAccount will be transferred to the Investment Account of the Relevant Portfolio; and (B) a sub-account denominated (the "**Detrimental Reserve SubAccount**"), into which on each Payment Date following the occurrence of a Detrimental Event, the Detrimental Reserve Amount shall be paid from the Payments Account; and out of which (i) in accordance with the provisions of the Cash Administration and Agency Agreement, 1 (one) Business



Day after the relevant deposit, the Detrimental Reserve Amount credited from the relevant Single Portfolio Available Funds or the relevant Notes Outstanding Ratio of the Detrimental Reserve Amount credited from the Issuer Available Funds shall be credited to the Investment Account of the Relevant Portfolio.

## **INVESTMENT ACCOUNTS**

Three accounts (denominated "**Investment Accounts**", and each a "**Investment Account**") IBAN Code: GB61IRVT70022548607580 (with respect to Portfolio No. 1); IBAN Code: GB93IRVT70022548607780 (with respect to Portfolio No. 2); and IBAN Code: GB77IRVT70022548607680 (with respect to Portfolio No. 3), *into which* (i) all Eligible Investments (excluding the Eligible Investments being deposit of cash with a third party Eligible Institution in accordance with clause 8.4 of the Cash Administration and Agency Agreement), purchased by the Custodian Bank upon instruction of the Computation Agent, pursuant to the Cash Management and Agency Agreement through the amounts standing to the credit of the relevant Investment Account shall be credited to the relevant Investment Account; (ii) all amounts arising from the liquidation, disposal or maturity of, and payments under the Eligible Investments (including any profit generated thereby or interest matured thereon) purchased through the amounts standing to the credit of the relevant Investment Account shall be credited to the relevant Investment Account; and (iii) all amounts standing to the credit of the Collections and Recoveries Accounts, the Payments Account, the Cash Reserve SubAccounts, the Detrimental Reserve SubAccount, the Single Portfolio Detrimental Reserve SubAccounts and the Principal Amortisation Reserve SubAccounts shall be credited to each Investment Account of the Relevant Portfolio; *out of which* all amounts standing to the credit of such accounts shall be transferred to the Payments Account the second Business Days prior to each Payment Date in accordance with clause 8.2 of the Cash Administration and Agency Agreement.

## **COLLATERAL ACCOUNT**

An account (denominated "**Collateral Account**") IBAN Code: GB04IRVT70022538544080 to hold the cash and securities collateral posted by the Swap Counterparty pursuant to the terms of the Swap Agreement in respect to each Portfolio.

## **ORDERS OF PRIORITY**

### **PRE-ACCELERATION ORDER OF PRIORITY**

The Single Portfolio Available Funds relating to the Portfolios shall be applied on each Payment Date in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

*First*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the relevant Outstanding Notes Ratio of (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with the applicable legislation and regulations or to fulfill payment obligations of the Issuer to third

parties (not expressly included in any following item of this Order of Priority) incurred in relation to this Securitisation to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Payments Account (ii) all costs and taxes required to be paid to maintain the rating of the Class A Notes and in connection with the registration and deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents;

*Second*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Representative of Noteholders, the Security Trustee and any receiver appointed under the Deed of Charge;

*Third*, to pay into the Payments Account the relevant Outstanding Notes Ratio of the Retention Amount;

*Fourth*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Computation Agent, the Operating Bank, the Transaction Bank, the Irish Listing Agent, the Custodian Bank, the Principal Paying Agent, the Back-Up Servicer Facilitator, the Back Up Computation Agent, the Back-Up Servicers, the Stichting Corporate Services Provider and the Corporate Services Provider;

*Fifth*, to pay all amounts due and payable to the Swap Counterparty under the terms of the Relevant Swap Transactions other than any termination payment due to the Swap Counterparty upon termination of the Relevant Swap Transactions in circumstances where the Swap Counterparty is the Defaulting Party (as defined in the 1992 ISDA Master Agreement) or the sole Affected Party (as defined in the 1992 ISDA Master Agreement) following the occurrence of a Swap Counterparty Rating Event but including, in any event, the amount of any termination payment due and payable to the Swap Counterparty in relation to the termination of the Relevant Swap Transactions to the extent of any premium received (net of any costs reasonably incurred by the Issuer to find a replacement swap counterparty), if any, by the Issuer from a replacement swap counterparty in consideration for entering into swap transactions with the Issuer on the same terms as the Relevant Swap Transactions;

*Sixth*, to pay any fees and expenses of the Servicer in respect of the Relevant Portfolio as provided under the Servicing Agreement;

*Seventh*, to pay to the relevant Originator any amount due by the Issuer as a restitution of the indemnities paid by such Originator to the Issuer under clause 5.3 of the Warranty and Indemnity Agreement;

*Eighth*, to pay the Interest Amount on the Single Portfolio Class A Notes Principal Amount Outstanding (*pro rata* according to the amounts then due);

*Ninth*, (i) on each Payment Date, up to (but excluding) the Payment Date falling on April 2013, to credit the relevant Single Portfolio Class A Notes Principal Payment Amount to the Collections and Recoveries Accounts, (ii) on each Payment Date starting from (and including) the Payment Date falling on April 2013, to pay the relevant Single Portfolio Class A Notes Principal Payment Amount to the Class A Noteholders (*pro rata* according to the amounts then due); and (iii) in case of Optional Redemption or Redemption for Taxation, to pay the relevant Single Portfolio Class A Notes Principal Amount Outstanding on such Payment Date;

*Tenth*, to credit the Relevant Cash Reserve SubAccount with the amount required, if any, such that the Relevant Cash Reserve (calculated on the day following the immediately preceding Payment Date) equals the relevant Target Cash Reserve Amount;

*Eleventh*, upon the occurrence of a Disequilibrium Event with respect to one or more Portfolios, to pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve SubAccount;

*Twelfth*, on any Payment Date with respect to which a Single Portfolio Detrimental Event has occurred, to pay the relevant Single Portfolio Detrimental Reserve Amount into the relevant Single Portfolio Detrimental Reserve SubAccount;

*Thirteenth*, on any Payment Date with respect to which a Detrimental Event has occurred, to pay the Detrimental Reserve Amount into the Detrimental Reserve SubAccount;

*Fourteenth*, to pay any termination payment due and payable to the Swap Counterparty under the terms of the Swap Agreement upon termination of the Relevant Swap Transactions in circumstances where the Swap Counterparty is the Defaulting Party or the sole Affected Party following the occurrence of a Swap Counterparty Rating Event and not paid under item *Fifth* above;

*Fifteenth*, to pay to the other Originators (*pari passu* and *pro rata* according to the amounts then due) the Portfolio Difference (if any);

*Sixteenth*, to pay to the relevant Originator any amount due and payable in respect of purchase price adjustments due in relation to its respective Claims, not listed under the relevant Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as a restitution of indemnities paid by the Originator of such Portfolio, referred to under item *Seventh* above)

*Seventeenth*, to pay any other amount due and payable to (a) the relevant Originator, pursuant to the relevant Transfer Agreement

and the other Transaction Documents (including amounts due in respect of the Interest Accruals pursuant to clause 4.4 of the relevant Transfer Agreement), (b) the relevant Servicer pursuant to the Servicing Agreement, in each case to the extent not already paid under other items of this Order of Priority, *pari passu* and *pro rata* according to the amounts then due, and (c) to CR Bra, Banca Alpi Marittime or BCC di Pianfei (as the case may be) under any role other than the Originator, pursuant to the Transaction Documents, and not expressly set forth in any other items;

*Eighteenth*, to pay the Interest Amount on the relevant Series of Class B Notes (*pari passu* and *pro rata* according to the amounts then due);

*Nineteenth*, to pay the Single Series Class B Notes Additional Interest Payment Amount of the relevant Series of Class B Notes, in each case to the extent such interest is due and payable on such Payment Date (*pari passu* and *pro rata* according to the amounts then due);

*Twentieth*, following full redemption of the Class A Notes (i) on each Payment Date, up to (but excluding) the Payment Date falling on April 2013, to credit the relevant Single Series Available Class B Notes Redemption Funds to the relevant Collections and Recoveries Account, (ii) on each Payment Date starting from (and including) the Payment Date falling on April 2013, to pay the relevant Single Series Available Class B Notes Redemption Funds to the Class B Noteholders (in no order of priority *inter se* but *pro rata* to the extent of the respective amounts thereof), or (iii) in case of Optional Redemption or Redemption for Taxation, to pay the relevant Single Portfolio Class B Notes Principal Amount Outstanding on such Payment Date;

*Twenty-first*, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Single Portfolio Detrimental Reserve SubAccount, Collections and Recoveries Accounts and Principal Amortisation Reserve SubAccount and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account and the Detrimental Reserve SubAccount to each relevant Originator,

provided however that, should the Semi-Annual Servicing Report not be provided by any of the Servicers within the third Business Day following the Semi-Annual Servicing Report Date, the Computation Agent shall instruct the Principal Paying Agent through the Payments Report, to apply on the following Payment Dates, the Single Portfolio Available Funds resulting from (i) the statements of accounts issued with respect to each of the Accounts at the end of the previous Collection Period, (ii) in relation to the Eligible Investments the report indicated under last paragraph of clause 8.3 of the Cash Administration and Agency Agreement, and (iii) the payments to be made under the Swap Agreement as indicated by the calculation agent under the Swap Agreement, towards payment of item (*First*) to item (*Eighth*) (but excluding

items (*Sixth*) and (*Seventh*)) of the Pre-Acceleration Order of Priority. On the first Payment Date following receipt of all the Semi-Annual Servicing Reports the Computation Agent shall prepare the Payments Report also taking into account those amounts not correctly applied on the preceding Payment Dates.

**"Portfolio Difference"** means in respect of each Payment Date both before and after delivery of a Cross Collateral Notice or a Trigger Notice, respectively:

- (i) in relation to the Portfolio No. 1 and the Portfolio No. 2, the difference between
  - (a) any amount that would have been payable in respect of the Portfolio No. 1 up to such Payment Date (included) under items from *Sixteenth* to *Twenty-first* of the Pre Acceleration Order of Priority, from *Twelfth* to *Seventeenth* of the Acceleration Order of Priority and from *Fourteenth* to *Nineteenth* of the Cross Collateral Order of Priority, had all of the Portfolios had enough Single Portfolio Available Funds to pay items from *First* to *Fourteenth* of the Pre Acceleration Order of Priority (provided that following delivery of a Cross Collateral Notice or a Trigger Notice only the items in the Pre Acceleration Order of Priority included also in the Order of Priority applicable on the relevant Payment Date shall be taken into account), and has not been paid due to a shortfall under Portfolio No. 2, and
  - (b) any amount that would have been payable in respect of the Portfolio No. 2 up to such Payment Date (included) under items from *Sixteenth* to *Twenty-first* of the Pre Acceleration Order of Priority, from *Twelfth* to *Seventeenth* of the Acceleration Order of Priority and from *Fourteenth* to *Nineteenth* of the Cross Collateral Order of Priority had all of the Portfolios had enough Single Portfolio Available Funds to pay items from *First* to *Fourteenth* of the Pre Acceleration Order of Priority (provided that following delivery of a Cross Collateral Notice or a Trigger Notice only the items in the Pre Acceleration Order of Priority included also in the Order of Priority applicable on the relevant Payment Date shall be taken into account), and has not been paid due to a shortfall under Portfolio No. 1;

being clear that should (i)(a) be higher than (i)(b), the Portfolio Difference would be due to the Originator of the Portfolio No. 1, and that, should (i)(b) be higher than (i)(a), the Portfolio Difference would be due to the Originator of the Portfolio No. 2.

- (ii) in relation to the Portfolio No. 1 and the Portfolio No. 3, the difference between

- (a) any amount that would have been payable in respect of the Portfolio No. 1 up to such Payment Date (included) under items from *Sixteenth* to *Twenty-first* of the Pre Acceleration Order of Priority, from *Twelfth* to *Seventeenth* of the Acceleration Order of Priority and from *Fourteenth* to *Nineteenth* of the Cross Collateral Order of Priority, had all of the Portfolios had enough Single Portfolio Available Funds to pay items from *First* to *Fourteenth* of the Pre Acceleration Order of Priority (provided that following delivery of a Cross Collateral Notice or a Trigger Notice only the items in the Pre Acceleration Order of Priority included also in the Order of Priority applicable on the relevant Payment Date shall be taken into account), and has not been paid due to a shortfall under Portfolio No. 3, and
- (b) any amount that would have been payable in respect of the Portfolio No. 3 up to such Payment Date (included) under items from *Sixteenth* to *Twenty-first* of the Pre Acceleration Order of Priority, from *Twelfth* to *Seventeenth* of the Acceleration Order of Priority and from *Fourteenth* to *Nineteenth* of the Cross Collateral Order of Priority had all of the Portfolios had enough Single Portfolio Available Funds to pay items from *First* to *Fourteenth* of the Pre Acceleration Order of Priority (provided that following delivery of a Cross Collateral Notice or a Trigger Notice only the items in the Pre Acceleration Order of Priority included also in the Order of Priority applicable on the relevant Payment Date shall be taken into account), and has not been paid due to a shortfall under Portfolio No. 1;

being clear that should (i)(a) be higher than (i)(b), the Portfolio Difference would be due to the Originator of the Portfolio No. 1, and that, should (i)(b) be higher than (i)(a), the Portfolio Difference would be due to the Originator of the Portfolio No. 3.

(iii) in relation to the Portfolio No. 2 and the Portfolio No. 3, the difference between

- (a) any amount that would have been payable in respect of the Portfolio No. 2 up to such Payment Date (included) under items from *Sixteenth* to *Twenty-first* of the Pre-Acceleration Order of Priority, from *Twelfth* to *Seventeenth* of the Acceleration Order of Priority and from *Fourteenth* to *Nineteenth* of the Cross Collateral Order of Priority, had all of the Portfolios had enough Single Portfolio Available Funds to pay items from *First* to *Fourteenth* of the Pre-Acceleration Order of Priority (provided that following delivery of a Cross Collateral Notice or a Trigger Notice only the items in the Pre Acceleration

Order of Priority included also in the Order of Priority applicable on the relevant Payment Date shall be taken into account), and has not been paid due to a shortfall under Portfolio No. 3, and

- (b) any amount that would have been payable in respect of the Portfolio No. 3 up to such Payment Date (included) under items from *Sixteenth* to *Twenty-first* of the Pre-Acceleration Order of Priority, from *Twelfth* to *Seventeenth* of the Acceleration Order of Priority and from *Fourteenth* to *Nineteenth* of the Cross Collateral Order of Priority had all of the Portfolios had enough Single Portfolio Available Funds to pay items from *First* to *Fourteenth* of the Pre-Acceleration Order of Priority (provided that following delivery of a Cross Collateral Notice or a Trigger Notice only the items in the Pre Acceleration Order of Priority included also in the Order of Priority applicable on the relevant Payment Date shall be taken into account), and has not been paid due to a shortfall under Portfolio No. 2;

being clear that should (i)(a) be higher than (i)(b), the Portfolio Difference would be due to the Originator of the Portfolio No. 2, and that, should (i)(b) be higher than (i)(a), the Portfolio Difference would be due to the Originator of the Portfolio No. 3,

in each case, in respect of each couple of Portfolios under respectively paragraphs (i), (ii) and (iii) above, net of any Portfolio Difference paid and received between such couple of Portfolios in any previous Payment Date.

#### **ACCELERATION ORDER OF PRIORITY**

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

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

*Second*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Representative of Noteholders, the Security Trustee and any receiver appointed under the Deed of Charge;

*Third*, to pay into the Payments Account an amount equal to the Retention Amount;

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

*Fifth*, to pay all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement other than any termination payment due to the Swap Counterparty upon termination of the Swap Agreement in circumstances where the Swap Counterparty is the Defaulting Party (as defined in the 1992 ISDA Master Agreement) or the sole Affected Party (as defined in the 1992 ISDA Master Agreement) following the occurrence of a Swap Counterparty Rating Event, but including, in any event the amount of any termination payment due and payable to the Swap Counterparty in relation to the termination of the Swap Transactions to the extent of any premium received (net of any costs reasonably incurred by the Issuer to find a replacement swap counterparty), if any, by the Issuer from a replacement swap counterparty in consideration for entering into swap transactions with the Issuer on the same terms as the Swap Transactions;

*Sixth*, to pay any fees and expenses of the Servicers (*pari passu* and *pro rata* to the extent of the respective amounts thereof) as provided under the Servicing Agreement;

*Seventh*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to the Originators any amount due by the Issuer as a restitution of the indemnities paid by any of the Originators to the Issuer under clause 5.3 of the Warranty and Indemnity Agreement;

*Eighth*, to pay the Interest Amount on the Class A Notes (*pari passu* and *pro rata* according to the amounts then due);

*Ninth*, (i) on each Payment Date, up to (but excluding) the Payment Date falling on April 2013, to credit the Principal Amount Outstanding on the Class A Notes to the Collections and Recoveries Accounts, and (ii) on each Payment Date starting from (and including) the Payment Date falling on April 2013, to pay the Principal Amount Outstanding on the Class A Notes to the Class A Noteholders (*pro rata* according to the amounts then due);



*Tenth*, to pay any termination payment due and payable to the Swap Counterparty under the terms of the Swap Agreement upon termination of the Swap Transactions in circumstances where the Swap Counterparty is the Defaulting Party or the sole Affected Party following the occurrence of a Swap Counterparty Rating Event and not paid under item *Fifth* above;

*Eleventh*, to pay to the not paid Originator (*pari passu* and *pro rata* according to the amounts then due) the relevant Portfolio Difference (if any);

*Twelfth*, to pay to the Originators (*pari passu* and *pro rata* according to the amounts then due) any amount due and payable in respect of purchase price adjustments due in relation to their respective Claims not listed under the Transfer Agreement but matching the criteria listed in the Transfer Agreement and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as restitution of indemnities paid by the Originators under the Warranty and Indemnity Agreement referred under item *Seventh* above);

*Thirteenth*, to pay to the Originators (*pari passu* and *pro rata* according to the amounts then due) any other amount due and payable to (a) the relevant Originator, pursuant to the relevant Transfer Agreement and the other Transaction Documents (including amounts due in respect of the Interest Accruals pursuant to clause 4.4 of the relevant Transfer Agreement), (b) the relevant Servicer pursuant to the Servicing Agreement, in each case to the extent not already paid under other items of the Order of Priority and (c) to CR Bra, Banca Alpi Marittime or BCC di Pianfei under any role other than the Originator, pursuant to the Transaction Documents, and not expressly set forth in any other items;

*Fourteenth*, to pay the Interest Amount on the Class B Notes (*pari passu* and *pro rata* according to the amounts then due), in any case, with respect to each Series of Class B Notes, in an amount equal to the relevant Single Series Class B Notes Interest Amount;

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

*Sixteenth*, following full redemption of the Class A Notes, (i) on each Payment Date, up to (but excluding) the Payment Date falling on April 2013, to credit the relevant Single Series Available Class B Notes Redemption Funds to the relevant Collections and Recoveries Account, (ii) on each Payment Date starting from (and including) the Payment Date falling on April 2013, to pay the relevant Single Series Available Class B Notes Redemption Funds to the Class B Noteholders (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

*Seventeenth*, to pay the relevant Outstanding Notes Ratio of any surplus to the Originators including any surplus remaining on the balance of the Payments Account (*pari passu* and *pro rata* according to the amount then due).

**CROSS COLLATERAL ORDER  
OF PRIORITY**

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

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

*Second*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Representative of Noteholders, the Security Trustee and any receiver appointed under the Deed of Charge;

*Third*, to pay into the Payments Account an amount equal to the Retention Amount;

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

*Fifth*, to pay all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement other than any termination payment due to the Swap Counterparty upon termination of the Swap Agreement in circumstances where the Swap Counterparty is the Defaulting Party (as defined in the 1992 ISDA Master Agreement) or the sole Affected Party (as defined in the 1992 ISDA Master Agreement) following the occurrence of a Swap Counterparty Rating Event, but including, in any event the amount of any termination payment due and payable to the Swap Counterparty in relation to the termination of the Swap Transactions to the extent of any premium received (net of any

costs reasonably incurred by the Issuer to find a replacement swap counterparty), if any, by the Issuer from a replacement swap counterparty in consideration for entering into swap transactions with the Issuer on the same terms as the Swap Transactions;

*Sixth*, to pay any fees and expenses of the Servicers as provided under the Servicing Agreement;

*Seventh*, to pay to the Originators any amount due by the Issuer as a restitution of the indemnities paid by any of the Originators to the Issuer under clause 5.3 of the Warranty and Indemnity Agreement;

*Eighth*, to pay the Interest Amount on the Class A Notes (*pari passu* and *pro rata* according to the amounts then due);

*Ninth*, (i) on each Payment Date, up to (but excluding) the Payment Date falling on April 2013, to credit the Class A Notes Principal Payment Amount to the Collections and Recoveries Accounts, and (ii) on each Payment Date starting from (and including) the Payment Date falling on April 2013, to pay the Class A Notes Principal Payment Amount to the Class A Noteholders (*pari passu* and *pro rata* according to the amounts then due) or (iii) in case of Optional Redemption or Redemption for Taxation, to pay the Principal Amount Outstanding of the Class A Notes on such Payment Date;

*Tenth*, to credit *pari passu* and *pro rata* according to the amounts then due each Cash Reserve SubAccount with the amount required, if any, such that each Cash Reserve (calculated on the day following the immediately preceding Payment Date) equals the relevant Target Cash Reserve Amount;

*Eleventh*, on any Payment Date with respect to which a Detrimental Event has occurred, to pay the Detrimental Reserve Amount into the Detrimental Reserve SubAccount;

*Twelfth*, to pay any termination payment due and payable to the Swap Counterparty under the terms of the Swap Agreement upon termination of the Swap Transactions in circumstances where the Swap Counterparty is the Defaulting Party or the sole Affected Party following the occurrence of a Swap Counterparty Rating Event and not paid under item *Fifth* above;

*Thirteenth*, to pay to each Originator (*pari passu* and *pro rata* according to the amounts then due) the relevant Portfolio Difference according to the amounts then due (if any);

*Fourteenth*, to pay to the Originators (*pari passu* and *pro rata* according to the amounts the due) any amount due and payable in respect of purchase price adjustments due in relation to their respective Claims, not listed under the relevant Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for

amounts due and payable as a restitution of indemnities paid by the Originator of such Portfolio, referred to under item *Seventh* above);

*Fifteenth*, to pay to the Originators (*pari passu* and *pro rata* according to the amounts then due) any other amount due and payable to (a) the relevant Originator, pursuant to the relevant Transfer Agreement and the other Transaction Documents (including amounts due in respect of the Interest Accruals pursuant to clause 4.4 of the relevant Transfer Agreement), (b) the relevant Servicer pursuant to the Servicing Agreement, in each case to the extent not already paid under other item of the Order of Priority and (c) to CR Bra, Banca Alpi Marittime or BCC di Pianfei under any role other than the Originator, pursuant to the Transaction Documents, and not expressly set forth in any other items;

*Sixteenth*, to pay the Interest Amount on the Class B Notes (*pro rata* according to the amounts then due), in any case, with respect to each Series of Class B Notes, in an amount equal to the relevant Single Series Class B Notes Interest Amount;

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

*Eighteenth*, following full redemption of the Class A Notes, (i) on each Payment Date, up to (but excluding) the Payment Date falling on April 2013, to credit the relevant Single Series Available Class B Notes Redemption Funds to the Collections and Recoveries Accounts, (ii) on each Payment Date starting from (and including) the Payment Date falling on April 2013, to pay the relevant Single Series Available Class B Notes Redemption Funds to the Class B Noteholders (in no order of priority *inter se* but *pro rata* to the extent of the respective amounts thereof); or (iii) in case of Optional Redemption or Redemption for Taxation, to pay the Principal Amount Outstanding of the Class B Notes on such Payment Date;

*Nineteenth*, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Single Portfolio Detrimental Reserve SubAccount, Cash Reserve SubAccount, Collections and Recoveries Accounts and Principal Amortisation Reserve SubAccount and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account and the Detrimental Reserve SubAccount to each relevant Originator,

provided however that, should the Semi-Annual Servicing Report not be provided by any of the Servicers within the third Business Day following the Semi-Annual Servicing Report Date, the Computation Agent shall instruct the Principal Paying Agent through the Payments Report, to apply on the following Payment

Dates, the Issuer Available Funds resulting from (i) the statements of accounts issued with respect to each of the Accounts at the end of the previous Collection Period (ii) in relation to the Eligible Investments the report indicated under last paragraph of clause 8.3 of the Cash Administration and Agency Agreement and (iii) the payments to be made under the Swap Agreement as indicated by the calculation agent under the Swap Agreement, towards payment of item (*First*) to item (*Eighth*) (but excluding items (*Sixth*) and (*Seventh*)) of the Cross Collateral Order of Priority. On the first Payment Date following receipt of all the Semi-Annual Servicing Reports the Computation Agent shall prepare the Payments Report also taking into account those amounts not correctly applied on the preceding Payment Dates.

**SINGLE SERIES CLASS B  
NOTES INTEREST AMOUNT**

means on each Payment Date and in respect of each Series of Class B Notes, an amount equal to the lower of: (i) the Interest Amount on such Series of Class B Notes on the relevant Payment Date, and (ii) the Single Portfolio Available Funds of the Relevant Portfolio remaining following payment of any amount due under items from *First* to *Thirteenth* of the Acceleration Order of Priority or under items from *First* to *Fifteenth* of the Cross Collateral Order of Priority, as applicable.

**TRIGGER EVENTS**

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

(a) *Non-payment:*

- (i) having enough Single Portfolio Available Funds or Issuer Available Funds available to it to make such payment in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority as applicable, the Issuer defaults in the payment of the amount of principal then due and payable on the Class A Notes, or following redemption of the Class A Notes the amount of principal or interest then due and payable on the Class B Notes, in each case for a period of five Business Days from the due date thereof (provided however that, for the avoidance of doubt, non payment of principal on the Notes, due to any of the Servicers not having provided the Semi-Annual Servicing Report and in accordance with Condition 4.1 (*Pre-Acceleration Order of Priority*) or Condition 4.6 (*Cross Collateral Order of Priority*) shall not constitute a Trigger Event);
- (ii) irrespective of whether there are Single Portfolio Available Funds or Issuer Available Funds available to it sufficient to make such payment in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority as applicable, on any Payment Date (provided that a 3 (three) Business Days' grace period shall apply) the amount paid by the Issuer as interest on the Most Senior Class of

Notes is lower than the relevant Interest Amount; or

(b) *Breach of other obligations:*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Most Senior Class of Notes or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the Notes) and such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially detrimental to the interests of the Noteholders of the Most Senior Class of Notes and requiring the same to be remedied; or

(c) *Breach of representation and warranties:*

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

(d) *Insolvency:*

(i) the Issuer becomes subject to any applicable bankruptcy, liquidation, administration, receivership, insolvency, composition or reorganisation (among which, without limitation, *fallimento*, *liquidazione coatta amministrativa*, *concordato preventivo*, *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 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 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 Noteholders and the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; 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.

(e) *Unlawfulness:*

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

then the Representative of the Noteholders:

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

give a written notice (a "**Trigger Notice**") to the Issuer (with copy to the Servicers) declaring that the Notes have immediately

become due and payable at their Principal Amount Outstanding, together with accrued interest, and that the Acceleration Order of Priority shall apply.

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

In addition, following the delivery of a Trigger Notice, the Representative of the Noteholders shall be entitled to sell the Portfolios in accordance with the Conditions. Should such a sale of the Portfolios take place, the proceeds of such sale shall be treated by the Issuer as the Issuer Available Funds and as from the immediately subsequent Payment Date shall be applied to payments due to be made by the Issuer according to the Acceleration Order of Priority.

In any case the Representative of the Noteholders will not be allowed to sell the Portfolios if a bankruptcy or similar proceeding has been commenced against the Issuer and in any other circumstances where such a sale would be prohibited under Italian Law.

**CROSS COLLATERAL EVENTS** If any of the following events occurs (each a "**Cross Collateral Event**"):

(a) *Disequilibrium Event*

With respect to two successive Payment Dates, a Disequilibrium Event occurs;

(b) *Default Ratio*

The Default Ratio, as at any Collection Date, is higher than 5.25% (five point twenty-five per cent);

(c) *Cash Reserve*

On any Calculation Date, with reference to the immediately following Payment Date, the aggregate of the Principal Single Portfolio Shortfall is equal to or exceeds the Cash Reserve;

then the Representative of the Noteholders shall serve a written notice (a "**Cross Collateral Notice**") to the Issuer (with a copy to the Servicers) and from the immediately following Payment Date the Cross Collateral Order of Priority shall apply without any further action or formality (provided that a Trigger Notice has not been already served).

"**Default Ratio**" means with respect to any Payment Date, the ratio calculated as at the immediately preceding Collection Date between (i) the cumulative Outstanding Balance of all Claims



which have become Defaulted Claims since the Effective Date (calculated on the date on which the Claim is classified Defaulted Claim), and (ii) the Outstanding Principal of the Claims as at the Effective Date.

**"Principal Single Portfolio Shortfall"** means with respect to any Payment Date and to each Portfolio the difference, if positive, between (a) all amounts due to be paid by the Issuer on such Payment Date under items *First* to *Ninth* (inclusive) of the Pre-Acceleration Order of Priority and (b) the Single Portfolio Available Funds with respect to such Portfolio and to such Payment Date but excluding the amounts under item (xiii) of the Single Portfolio Available Funds.

**"Single Portfolio Shortfall"** means with respect to any Payment Date and to each Portfolio the difference, if positive, between (a) all amounts due to be paid by the Issuer on such Payment Date under items *First* to *Eighth* (inclusive) of the Pre-Acceleration Order of Priority and under item *Ninth* of the Pre-Acceleration Order of Priority only on the Payment Date on which the Class A Notes are redeemed in full and (b) the Single Portfolio Available Funds with respect to such Portfolio and to such Payment Date but excluding the amounts under item (xiii) of the Single Portfolio Available Funds.

## **DISEQUILIBRIUM EVENT**

A Disequilibrium Event shall occur with respect to a Portfolio if on any Payment Date the Single Portfolio Available Funds relating to such Portfolio are not sufficient to reduce to zero the relevant Single Portfolio Class A Notes Principal Amount Outstanding while the Single Portfolio Available Funds relating to one or both of the others Portfolios are sufficient to reduce to zero the relevant Single Portfolio Class A Notes Principal Amount Outstanding.

Upon the occurrence of a Disequilibrium Event with respect to one or more Portfolios (unless a Cross Collateral Notice has been served on the Issuer), the Issuer shall be obliged to pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve SubAccount in accordance with the Pre-Acceleration Order of Priority. Such Principal Amortisation Reserve Amount shall be drawn only from the Portfolios in relation to which a Disequilibrium Event has not occurred.

**"Principal Amortisation Reserve Amount"** means with respect to a Payment Date on which a Disequilibrium Event has occurred and to each Portfolio, the difference, if positive, between:

- (i) the relevant Single Portfolio Available Funds, and
- (ii) the aggregate of all amounts to be paid by the Issuer out of such Single Portfolio Available Funds under items *First* to *Tenth* of the Pre-Acceleration Order of Priority.

## **DETRIMENTAL EVENT**

A Detrimental Event shall occur with respect to a Payment Date (other than a Payment Date on which the Class A Notes are

redeemed in full) when the Cash Reserve (calculated taking into account any amount to be paid into and out of the Cash Reserve SubAccounts on such Payment Date) is less than 70% (seventy per cent) of the aggregate of relevant Target Cash Reserve Amount.

Upon the occurrence of a Detrimental Event, the Issuer shall be obliged to pay the Detrimental Reserve Amount into the Detrimental Reserve SubAccount in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority.

**"Detrimental Reserve Amount"** means, with respect to any Payment Date, the difference between:

- (i) the Single Portfolio Available Funds or the Issuer Available Funds (as applicable) in respect of such Payment Date; and
- (ii) the aggregate of all payments to be made out of the relevant Single Portfolio Available Funds under items *First* to *Twelfth* of the Pre-Acceleration Order of Priority, or out of the Issuer Available Funds (as applicable) under items *First* to *Tenth* of the Cross Collateral Order of Priority on such Payment Date.

#### **SINGLE PORTFOLIO DETRIMENTAL EVENT**

A Single Portfolio Detrimental Event shall occur with respect to a Payment Date (other than a Payment Date on which the Class A Notes are redeemed in full) and to a Portfolio, when one or more Relevant Cash Reserve (calculated taking into account any amount to be paid into and out of such Relevant Cash Reserve SubAccount on such Payment Date) is less than 50% (fifty per cent) of the relevant Target Cash Reserve Amount.

Upon the occurrence of a Single Portfolio Detrimental Event with respect to one or more Portfolios, and on each following Payment Date on which such event is continuing, the Issuer shall be obliged to credit the Single Portfolio Detrimental Reserve Amount with respect to each Portfolio having enough funds available for such purpose into the relevant Single Portfolio Detrimental Reserve SubAccount. Such Single Portfolio Detrimental Reserve Amount shall be drawn only from the Portfolios in relation to which a Single Portfolio Detrimental Event has not occurred.

**"Single Portfolio Detrimental Reserve Amount"** means with respect to a Payment Date on which a Single Portfolio Detrimental Event has occurred and to each Portfolio, the difference, if positive, between:

- (i) the relevant Single Portfolio Available Funds, and
- (ii) the aggregate of all amounts to be paid by the Issuer out of such Single Portfolio Available Funds under items *First* to *Eleventh* of the Pre-Acceleration Order of Priority.

#### **CASH RESERVE**

On the Issue Date the Issuer will establish a reserve fund in the

Cash Reserve SubAccounts out of the net proceeds of the issue of the Notes. Specifically the Issuer on the Issue Date shall credit (i) Euro 2,314,800 on the Banca Alpi Marittime Cash Reserve SubAccount to fund the "**Banca Alpi Marittime Cash Reserve**", (ii) Euro 918,000 on the BCC di Pianfei Cash Reserve SubAccount to fund the "**BCC di Pianfei Cash Reserve**" and (iii) Euro 2,772,000 on the CR Bra Cash Reserve SubAccount to fund the "**CR Bra Cash Reserve**".

"**Relevant Cash Reserve SubAccount**" means, (i) in respect of Banca Alpi Marittime and the Banca Alpi Marittime Cash Reserve, the Banca Alpi Marittime Cash Reserve SubAccount, (ii) in respect of BCC di Pianfei and the BCC di Pianfei Cash Reserve, the BCC di Pianfei Cash Reserve SubAccount, and (iii) in respect of CR Bra and the CR Bra Cash Reserve, the CR Bra Cash Reserve SubAccount. Banca Alpi Marittime Cash Reserve, BCC di Pianfei Cash Reserve and CR Bra Cash Reserve means with respect to each of Banca Alpi Marittime, BCC di Pianfei and CR Bra, the monies standing from time to time to the credit of the Relevant Cash Reserve SubAccount at any given date and Cash Reserve means the aggregate amount of such monies at any given date. On each Payment Date prior to the delivery of a Trigger Notice up to (but excluding) the Payment Date on which the Class A Notes are redeemed in full, the Issuer will, in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority (as applicable), pay into the Banca Alpi Marittime Cash Reserve SubAccount, the BCC di Pianfei Cash Reserve SubAccount and the CR Bra Cash Reserve SubAccount an amount to bring the balance of such account equal to the relevant Target Cash Reserve Amount (respectively, the "**Banca Alpi Marittime Target Cash Reserve Amount**", the "**BCC di Pianfei Target Cash Reserve Amount**", and "**CR Bra Target Cash Reserve Amount**", each a "**Target Cash Reserve Amount**").

The **Banca Alpi Marittime Target Cash Reserve Amount** means, in respect to any Payment Date, an amount equal to:

1. (i) if the aggregate Principal Amount Outstanding of the Class A Notes (before payments to be made on such Payment Date in accordance with the applicable Order of Priority) is higher than 60% of the Initial Principal Amount Outstanding of the Class A Notes or (ii) if any of the Cash Reserve Release Conditions is not met on such Payment Date, an amount equal to 3.60% of the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding;
2. otherwise, an amount equal to the higher of (a) 3.60% of the relevant Single Portfolio Class A Notes Principal Amount Outstanding on such Payment Date (before payments to be made on such Payment Date in accordance with the applicable Order of Priority); and (b) an amount equal to 1.50% of the relevant Single Portfolio Initial Class

A Notes Principal Amount Outstanding,

*provided that* the Banca Alpi Marittime Target Cash Reserve Amount will be equal to 0 (zero) on the Payment Date on which the Class A Notes are redeemed in full (and on each Payment Date thereafter).

The **BCC di Pianfei Target Cash Reserve Amount** means, in respect to any Payment Date, an amount equal to:

1. (i) if the aggregate Principal Amount Outstanding of the Class A Notes (before payments to be made on such Payment Date in accordance with the applicable Order of Priority) is higher than 60% of the Initial Principal Amount Outstanding of the Class A Notes or (ii) if any of the Cash Reserve Release Conditions is not met on such Payment Date, an amount equal to 3.60% of the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding;
2. otherwise, an amount equal to the higher of (a) 3.60% of the relevant Single Portfolio Class A Notes Principal Amount Outstanding on such Payment Date (before payments to be made on such Payment Date in accordance with the applicable Order of Priority); and (b) an amount equal to 1.50% of the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding,

*provided that* the BCC di Pianfei Target Cash Reserve Amount will be equal to 0 (zero) on the Payment Date on which the Class A Notes are redeemed in full (and on each Payment Date thereafter).

The **CR Bra Target Cash Reserve Amount** means, in respect to any Payment Date, an amount equal to:

1. (i) if the aggregate Principal Amount Outstanding of the Class A Notes (before payments to be made on such Payment Date in accordance with the applicable Order of Priority) is higher than 60% of the Initial Principal Amount Outstanding of the Class A Notes or (ii) if any of the Cash Reserve Release Conditions is not met on such Payment Date, an amount equal to 3.60% of the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding;
2. otherwise, an amount equal to the higher of (a) 3.60% of the relevant Single Portfolio Class A Notes Principal Amount Outstanding on such Payment Date (before payments to be made on such Payment Date in accordance with the applicable Order of Priority); and (b) an amount equal to 1.50% of the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding,

*provided that* the CR Bra Target Cash Reserve Amount will be

equal to 0 (zero) on the Payment Date on which the Class A Notes are redeemed in full (and on each Payment Date thereafter).

**"Cash Reserve Release Conditions"** means, with reference to any Payment Date on which the Pre-Acceleration Order of Priority applies, the following events: (a) the Disequilibrium Event has not occurred; (b) the Detrimental Event has not occurred; (c) the Single Portfolio Detrimental Event has not occurred; (d) no Trigger Event nor Cross Collateral Event has occurred; (e) the Arrear Ratio does not exceed 4% (four per cent) for two consecutive Payment Dates.

**"Arrear Ratio"** means with respect to any Payment Date, the ratio calculated as at the immediately preceding Collection Date between (i) the Outstanding Balance of all Claims which are Arrear Claims as at the immediately preceding Calculation Date, and (ii) the Outstanding Principal of the Claims (excluding the Defaulted Claims) at the immediately preceding Calculation Date.

As at the Issue Date, each of the amounts credited to respectively the Banca Alpi Marittime Cash Reserve SubAccount, the BCC di Pianfei Cash Reserve SubAccount and the CR Bra Cash Reserve SubAccount will equal to the 3.60% of the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding.

Before the delivery of a Trigger Notice or a Cross Collateral Notice and until full repayment of the Class A Notes, the Cash Reserve shall provide support with respect to the Portfolios in the event of a shortfall of the Single Portfolio Available Funds (being augmented through the Relevant Cash Reserve) and therefore the Relevant Cash Reserve will be included in the Single Portfolio Available Funds, to meet any shortfall in the Single Portfolio Available Funds (calculated without taking into account the amounts under item (xiii) of such Single Portfolio Available Funds) in respect of payments ranking as items *First* to *Eighth* of the Pre-Acceleration Order of Priority; *provided that* such amounts could be fully utilised if by doing so the Class A Notes will be fully redeemed on that Payment Date.

Each of the Banca Alpi Marittime Cash Reserve, the BCC di Pianfei Cash Reserve and CR Bra Cash Reserve on any Payment Date shall be utilised:

- (i) firstly, respectively, to augment the Single Portfolio Available Funds of the Relevant Portfolio so as to meet the relevant Single Portfolio Shortfall, and
- (ii) thereafter (to the extent not utilised under item (i)), to augment the Single Portfolio Available Funds in respect of the other Portfolios in case any of the other Relevant Cash Reserves is not sufficient to meet its respective Single Portfolio Shortfall.

In the event that any of the Cross Collateral Order of Priority or the Acceleration Order of Priority becomes applicable and until full repayment of the Class A Notes, the Cash Reserve shall

provide support with respect to the aggregate of all the Portfolios in case of a shortfall of the Issuer Available Funds available on any Payment Date for payment of all amounts due to be paid by the Issuer on such Payment Date. In particular, the Cash Reserve will be included in the Issuer Available Funds to meet any shortfall in the Issuer Available Funds (calculated without taking into account the amounts under item (xiii) of such Issuer Available Funds), in respect of payments ranking as *First* through *Eighth* of the Cross Collateral Order of Priority; *provided that* such amounts could be fully utilised if by doing so the Class A Notes will be fully redeemed on that Payment Date and on any Payment Date on which the Acceleration Order of Priority applies.

If, on any Calculation Date it is verified that the Target Cash Reserve Amount with reference to each of the Cash Reserve SubAccounts is to be reduced to zero due to the Class A Notes being redeemed in full on the immediately following Payment Date, each relevant amount standing to the credit of each Relevant Cash Reserve SubAccount on the Business Day following the immediately preceding Payment Date (less any amount which shall be used at the Payment Date on which the Class A Notes are redeemed in full to make such redemption) (each relevant amount, the "**Banca Alpi Marittime Cash Reserve Excess**", the "**BCC di Pianfei Cash Reserve Excess**", and the "**CR Bra Cash Reserve Excess**" each a "**Cash Reserve Excess**") (if any) shall, on the Payment Date on which the Class A Notes are redeemed in full, form part of the Single Portfolio Available Funds of the Relevant Portfolio.

On any Calculation Date (other than the Calculation Date on which it is verified that the Target Cash Reserve Amount with reference to each of the Cash Reserve SubAccounts is to be reduced to zero due to the Class A Notes being redeemed in full on the immediately following Payment Date), the difference, if positive, between (i) the amount standing to the credit of each Relevant Cash Reserve SubAccount on the Business Day following the immediately preceding Payment Date and (ii) the Target Cash Reserve Amount applicable to the immediately following Payment Date (each relevant amount, the "**Banca Alpi Marittime Cash Reserve Amortisation Amount**", the "**BCC di Pianfei Cash Reserve Amortisation Amount**", and the "**CR Bra Cash Reserve Amortisation Amount**" each a "**Cash Reserve Amortisation Amount**") (if any) shall, on the immediately following Payment Date, form part of the Single Portfolio Available Funds of the Relevant Portfolio.

#### **RELEVANT CASH RESERVE**

means, (i) in respect of CR Bra the CR Bra Cash Reserve, (ii) in respect of Banca Alpi Marittime the Banca Alpi Marittime Cash Reserve and (iii) in respect of BCC di Pianfei the BCC di Pianfei Cash Reserve.

#### **FINAL REDEMPTION**

To the extent not otherwise redeemed, the Class A Notes will be redeemed at their Principal Amount Outstanding on the Payment Date falling on October 2048 and the Class B Notes will be redeemed at their Principal Amount Outstanding on the Payment

Date falling on October 2048 (the "**Final Maturity Date**").

#### **MANDATORY REDEMPTION**

The Class A Notes and the Class B Notes will be subject to mandatory redemption in full or in part (as indicated in the Conditions):

- A. on the Payment Date falling on April 2013 and on each Payment Date falling thereafter, in a maximum amount equal to their Principal Payment Amount with respect to such Payment Date;
- B. on any Payment Date: (i) following the delivery of a Trigger Notice pursuant to Condition 9 (*Trigger Events*); (ii) in the case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*); or (iii) in the case of the Issuer exercising the Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*), at their Principal Amount Outstanding.

#### **OPTIONAL REDEMPTION**

The Issuer may redeem the Notes in whole (but not in part) at their respective Principal Amount Outstanding, together with interest accrued and unpaid up to the date fixed for redemption and any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Notes (or, with the prior consent of the Class B Noteholders, to discharge all its outstanding liabilities in respect of the Class A Notes and any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Class A Notes), on any Payment Date falling on or after the Clean-Up Date.

"**Clean-Up Date**" means the Payment Date falling on or after April 2013 and in relation to which the aggregate principal outstanding amount of the Portfolios is equal to or less than 10% (ten *per cent*) of the aggregate principal outstanding amount of the Portfolios as of the Effective Date.

Such Optional Redemption shall be effected by the Issuer giving not more than 45 (forty-five) nor less than 15 (fifteen) days' prior written notice to the Representative of the Noteholders and to the Noteholders in accordance with Condition 13 (*Notices*) and provided that the Issuer, prior to giving such notice to the Representative of the Noteholders, has produced evidence reasonably acceptable to the Representative of the Noteholders that it will have the necessary funds, not subject to interests of any other Person, to discharge all its outstanding liabilities in respect of the Notes and any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with each Class of Notes (or, with the prior consent of the Class B Noteholders, to discharge all its outstanding liabilities in respect of the Class A Notes and any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Class A Notes).

#### **REDEMPTION FOR TAXATION**

If the Issuer has provided the Representative of the Noteholders with: (i) a legal opinion in form and substance satisfactory to the Representative of the Noteholders from a firm of lawyers

(approved in writing by the Representative of the Noteholders); and (ii) a certificate from the legal representative of the Issuer, to the effect that the Issuer:

- A. would be required on the next Payment Date to deduct or withhold (other than in respect of a Law 239 Deduction) from any payment of principal or interest on the Class A Notes, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political or administrative sub-division thereof or any authority thereof or therein (or that amounts payable to the Issuer in respect of the Portfolios and/or the Swap Agreement would be subject to such a withholding or deduction); or
- B. has become liable to *imposta sul reddito delle società (IRES)* or to *imposta regionale sulle attività produttive (IRAP)* with respect to income arising from any of the Portfolios or the Swap Agreement, and in each case will have the necessary funds (not subject to the interests of any other person) to discharge all of its outstanding liabilities with respect of the Class A Notes and any amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with the Class A Notes, the Issuer may (i) on the first Payment Date on which such necessary funds become available to it, redeem the Class A Notes in whole (but not in part) at their Principal Amount Outstanding (together with any interest accrued and unpaid thereon until the date on which such redemption occurs) and pay any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Class A Notes (together with any additional taxes payable by the Issuer by reason of such early redemption of the Notes), provided that, should eighteen months and one day have not elapsed since the Issue Date, the prior consent of the Class A Noteholders will be required, and (ii) on the first Payment Date on which sufficient funds become available to it, redeem the Class B Notes in whole or in part (together with any interest accrued and unpaid thereon until the date on which such redemption occurs) and pay any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Class B Notes, (together with any additional taxes payable by the Issuer by reason of such early redemption of the Notes) provided that, following redemption in full of the Class A Notes should eighteen months and one day have not elapsed since the Issue Date, the prior consent of the Class B Noteholders will be required.

## **SALE OF THE PORTFOLIOS**

In the following circumstances:

- (i) in case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*),



- (ii) in case of Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*),
- (iii) after a Trigger Notice has been served on the Issuer pursuant to Condition 9 (*Trigger Events*) if an Extraordinary Resolution of the holders of the Class A Notes resolve to request the Issuer to sell all (or part only) the Portfolios to one or more third parties,

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

In addition, following the delivery of a Trigger Notice, the Representative of the Noteholders shall be entitled to sell the Portfolios acting in accordance with the provisions of the Intercreditor Agreement. In any case neither the Issuer nor the Representative of the Noteholders will be allowed to sell the Portfolio if a bankruptcy or similar proceeding has been commenced against the Issuer or in any other circumstances where such sale would be prohibited under Italian law.

Should such a sale of the Portfolios take place, the proceeds of such sale shall be treated by the Issuer as Single Portfolio Available Funds or Issuer Available Funds, as the case may be, and as from the immediately subsequent Payment Date shall be applied to make payments due to be made by the Issuer according to the applicable Order of Priority.

In case of sale of the Portfolios, the purchase price of the Claims shall be equal to the Outstanding Balance plus interests accrued and unpaid as at such date.

If the Portfolios comprise any Defaulted Claim or any Claim classified as "*incagliato*" pursuant to the regulation issued by the Bank of Italy ("*Istruzioni di Vigilanza*"), the purchase price of such Claims shall be equal to their current value, as determined by one or more third parties independent from the purchaser and appointed by common consent by the Issuer and the Representative of the Noteholders.

## **SEGREGATION OF THE ISSUER'S RIGHTS**

The Notes have the benefit of the provisions of article 3 of Law 130, pursuant to which the Issuer's Rights are segregated by operation of law from the Issuer's other assets. Both before and after a winding-up of the Issuer, amounts deriving from the Issuer's Rights will be available exclusively for the purpose of satisfying the Issuer's obligations to the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the securitisation of the Portfolios and to the corporate existence and good standing of the Issuer.

The Issuer's Rights may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to

the Transaction and to the corporate existence and good standing of the Issuer, until full redemption or cancellation of the Notes and full discharge by the Issuer of its obligations vis-à-vis the Other Issuer Creditors and any such third party.

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

## **RATINGS**

The Class A Notes are expected, on issue, to be rated Aaa by Moody's Investors Service Inc. ("**Moody's**") and AAA by Standard & Poor's Credit Market Services Italy Srl ("**S&P**").

No rating will be assigned to the Class B Notes.

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

## **TAXATION**

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

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

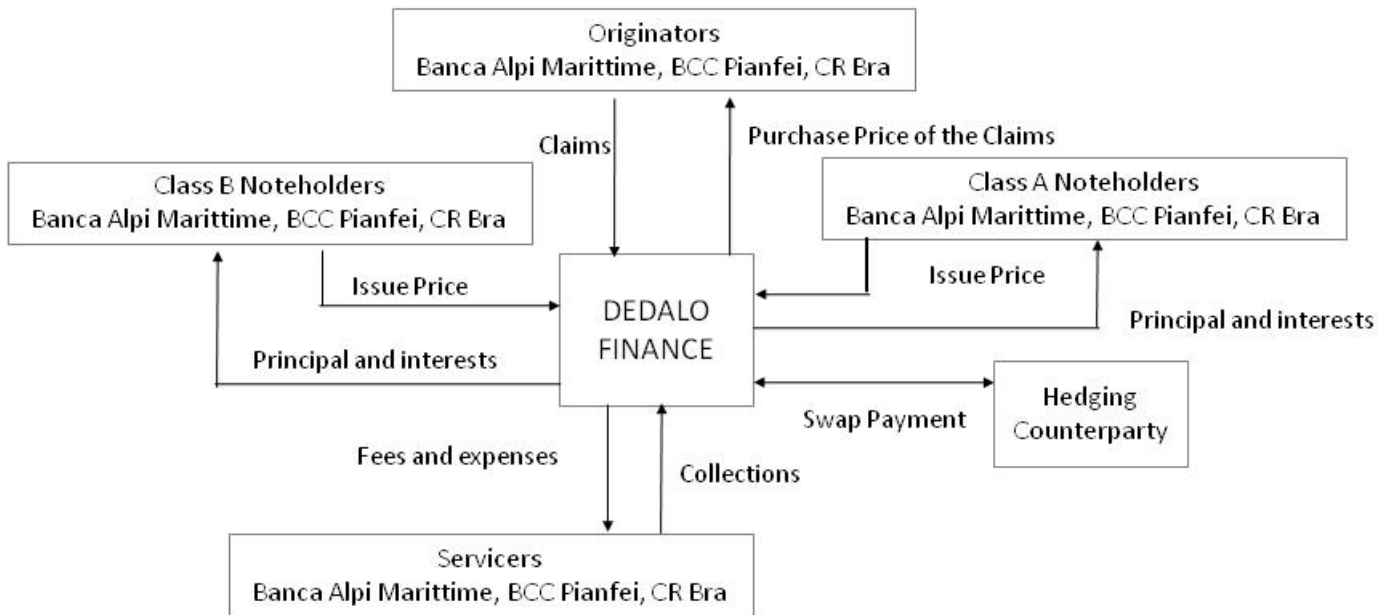
## **LISTING**

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

## **GOVERNING LAW**

The Notes will be governed by Italian law.

## TRANSACTION DIAGRAM



## **RISKS FACTORS**

*The following is a description of certain aspects of the issue of the Notes of which prospective Noteholders should be aware. It is not intended to be exhaustive and prospective Noteholders should make their own independent valuation of all of the risk factors and should also read the detailed information set forth elsewhere in this Prospectus and in the Transaction Documents.*

### **1. THE ISSUER**

#### **1.1 Liquidity and Credit Risk**

The Issuer is subject to the risk of delay arising between the scheduled payment dates and the date of receipt of payments due from the Borrowers. The Issuer is also subject to the risk of, among other things, default in payments by the Borrowers and the failure of the Servicers to collect and recover sufficient funds in respect of the Portfolios 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 by, in respect of the Class A Notes, the subordination of the Class B Notes and the Cash Reserve.

However in each case, there can be no assurance that the levels of credit support and the liquidity support provided by the subordination of the Class B Notes and the Cash Reserve (in the case of the Class A Notes) 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 and the Swap Counterparty (or any permitted successors or assignees appointed under the Servicing Agreement and the Swap Agreement) and the other parties to the Transaction Documents as well as the timely receipt of any amount required to be paid to the Issuer by the various agents and counterparts of the Issuer pursuant to the terms of the Transaction Documents.

It is not certain that the Servicers will duly perform at all times its obligations under the Servicing Agreement and that a suitable alternative Servicer could be found to service the Portfolios if Banca Alpi Marittime, BCC di Pianfei and CR Bra become insolvent or their appointment under the Servicing Agreement is otherwise terminated. If such an alternative Servicer was to be found it is not certain whether it would service the Portfolios and assume and/or perform the duties and obligations of the Servicers on the same terms as are provided for in the Servicing Agreement. In addition, the Servicers are entities not rated and to this purpose the Back-Up Servicers have been appointed before the Issue Date.

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.

## **1.2 Issuer's ability to meet its obligations under the Notes**

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

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

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

## **1.3 No independent investigation in relation to the Portfolio**

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

None of the Issuer and the Arranger 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 Originators indemnify the Issuer for the damage deriving therefrom or repurchases the

relevant Claim. See "*The Warranty and Indemnity Agreement*", below. There can be no assurance that the Originators will have the financial resources to honour such obligations.

#### **1.4 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 Transaction and not commingled with other sums) will be available on a winding up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and to pay other costs of the Transaction. Amounts derived from the Portfolios (once, and until, credited to one of the Issuer's accounts under this Transaction and not commingled with other sums) will not be available to any other creditors of the Issuer.

In order to ensure such segregation: (i) the Issuer has undertaken (and is obligated pursuant to the Bank of Italy regulations) to open and to keep separate accounts in relation to each securitisation transaction; (ii) the 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 Transaction have undertaken not to credit to the Accounts amounts other than those set out in Cash Administration and Agency Agreement.

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

However, no guarantee can be given on the fact that the parties to the Transaction will comply with the law provisions and contractual provisions which have been inserted in the relevant Transaction Documents in order to ensure the segregation of assets. Furthermore, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt. Notwithstanding the foregoing, the corporate object of the Issuer as contained in its by-laws is limited and the Issuer has also agreed to certain covenants in the Intercreditor Agreement and the Conditions restricting the activities that may be carried out by the Issuer and has furthermore covenanted not to enter into any transactions that are not contemplated in the Transaction Documents.

#### **1.5 Limited enforcement rights**

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

#### **1.6 Rights of set-off of borrowers**

Under general principles of Italian law, the Borrowers would be entitled to exercise rights of set-off in respect of amounts due under any Claim against any amounts payable by each of the Originators to the relevant assigned 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 Agreement, each of the Originators has undertaken to indemnify the Issuer against any right of set-off which the Borrowers may exercise *vis-à-vis* the Issuer with respect to the Claims.

The Italian consumer legislation set forth in the Consolidated Banking Act (i) provides for a more borrower friendly set-off ruling and (ii) attributes to the borrower the right to terminate the loan and receive back any amount paid to the lender (and to any assignee) in case of breach by the supplier of the goods purchased by the borrower out of the loan. In any case, the Originators have represented under the Warranty and Indemnity Agreement there are not any Mortgage Loan subject to the Italian consumer legislation.

## **1.7 Servicing of the Portfolios and potential conflicts of interest**

Pursuant to the Servicing Agreement and as of its date of execution, Portfolio No. 1, Portfolio No. 2 and Portfolio No. 3 will be serviced respectively by Banca Alpi Marittime, BCC di Pianfei and CR Bra. The net cash flows from the Portfolios may be affected by decisions made, actions taken and the collection procedures adopted pursuant to the provisions of the Servicing Agreement by the Servicers (or any permitted successors or assignees appointed under the Servicing Agreement). In addition, the Servicers are entities not rated and to this purpose the Back-Up Servicers have been appointed before the Issue Date. For further details see section headed "*The Servicing Agreement and the Back-Up Servicing Agreement*".

The parties to the Transaction Documents perform multiple roles within the Transaction. Accordingly, conflicts of interest may exist or may arise as a result of the parties to this Transaction: (a) having engaged or engaging in the future in transactions with other parties of the Transaction; (b) having multiple roles in this Transaction and/or (c) executing other transactions for third parties. In any case, this risk factor is mitigated by the provisions indicated in the risk factor illustrated in the following paragraph 2.9.

## **1.8 Further securitisations**

The Issuer may purchase and securitise further portfolios of monetary claims in addition to the Portfolios. It is a condition precedent to any such securitisation that the Rating Agencies have been notified in writing of the Issuer's intention to carry out a Further Securitisation. See Condition 3 (*Covenants*).

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

Taxable income of the Issuer is determined in accordance with Italian Presidential Decree No. 917 of 22 December 1986. Pursuant to the regulations issued by the Bank of Italy on 14 February 2006 (*Istruzioni per la Redazione dei Bilanci degli Intermediari Finanziari Iscritti nell' "Elenco Speciale", degli Imel, delle SGR e delle SIM*), the assets, liabilities, costs and revenues of the Issuer in relation to the securitisation of the Portfolios will be treated as off-balance sheet assets, liabilities, costs and revenues, to be reported in the notes to the financial statements. Based on the general rules applicable to the calculation of the net taxable income of a company, such taxable income should be calculated on the basis of accounting, *i.e.* on-balance sheet, earnings, subject to such adjustments as are specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Issuer in the context of the transfer to the Issuer of the Portfolios. This opinion has been expressed by scholars and tax specialists and has been confirmed by the tax authority (Circular No. 8/E issued by *Agenzia delle Entrate* on 6 February 2003) on the grounds that the

net proceeds generated by the securitised assets may not be considered as legally available to an issuer insofar as any and all amounts deriving from the underlying assets are specifically destined to satisfy the obligations of such issuer to the noteholders, the originator and any other creditors of the issuer in respect of the securitisation of the underlying assets in compliance with applicable laws.

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

According to Article 26, paragraph 1, of Presidential Decree No. 600 of September 29, 1973, in the event that the Notes are redeemed in full or in part prior to the end of the eighteen month period starting from the date of issuance, the Issuer will be obliged to pay an additional amount equal to twenty per cent. (20%) of interest and other proceeds accrued on the Notes up to the time of the early redemption.

However, it has to be noted that, according to one interpretation of Italian fiscal law the additional amount may also be due in the event of any purchase of the Notes by the Issuer. With specific regard to this issue, it is worth to notice that according to the recent circular letter issued by the Italian tax authorities (Resolution of the Italian Revenue Agency No. 11/E of 31 January 2011) in case the Issuer repurchases the Notes prior to the end of the eighteen month period starting from the date of issuance, the 20% additional amount would not apply if the Issuer undertakes to utilize such repurchased Notes for trading on the market and effectively sells them to third parties, provided that before their maturity the Notes have been traded and held by third parties for a period (also not continuous) of at least eighteen months.

## **2. THE NOTES**

### **2.1 Liability under the Notes**

The Notes are limited recourse obligations of the Issuer and amounts payable thereunder are payable solely from amounts received by the Issuer from or in respect of the Portfolios and the other Issuer's Rights and receipts under the Transaction Documents to which it is or will be a party. On the Issue Date, the Issuer will have no significant assets other than the Portfolios and the other Issuer's Rights. Although the Issuer may issue further notes subject to the terms of the Conditions and to the Agreement between the Issuer and the Quotaholder, the Noteholders will not have any recourse to the assets securing such notes. The Notes will be obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by each of the Originators (in any capacity), the Representative of the Noteholders, the Transaction Bank, the Custodian Bank, the Operating Bank, the Servicers, the Security Trustee, the Irish Listing Agent, the Corporate Services Provider, the Computation Agent, the Swap Counterparty or the Principal Paying Agent. No such person accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

### **2.2 Subordination**

Before delivery of a Trigger Notice (as defined below) with respect to the obligation of the Issuer to pay interest and repay principal on the Notes, the Conditions provide that the Class A Notes will rank *pari passu* and without any preference or priority among themselves. The Class B Notes of each Series will rank *pari passu* and without any preference or priority among themselves but will be subordinated to the Class A Notes.



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

Principal on each Series of Class B Notes will be reimbursed and interest accrued thereon will be paid out of available funds deriving from collections and recoveries from the Relevant Portfolio provided that following delivery of a Cross Collateral Notice and/or delivery of a Trigger Notice, principal on all Series of Class B Notes will be reimbursed and interest accrued thereon will be paid out of the aggregate available funds deriving from collections and recoveries of all the Portfolios, but in an amount which is a function of the performance of the Relevant Portfolio. The Class B Notes shall at all times be subordinated to the Class A Notes.

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

### **2.3 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 (in that case a swap counterparty) 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. However the question of the validity of the payment priorities continues to be of judicial focus and is likely to be the subject of further consideration and possible review.

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 appeal by one of the appellants, Lehman Brothers Special Financing Inc., against two of the respondents, Belmont Park Investments Pty and BNY Corporate Trustee Services Ltd, in the English courts was heard in early March 2011 and the judgment is awaited. 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.

#### **2.4 Yield and payment considerations**

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

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

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

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

#### **2.6 Interest rate risk**

The Claims have or may have interest payments calculated on a fixed rate basis or a floating rate basis (which may be different from the EURIBOR applicable under the Class A Notes and may have different fixing mechanism), whilst the Class A Notes will bear interest at a rate based on Six 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 Six Month EURIBOR could adversely impact the ability of the Issuer to make payments on the Class A Notes. To minimize the effect of such interest rate mismatch, the Issuer has entered into the Swap Agreement. In particular, the Issuer has entered into the Swap Transactions in order to hedge its interest rate exposure in relation to its floating rate interest obligations under the Class A Notes. The benefits of the Swap Agreement may not be achieved in the event of the early termination of the Swap Agreement, including termination upon the failure of the Swap Counterparty to perform its obligations thereunder. The Swap Agreement contains certain limited termination events and event of defaults which will entitle either party to terminate the Swap Transactions (see for further details "*Description of the Other Transaction Documents*") and, other than in certain limited circumstances set out in the relevant Order of Priority, swap termination amounts rank senior to payments of interest on and repayment of principal of the Class A Notes. Unless one or more comparable interest rate swaps are entered into, the Issuer may have insufficient funds to make payment under the Notes. In the event of the insolvency of the Swap Counterparty, the Issuer will be treated as a general and unsecured creditor of the Swap Counterparty.

Consequently, the Issuer will be subject to the credit risk of the Swap Counterparty in addition to the risk of the debtors of the Claims.

## **2.7 Limited nature of credit ratings assigned to the Class A 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.

The ratings do not address, *inter alia*, the following:

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

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

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

## **2.8 Suitability**

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

Investment in the Class A Notes is only suitable for investors who:

1. have the requisite knowledge and experience in financial and business matters to evaluate such merits and risks of an investment in the Class A Notes;
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 economical risk of an investment in the Class A Notes; and
4. recognise that it may not be possible to dispose of the Class A Notes for a substantial period of time, if at all.

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

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

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

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

## **2.9 The Representative of the Noteholders**

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

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

After the Issue Date an application may be made to a central bank in the Eurozone to record the Class A Notes as eligible collateral, within the meaning of the guidelines issued by the European Central Bank (ECB) on February 2011 (*The implementation of monetary policy in the Euro area*), 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, the Arranger or any other party to the Transaction Documents gives any representation or warranty as to the eligibility of the Class A Notes for such purpose, nor do they accept any obligation or liability in relation to such eligibility or lack of it of the Class A Notes at any time.

## **2.11 Substitute tax under the Notes**

Payments under the Notes may in certain circumstances, described in the section headed "*Taxation*" 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. At the date of this Prospectus, such Law 239 Deduction, if applicable is levied at the rate of 12.5%, 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.

Without prejudice to the above, in the event that any Notes are redeemed in whole or in part prior to the end of the eighteen month period starting from the date of issuance, the Issuer will be obliged to pay an additional amount of tax in Italy at a rate of twenty per cent (20%) of all interest accrued on the principal amount repaid early up to the relevant repayment date. See "*Taxation*".

However, it has to be noted that, according to one interpretation of Italian fiscal law the additional amount may also be due in the event of any purchase of the Notes by the Issuer. With specific regard to this issue, it is worth to notice that according to the recent circular letter issued by the Italian tax authorities (Resolution of the Italian Revenue Agency No. 11/E of 31 January 2011) in case the Issuer repurchases the Notes prior to the end of the eighteen month period starting from the date of issuance, the 20% additional amount would not apply if the Issuer undertakes to utilize such repurchased Notes for trading on the market and effectively sells them to third parties, provided that before their maturity the Notes have been traded and held by third parties for a period (also not continuous) of at least eighteen months.

## **2.12 EU Directive on the taxation of savings income**

On June 3, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income under which Member States are required starting from July 1, 2005, to provide to the tax authorities of another Member State the details of payments of interest (or similar income) paid by a person within its jurisdiction, qualifying as paying agent under the Directive, to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg, Austria and five European Third Countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) and certain Member States' relevant dependent or associated territories (the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean) will instead be 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).

Belgium, Luxembourg or Austria may however elect to introduce automatic exchange of information during the transitional period, in which case they will no longer apply the withholding tax. Based on the available information, Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

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.

### **2.13 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 law, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Italian law, tax or administrative practice will not change after the Issue Date or that any such change will not adversely impact the structure of the transaction and the treatment of the Notes.

## **3. GENERAL RISKS**

### **3.1 Loans' performance**

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

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

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

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

The Mortgage Loans have been entered into with Borrowers which are individuals. 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 (*procedura 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 the Securitisation Law provides that claw-back provisions set forth in article 67 of the Bankruptcy Law do not apply to payments made by the Borrowers to the Issuer in respect of the securitised Claims, it does not contain any 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 of the Bankruptcy Law, because the ultimate consequence of the declaration of ineffectiveness of payments under article 65 of the Bankruptcy Law 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 of the Bankruptcy Law does not apply in case the right of prepayment and the related right to obtain the cancellation of the mortgage securing the prepaid loan are directly and imperatively attributed to the borrower by specific provisions of law.

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

### **3.3 Real estate investments**

All the Mortgage Loans are secured by real estate assets and subject to the risks inherent in investments in or secured by real property, which has not been revaluated for the purposes of the Transaction. Such risks include adverse changes in national, regional or local economic and demographic conditions in Italy and in real estate values generally as well as in interest rates, real estate tax rates, other operating expenses, inflation and the strength or weakness of Italian national, regional and local economies, the supply of and demand for properties of the type involved, zoning laws or other governmental rules and policies (including environmental restrictions and changes in land use) and competitive conditions (including construction of new competing properties) all of which may affect the value of the Real Estate Assets and the collections and recoveries generated by them.

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

### 3.4 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 23 December 2010).

In addition, even though the applicable Usury Rates 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 25<sup>th</sup> 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 as 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 each of the Originators 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 each of the Originators. See "*Description of the Warranty and Indemnity Agreement*".

### 3.5 Insurance Policies

In addition to the Claims arising from Loan Agreements, the Originator has also transferred the benefits and rights deriving from any Insurance Policies entered into with respect to the Claims, if any. Please refer to the sections entitled "*Description of the Transfer Agreement*" and "*Description of the Warranty and Indemnity Agreement*".

Under the Warranty and Indemnity Agreement, the Originator has warranted that the Insurance Policies (where stipulated) name the Originator either as the direct or indirect beneficiary of any indemnity to be paid thereunder (the "**Indemnities**") or as agent to collect amounts (*mandatario all'incasso*) pursuant to Mandates (*mandati all'incasso*) released to guarantee certain Claims, or as a beneficiary of an appendix (*appendice di vincolo*) granting to it the right to receive the relevant Indemnities. Pursuant to the Transfer Agreement, the benefits and rights deriving from any Insurance Policies or Mandates are transferred to the Issuer.

However, there can be no guarantee that the Insurance Companies will perform their respective obligations under the relevant Insurance Policy.

### 3.6 Compounding of interest (*Anatocismo*)

According to article 1283 of the Italian Civil Code, in respect of a monetary claim, interests accrued for at least six months can be capitalized and provided that the capitalization has been agreed after the date when they have become due or from the date when the relevant legal proceedings are commenced in respect of that monetary claim, save there are no contrary recognized customary practices (*usi*). Banks in Italy have traditionally capitalized accrued interests on a quarterly basis on the grounds that such practice could be characterized as a customary practices. Certain recent judgments from Italian Courts (including Judgments No. 2374/99 and No. 2593/03 of the Italian Supreme Court) have held that such practice do not meet the legal definition of customary practices. In this respect, it should be noted that article 25, paragraph 2, of the Decree No. 342 (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 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 to 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 any challenge in respect of the Claims. See "*Description of the Warranty and Indemnity Agreement*".

### **3.7 The Securitisation Law**

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

### **3.8 Mutui Fondiari**

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

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

Article 120-ter of the Consolidated Banking Act provides that any provisions imposing a prepayments penalty in case of early redemption of mortgage loans is null and void with respect to loan agreements entered into, with an individual as borrower for the purpose of

purchasing or restructuring real estate properties destined to residential purposes or to carry out the borrower's own professional or business activities. For a description of the main terms of the article 120-ter of the Consolidated Banking Act, see 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.

### **3.10 Suspension of mortgage instalments**

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

The 2008 Budget Law 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 2008 Budget Law.

### **3.11 Convention between the Ministry of Economy and Finance, the Italian Banking Association and associations of the representative of the companies**

On the 3rd of August 2009, the Ministry of Economy and Finance, the ABI (*Associazione Bancaria Italiana*) and the associations of the representative of the companies signed a convention about the temporary suspension of small and middle-sized companies debts to the banking system in order to help companies stricken by the financial crisis (the "**PMI Convention**").

The Convention provides, *inter alia*, the possibility of a 12 (twelve) months suspension for the payment of the principal component of the mortgage loan's instalments (the "**Suspension**") and the postponement of the payment of such instalments at the end of the original amortization plan of the relevant mortgage loan.

All the small and middle-sized companies which (i) on the 30th of September 2008 were solvent (*in bonis*), and (ii) at the moment of the submission of the request, had no financings classified as "restructured" (*ristrutturato*) or as "non-performing" (*in sofferenza*) and were not subject to enforcement proceedings, are allowed to request the Suspension. Originally, the request for Suspension could be submitted within the 30th of June 2010. On 15 June 2010, an agreement between the Ministry of Economy and Finance, the ABI (*Associazione Bancaria Italiana*) and the associations of the representative of the companies has extended the date within which the request for the Suspension could be submitted until 31 July 2011.

Only the instalments not yet expired or expired (not paid or paid in part) from not more than 180 days before the date of submission of the request for Suspension may be suspended.

ABI has clarified on one hand that securitised claims have not been expressly excluded from the object of the Convention and that assigning banks have to do any reasonable effort to satisfy the requests for Suspension also in respect of securitized claims.

The Originators have acceded to the PMI Convention.

### 3.12 The Families Plan

On 18 December 2009, the Italian Banking Association ("**ABI**") and the consumers associations signed a convention 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.

The Suspension can be requested between 1 February 2010 and 31 July 2011 by all families in which, between the period of 1 January 2009 and 30 June 2011, 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 selection Criteria set out in the Transfer Agreements, the Portfolios do not comprise Mortgage Loans in respect of which as at the Effective Date the relevant borrower has requested the suspension of the payments of the instalments in accordance with the Families Plan.

### 3.13 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, 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, as otherwise agreed between the parties.

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 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 Originators is not allowed to do 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.

### **3.14 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.

### **3.15 Warranty as to the existence of the claims**

Under the relevant Transfer Agreements and the Warranty and Indemnity Agreements, each of the Originators has warranted, *inter alia*, that the Claims are all existing claims and each Originator has undertaken, *inter alia*, to indemnify the Issuer for the breach of any warranties expressed under such agreements. See "*Description of the Warranty and Indemnity Agreements*".

### **3.16 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 (in that case a swap counterparty) 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. However the question of the validity of the payment priorities continues to be of judicial focus and is likely to be the subject of further consideration and possible review.

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. 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, it is impossible to give any 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.

### **3.17 Forward-looking statements**

Words such as "intend(s)", "aim(s)", "expect(s)", "will", "may", "believe(s)", "should", "anticipate(s)" or similar expressions are intended to identify forward-looking statements and subjective assessments. Such statements are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by such forward-looking



statements. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Prospectus and are based on assumptions that may prove to be inaccurate. No-one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Prospectus.

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

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Originators and the Arranger 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 on-going basis. Failure to comply with one or more of the requirements set out in Article 122a will result in the imposition of a penal capital charge on the notes acquired by the relevant investor.

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

Article 122a of the Capital Requirements Directive and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

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

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

**exhaustive. While the various structural elements described in this Prospectus are intended to lessen some of these risks for holders of the Class A Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Class A Notes of any Class of interest or principal on such Notes on a timely basis or at all.**

## THE PORTFOLIOS

The Portfolios purchased by the Issuer comprise debt obligations arising out of mortgage loans classified as performing by the relevant Originator. Further portfolios of mortgage loans may not be assigned to the Issuer.

### SELECTION CRITERIA OF THE CLAIMS

The Claims included in the Portfolios as at the Valuation Date, (or the different date specified in the relevant criterion) must meet the following general criteria (the "**General Criteria**") as well as the further specific objective criteria (the "**Specific Criteria**") as set out for Banca Alpi Marittime, BCC di Pianfei and CR Bra below, in order to ensure that the Claims have the same legal and financial characteristics. The General Criteria are as follows:

- (a) Mortgage Loans denominated in Euro;
- (b) Mortgage Loans deriving from Mortgage Loan Agreements regulated by Italian law;
- (c) Mortgage Loans whose Claims have been classified by the relevant Originator as in bonis in accordance with the relevant supervisory regulations (*normativa di vigilanza*) issued by Bank of Italy;
- (d) Mortgage Loans deriving from Mortgage Loan Agreements in relation to which at least an Installment has been paid;
- (e) Mortgage Loans guaranteed by a Mortgage in favour of the relevant Originator which is (i) a first legal mortgage priority, or (ii) a first economic mortgage priority, meaning: (a) a mortgage having a priority subsequent to first legal priority in case all obligations guaranteed by mortgage/mortgages with prevailing priority, had been fully satisfied as at the Valuation Date; (b) a mortgage having a priority subsequent to first legal priority in case all mortgages with prevailing priority (save for any mortgages with prevailing priority whose guaranteed obligations have been fully satisfied as at the Valuation Date) are registered in favour of the same Originator as a security for the claims that satisfy all the other Criteria related to the same Originator;
- (f) Mortgage Loans in relation to which the pre-amortisation period (if provided in the relevant Mortgage Loan Agreement) has fully elapsed;
- (g) Mortgage Loans not deriving from Mortgage Loan Agreements pursuant to any Italian law provisions allowing any contributions, profits or facilities of whatever kind (the so-called "*Mutui agevolati*" and "*Mutui convenzionali*");
- (h) Mortgage Loans not deriving from Mortgage Loan Agreements granted to persons being employees of the relevant Originator;
- (i) Mortgage Loans not deriving from Mortgage Loan Agreements qualified as "agricultural credit" pursuant to article 43 of the Consolidated Banking Act, neither in case the agricultural credit transaction has been executed through an agricultural bill;
- (j) Mortgage Loans deriving from Mortgage Loan Agreements (1) which, in relation to all the Installments which are due and payable, save for the last Installment, do not hold due and unpaid Installments as at the Valuation Date; (2) which, as at the Valuation Date, do not hold more than one due and unpaid Installment for a period longer than 30 days;

- (k) Mortgage Loans fully disbursed, in relation to which there is no obligation, neither it is possible, to disburse any further amount;
- (l) Mortgage Loans which, even if in bonis, have not been classified at any time as defaulted loans (*crediti in sofferenza*) pursuant to the relevant supervisory instructions (*Istruzioni di Vigilanza*) enacted by the Bank of Italy;
- (m) Mortgage Loans deriving from Mortgage Loan Agreements whose relevant Borrowers are individuals resident or domiciled in Italy;
- (n) Mortgage Loans whose residual principal amount outstanding is, as at the Valuation Date, not lower than Euro 10,000;
- (o) Mortgage Loans deriving from Mortgage Loan Agreements in relation to which the relevant Real Estate Asset is located in the Republic of Italy;
- (p) Mortgage Loans with reference to which, as at the Effective Date, the relevant Borrower has not sent to its respective Originator any notice requesting the suspension of payment of the Installments in accordance with the Families Plan.

**Specific Criteria are as follows:**

**BCC PIANFEI**

- (a) Mortgage Loans deriving from Mortgage Loan Agreements which have been disbursed after 4 February 2001;
- (b) Mortgage Loans whose residual principal amount outstanding is, as at the Valuation Date, not higher than Euro 376,259.56;
- (c) Mortgage Loans deriving from Mortgage Loan Agreements which provide for a spread at least equal to 0.6%;
- (d) Mortgage Loans not deriving from Mortgage Loan Agreements which provide for the option of the relevant Borrower to modify the interest rate from a fixed rate to a floating rate and/or from a floating rate to a fixed rate for the whole duration of the relevant Mortgage Loan;
- (e) Mortgage Loans not deriving from Mortgage Loan Agreements which provide an amortization plan with constant installments and variable duration;
- (f) Mortgage Loans deriving from Mortgage Loan Agreements which provide for a full reimbursement at a date not later than 1 April 2041;
- (g) Mortgage Loans deriving from Mortgage Loan Agreements with a floating interest rate parameterized to (i) 3 month Euribor; or (ii) 6 month Euribor;
- (h) Mortgage Loans in respect of which the ratio between (i) the amount disbursed and not yet reimbursed as at the Valuation Date and (ii) the lower between the amount secured by the mortgage over such Mortgage Loan and the valuation, as at the date on which the relevant Mortgage Loan has been disbursed (or as at the date on which the disbursement of the relevant Mortgage Loan has been completed in case of Mortgage Loans which provide the possibility of further disbursements) of the Mortgage Loan with respect to the mortgaged real estate asset, is lower than 90.45% (ninety point forty-five per cent);

- (i) Mortgage Loans granted to individuals that fall within the economic activity sector No. 600 ("*famiglie consumatrici*") (as defined in Bank of Italy provision No. 140 of 11 February 1991, as from time to time amended);
- (j) Mortgage Loans not deriving from Mortgage Loan Agreements which have been disbursed for purposes different from purchasing, building or rebuilding.

#### **CR BRA**

- (a) Mortgage Loans deriving from Mortgage Loan Agreements which have been disbursed after 9 September 1997;
- (b) Mortgage Loans whose residual principal amount outstanding is, as at the Valuation Date, not higher than Euro 795,225.69;
- (c) Mortgage Loans deriving from Mortgage Loan Agreements which, if with a floating rate, provide for a spread at least equal to 0.3%;
- (d) Mortgage Loans not deriving from Mortgage Loan Agreements which provide for the option of the relevant Borrower to modify the interest rate from a fixed rate to a floating rate and/or from a floating rate to a fixed rate for the whole duration of the relevant Mortgage Loan, to be exercised other than on a three-yearly basis;
- (e) Mortgage Loans not deriving from Mortgage Loan Agreements which provide an amortization plan with constant installments and variable duration;
- (f) Mortgage Loans deriving from Mortgage Loan Agreements which provide for a full reimbursement at a date not later than 30 April 2041;
- (g) Mortgage Loans deriving from Mortgage Loan Agreements which, if with a floating rate, such floating rate is only parameterized to (i) CEB interest rate; (ii) 1 month Euribor; (iii) 3 month Euribor; or (iv) 6 month Euribor;
- (h) Mortgage Loans in respect of which the ratio between (i) the amount disbursed and not yet reimbursed as at the Valuation Date and (ii) the lower between the amount secured by the mortgage over such Mortgage Loan and the valuation, as at the date on which the relevant Mortgage Loan has been disbursed (or as at the date on which the disbursement of the relevant Mortgage Loan has been completed in case of Mortgage Loans which provide the possibility of further disbursements) of the Mortgage Loan with respect to the mortgaged real estate asset, is lower than 97.76% (ninety seven point seventy-six per cent);
- (i) Mortgage Loans not deriving from Mortgage Loan Agreements which have been disbursed for the purpose to allow an assigned debtor to extinguish preexistent debt positions in circumstances of detrimental financial and economic position of the same assigned debtor;
- (j) Mortgage Loans not identified by the following identification number, as indicated in the relevant mortgage loan agreement: 08/20/99365.

#### **BANCA ALPI MARITTIME**

- (a) Mortgage Loans deriving from Mortgage Loan Agreements which have been disbursed after 11 January 2001;

- (b) Mortgage Loans whose residual principal amount outstanding is, as at the Valuation Date, not higher than Euro 589,144.03;
- (c) Mortgage Loans deriving from Mortgage Loan Agreements which, if with a floating rate, provide for a spread at least equal to 0.5%;
- (d) Mortgage Loans not deriving from Mortgage Loan Agreements which provide for the option of the relevant Borrower to modify the interest rate from a fixed rate to a floating rate and/or from a floating rate to a fixed rate for the whole duration of the relevant Mortgage Loan;
- (e) Mortgage Loans deriving from Mortgage Loan Agreements which provide for a full reimbursement at a date not later than 1 April 2041;
- (f) Mortgage Loans deriving from Mortgage Loan Agreements which, if with a floating rate, such floating rate is only parameterized to (i) CEB interest rate; (ii) 1 month Euribor; (iii) 3 month Euribor; or (iv) 6 month Euribor;
- (g) Mortgage Loans not deriving from mortgage loan agreement which the relevant Borrower has been allowed to renegotiate, pursuant to law decree No. 93/2008 as converted by Law 126/2008 and by the agreement entered into on 19 June 2008 between ABI and *Ministero dell'Economia e delle Finanze*;
- (h) Mortgage Loans guaranteed by mortgage on first home (*ipoteca su prima casa*);
- (i) Mortgage Loans not identified by the following identification number, as indicated in the relevant mortgage loan agreement: 13/24/51022;
- (j) Mortgage Loans not deriving from Mortgage Loan Agreements which have been disbursed for the purpose to allow an assigned debtor to extinguish preexistent debt positions in circumstances of detrimental financial and economic position of the same assigned debtor;
- (k) Mortgage Loans in respect of which the ratio between (i) the amount disbursed and not yet reimbursed as at the Valuation Date and (ii) the lower between the amount secured by the mortgage over such Mortgage Loan and the valuation, as at the date on which the relevant Mortgage Loan has been disbursed (or as at the date on which the disbursement of the relevant Mortgage Loan has been completed in case of Mortgage Loans which provide the possibility of further disbursements) of the Mortgage Loan with respect to the mortgaged real estate asset, is lower than 89.97% (eighty nine point ninety seven per cent).

The following tables describe the characteristics of the Portfolios as an aggregate of the single Portfolio compiled from information provided by the Originators in connection with the acquisition of the Claims by the Issuer on 29 June 2011. The information in the following tables reflects the position as at 15 June 2011. The characteristics of the Portfolios as at the Issue Date may vary from those set out in the tables as a result, *inter alia*, of repayment or repurchase of Mortgage Loans prior to the Issue Date (in relation to the real property backing the Claims, there has been no revaluation of such properties for the purpose of the issue of the Notes and the valuation quoted are as at the date of the original initial mortgage loan origination).

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

	<b>Banca Alpi Marittime</b>	<b>BCC Pianfei</b>	<b>CR Bra</b>
Loan Positions	797	322	983
Portfolio Outstanding Amount	75,034,646.24	29,698,013.44	89,848,692.91
Average Original Outstanding Amount	118,665.99	117,232.72	119,266.23
Largest Original Outstanding Amount	600,000.00	400,000.00	720,000.00
Average Current Outstanding Amount	94,146.36	92,229.86	91,402.54
Largest Current Outstanding Amount	588,089.16	376,259.56	795,225.69
Weighted Average Original Loan to Value	60.60%	63.41%	65.06%
Weighted Average Current Loan to Value	52.11%	53.41%	55.03%
Weighted Average Seasoning (Months)	42.25	42.58	47.24
Weighted Average Residual Maturity (Months)	234.95	231.56	240.55

### Breakdown by payment frequency

	<b>Banca Alpi Marittime – Outstanding Amount</b>	<b># of Loans</b>	<b>BCC Pianfei – Outstanding Amount</b>	<b># of Loans</b>	<b>CR Bra – Outstanding Amount</b>	<b># of Loans</b>
Monthly	72,626,022.33	754	28,232,024.81	311	75,352,878.66	775
Quarterly	858,281.36	12	183,371.62	2	7,117,547.52	84
Semi annual	1,550,342.55	31	1,282,617.01	9	7,378,266.73	124

### Breakdown of the Portfolios by Original Outstanding Principal Amount

<b>Range (Euro) Principal Amount Outstanding</b>	<b>Original Outstanding Amount</b>	<b>No. of Loan Positions</b>	<b>% of Original Outstanding Amount</b>
<b>Banca Alpi Marittime</b>			
0-50000	2,404,511.95	67	2.54%
50000-100000	20,188,341.62	292	21.35%
100000-150000	25,919,443.86	226	27.41%
150000-200000	17,412,263.17	106	18.41%
200000-250000	12,129,757.55	57	12.83%
250000-300000	5,169,479.81	20	5.47%
300000-350000	3,078,000.00	10	3.25%
350000-400000	2,160,000.00	6	2.28%
400000-450000	2,830,000.00	7	2.99%
450000-500000	485,000.00	1	0.51%
500000-550000	1,000,000.00	2	1.06%
600000-650000	1,800,000.00	3	1.90%
<b>BCC Pianfei</b>			
0-50000	484,660.12	12	1.28%
50000-100000	9,548,887.72	133	25.30%
100000-150000	11,929,306.65	103	31.60%
150000-200000	5,718,022.13	35	15.15%
200000-250000	4,384,676.70	21	11.62%
250000-300000	1,310,000.00	5	3.47%
300000-350000	2,839,866.76	9	7.52%
350000-400000	733,516.59	2	1.94%
400000-450000	800,000.00	2	2.12%

<b>CR Bra</b>			
0-50000	2,418,178.04	63	2.06%
50000-100000	25,818,563.69	367	22.02%
100000-150000	34,525,842.91	297	29.45%
150000-200000	21,622,320.15	134	18.44%
200000-250000	14,613,139.40	69	12.46%
250000-300000	6,227,200.00	24	5.31%
300000-350000	3,675,942.17	12	3.14%
350000-400000	2,147,520.00	6	1.83%
400000-450000	800,000.00	2	0.68%
500000-550000	500,000.00	1	0.43%
550000-600000	1,670,000.00	3	1.42%
600000-650000	1,800,000.00	3	1.54%
700000-750000	1,420,000.00	2	1.21%

### Breakdown of the Portfolios by Current Outstanding Principal Amount

Range (Euro) Principal Amount Outstanding	Current Outstanding Amount	No of Loan Positions	% of Current Outstanding Amount
<b>Banca Alpi Marittime</b>			
0-50000	8,424,336.21	258	11.23%
50000-100000	19,229,692.05	263	25.63%
100000-150000	18,372,855.01	146	24.49%
150000-200000	12,151,803.07	71	16.19%
200000-250000	6,897,294.35	31	9.19%
250000-300000	2,418,384.11	9	3.22%
300000-350000	2,286,134.21	7	3.05%
350000-400000	2,227,999.51	6	2.97%
400000-450000	440,662.48	1	0.59%
450000-500000	1,429,572.03	3	1.91%
550000-600000	1,155,913.21	2	1.54%
<b>BCC Pianfei</b>			
0-50000	2,876,431.60	77	9.69%
50000-100000	10,507,474.88	144	35.38%
100000-150000	6,981,231.21	58	23.51%
150000-200000	4,456,714.05	25	15.01%
200000-250000	1,748,126.76	8	5.89%
250000-300000	1,381,348.00	5	4.65%
300000-350000	994,840.09	3	3.35%
350000-400000	751,846.85	2	2.53%
<b>CR Bra</b>			
0-50000	9,654,772.31	303	10.75%
50000-100000	25,005,468.88	346	27.83%
100000-150000	24,620,857.78	198	27.40%
150000-200000	12,868,898.75	74	14.32%
200000-250000	8,460,939.31	38	9.42%
250000-300000	2,760,075.05	10	3.07%
300000-350000	1,661,750.74	5	1.85%
350000-400000	354,120.84	1	0.39%
400000-450000	879,037.84	2	0.98%
450000-500000	465,950.68	1	0.52%



500000-550000	1,055,731.77	2	1.18%
550000-600000	592,340.23	1	0.66%
650000-700000	673,523.04	1	0.75%
750000-800000	795,225.69	1	0.89%

### Breakdown of the Portfolios by Original Loan to Value

Range (%) Original LTV	Original Outstanding Amount	No of Loan Positions	% of Original Outstanding Amount
<b>Banca Alpi Marittime</b>			
0-0,1	448,066.53	13	0.47%
0,1-0,2	3,038,965.94	47	3.21%
0,2-0,3	7,082,906.57	88	7.49%
0,3-0,4	8,106,698.42	86	8.57%
0,4-0,5	10,315,118.78	100	10.91%
0,5-0,6	13,082,055.77	107	13.83%
0,6-0,7	14,119,990.06	110	14.93%
0,7-0,8	22,021,579.03	142	23.28%
0,8-0,9	8,721,114.22	57	9.22%
0,9-1	6,614,821.00	41	6.99%
>1	1,025,481.64	6	1.08%
<b>BCC Pianfei</b>			
0-0,1	194,008.57	3	0.51%
0,1-0,2	668,349.51	8	1.77%
0,2-0,3	2,190,922.26	26	5.80%
0,3-0,4	2,288,637.74	28	6.06%
0,4-0,5	3,294,223.87	37	8.73%
0,5-0,6	4,471,145.35	43	11.84%
0,6-0,7	6,261,725.31	49	16.59%
0,7-0,8	13,611,112.78	89	36.06%
0,8-0,9	3,193,311.28	24	8.46%
0,9-1	1,575,500.00	15	4.17%
<b>CR Bra</b>			
0-0,1	178,898.84	4	0.15%
0,1-0,2	2,333,733.42	35	1.99%
0,2-0,3	4,202,633.45	53	3.58%
0,3-0,4	7,180,995.00	63	6.13%
0,4-0,5	13,638,887.24	138	11.63%
0,5-0,6	22,260,351.30	223	18.99%
0,6-0,7	15,556,282.53	110	13.27%
0,7-0,8	22,893,135.76	164	19.53%
0,8-0,9	14,950,330.39	101	12.75%
0,9-1	10,773,343.43	72	9.19%
>1	3,270,115.00	20	2.79%
	117,238,706.36		

## Breakdown of the Portfolios by Current Loan to Value

Range (%) Current LTV	Current Outstanding Amount	No of Loan Positions	% of Current Outstanding Amount
<b>Banca Alpi Marittime</b>			
0-0,1	1,307,473.86	50	1.74%
0,1-0,2	4,995,425.04	113	6.66%
0,2-0,3	7,843,872.93	123	10.45%
0,3-0,4	8,353,284.73	108	11.13%
0,4-0,5	9,581,129.00	99	12.77%
0,5-0,6	11,518,609.47	104	15.35%
0,6-0,7	12,680,908.23	85	16.90%
0,7-0,8	13,892,181.19	87	18.51%
0,8-0,9	4,861,761.79	28	6.48%
<b>BCC Pianfei</b>			
0-0,1	238,798.30	5	0.80%
0,1-0,2	1,451,717.89	27	4.89%
0,2-0,3	2,842,446.72	50	9.57%
0,3-0,4	2,973,010.89	47	10.01%
0,4-0,5	4,192,596.78	51	14.12%
0,5-0,6	5,641,429.26	55	19.00%
0,6-0,7	5,045,951.80	34	16.99%
0,7-0,8	6,204,320.55	45	20.89%
0,8-0,9	963,030.06	7	3.24%
0,9-1	144,711.19	1	0.49%
<b>CR Bra</b>			
0-0,1	608,498.11	26	0.68%
0,1-0,2	5,259,291.32	133	5.85%
0,2-0,3	8,669,729.03	153	9.65%
0,3-0,4	10,272,772.63	143	11.43%
0,4-0,5	11,518,369.61	123	12.82%
0,5-0,6	13,640,288.65	119	15.18%
0,6-0,7	11,961,093.40	99	13.31%
0,7-0,8	16,482,262.18	113	18.34%
0,8-0,9	6,420,839.66	46	7.15%
0,9-1	5,015,548.32	28	5.58%

## Breakdown of the Portfolios by Months of Seasoning

Range (months) Seasoning	Current Outstanding Principal Amount	No of Loan Positions	% of Current Outstanding Principal Amount
<b>Banca Alpi Marittime</b>			
0-10	9,112,833.27	68	12.14%
10-20	12,285,461.50	102	16.37%
20-30	11,338,825.74	88	15.11%
30-40	6,419,241.45	59	8.56%
40-50	4,878,598.06	56	6.50%
50-60	7,984,667.70	76	10.64%
60-70	8,838,873.41	98	11.78%
70-80	7,764,670.06	99	10.35%
80-90	2,447,987.45	50	3.26%
90-100	1,789,077.46	42	2.38%
100-110	1,040,457.07	25	1.39%
110-120	647,564.35	17	0.86%
120-130	486,388.72	17	0.65%
<b>BCC Pianfei</b>			
0-10	2,290,054.25	18	7.71%
10-20	7,154,004.58	60	24.09%
20-30	3,052,609.90	26	10.28%
30-40	3,343,765.24	35	11.26%
40-50	3,012,084.52	33	10.14%
50-60	2,732,995.04	31	9.20%
60-70	1,883,129.61	25	6.34%
70-80	2,483,455.62	32	8.36%
80-90	1,466,318.81	21	4.94%
90-100	1,451,807.18	21	4.89%
100-110	228,523.32	4	0.77%
110-120	273,383.24	7	0.92%
120-130	325,882.13	9	1.10%
<b>CR Bra</b>			
0-10	14,148,855.54	106	15.75%
10-20	8,070,861.62	73	8.98%
20-30	9,680,954.95	80	10.77%
30-40	9,866,357.83	83	10.98%
40-50	9,280,727.29	77	10.33%
50-60	8,949,200.17	85	9.96%
60-70	7,629,954.53	83	8.49%
70-80	7,696,042.50	100	8.57%
80-90	4,955,900.56	78	5.52%
90-100	2,993,636.80	63	3.33%
100-110	2,917,296.32	56	3.25%
110-120	1,439,332.42	33	1.60%
120-130	772,025.19	19	0.86%
130-140	892,072.47	23	0.99%
140-150	449,642.82	17	0.50%
150-160	74,856.05	5	0.08%
160-170	30,975.85	2	0.03%

## Breakdown of the Portfolios by Months of Residual Maturity

Range (months) Residual Life	Current Outstanding Principal Amount	No of Loan Positions	% of Current Outstanding Principal Amount
<b>Banca Alpi Marittime</b>			
0-20	28,998.23	2	0.04%
20-40	543,696.67	25	0.72%
40-60	1,174,239.76	41	1.56%
60-80	2,122,986.26	51	2.83%
80-100	2,534,309.79	56	3.38%
100-120	4,500,802.22	66	6.00%
120-140	2,823,087.47	41	3.76%
140-160	3,701,945.86	45	4.93%
160-180	9,531,519.21	93	12.70%
180-200	4,002,609.59	39	5.33%
200-220	3,505,889.93	32	4.67%
220-240	4,037,555.44	40	5.38%
240-260	1,350,317.03	11	1.80%
260-280	3,573,500.57	23	4.76%
280-300	4,603,731.92	34	6.14%
300-320	5,938,352.20	49	7.91%
320-340	7,246,036.43	52	9.66%
340-360	13,815,067.66	97	18.41%
<b>BCC Pianfei</b>			
20-40	114,635.46	3	0.39%
40-60	420,195.24	10	1.41%
60-80	963,869.87	21	3.25%
80-100	2,053,360.36	33	6.91%
100-120	1,816,478.78	32	6.12%
120-140	1,451,818.05	21	4.89%
140-160	1,994,264.07	28	6.72%
160-180	4,505,187.19	45	15.17%
180-200	3,168,563.85	30	10.67%
200-220	2,931,875.52	22	9.87%
220-240	2,709,558.12	27	9.12%
240-260	1,043,693.60	8	3.51%
260-280	1,441,224.15	8	4.85%
280-300	2,914,441.73	20	9.81%
300-320	531,156.84	3	1.79%
320-340	227,461.97	2	0.77%
340-360	1,410,228.64	9	4.75%
<b>CR Bra</b>			
0-20	189,169.55	12	0.21%
20-40	1,593,465.49	54	1.77%
40-60	1,873,953.83	52	2.09%
60-80	2,997,699.01	70	3.34%
80-100	3,499,296.69	63	3.89%
100-120	5,414,397.91	91	6.03%
120-140	5,536,070.30	66	6.16%
140-160	5,272,385.13	77	5.87%

160-180	8,552,137.83	97	9.52%
180-200	6,402,860.17	58	7.13%
200-220	6,614,500.33	56	7.36%
220-240	12,632,837.65	94	14.06%
240-260	6,617,649.42	46	7.37%
260-280	6,552,749.69	43	7.29%
280-300	6,967,603.16	44	7.75%
300-320	2,286,670.53	18	2.55%
320-340	2,715,361.77	16	3.02%
340-360	4,129,884.45	26	4.60%

### Breakdown of the Portfolios by Geographical Area of the Debtors

Region	Current Outstanding Principal Amount	No of Loan Positions	% of Current Outstanding Principal Amount
<b>Banca Alpi Marittime</b>			
Liguria	4,891,156.86	47	6.52%
Lombardia	193,993.46	2	0.26%
Piemonte	69,768,622.83	746	92.98%
Toscana	64,341.04	1	0.09%
Veneto	116,532.05	1	0.16%
<b>BCC Pianfei</b>			
Calabria	275,425.89	2	0.93%
Campania	210,188.52	1	0.71%
Lazio	50,098.24	1	0.17%
Liguria	9,105,011.89	86	30.66%
Lombardia	138,835.49	1	0.47%
Piemonte	19,622,640.40	230	66.07%
Toscana	295,813.01	1	1.00%
<b>CR Bra</b>			
Liguria	518,328.57	5	0.58%
Lombardia	323,301.08	5	0.36%
Piemonte	88,609,820.56	971	98.62%
Sardegna	339,791.65	1	0.38%
Veneto	57,451.05	1	0.06%

## Breakdown of the Portfolios by Geographical Area of the Property

Region	Current Outstanding Principal Amount	No of Loan Positions	% of Current Outstanding Principal Amount
<b>Banca Alpi Marittime</b>			
Liguria	4,604,570.66	45	6.14%
Lombardia	193,993.46	2	0.26%
Piemonte	70,006,625.73	747	93.30%
Sardegna	48,583.30	1	0.06%
Toscana	64,341.04	1	0.09%
Veneto	116,532.05	1	0.16%
<b>BCC Pianfei</b>			
Calabria	91,475.61	1	0.31%
Lazio	50,098.24	1	0.17%
Liguria	9,712,641.77	89	32.70%
Lombardia	207,643.94	2	0.70%
Piemonte	19,340,340.87	228	65.12%
Toscana	295,813.01	1	1.00%
<b>CR Bra</b>			
Emilia Romagna	150,960.60	2	0.17%
Liguria	2,928,260.72	25	3.26%
Lombardia	471,539.25	4	0.52%
Piemonte	85,669,802.11	947	95.35%
Puglia	61,039.96	1	0.07%
Sardegna	426,905.37	2	0.48%
Valle d'Aosta	82,733.85	1	0.09%
Veneto	57,451.05	1	0.06%

## THE ORIGINATORS

### **BANCA ALPI MARITTIME CREDITO COOPERATIVO CARRÙ SOCIETÀ COOPERATIVA PER AZIONI**

#### **Historical Background and Description of Banca Alpi Marittime Credito Cooperativo Carrù Società Cooperativa per Azioni ("Banca Alpi Marittime")**

Banca Alpi Marittime is based in the Carrù (provincia of Cuneo) and was incorporated on 4 June 1899 initially under the corporate name of "Cassa Rurale di prestiti del Mandamento di Carrù" - Società cooperativa in nome collettivo. The main objective of the initial founders was to facilitate the development of agricultural and craftsmanship activities of the local area.

Over the years Banca Alpi Marittime has grown and expanded its outreach including neighbouring areas of the region of Liguria and adopted its current corporate denomination in 1998. At present, in addition to the province of Cuneo, Banca Alpi Marittime is active also in Torino and Savona.

At it is customary for cooperative banks, distinctive elements of the bank's activity are:

- Provision of services mainly towards shareholders, with whom the bank tends to develop an ongoing relationship;
- Equality of treatment to shareholders in the general meetings, since each shareholder has the right to cast only one vote, regardless of the number of shares held;
- Exemption from corporate tax of the bank's profit allocated to non-distributable reserves.

Banca Alpi Marittime provides traditional banking services mainly to individuals and small and medium sized companies in its area of activity through 16 branches in the provinces of Cuneo and Torino as well as in the province of Savona.

#### **Ownership and Share Capital**

Banca Alpi Marittime currently has approximately 7,000 shareholders and each shareholders has the right to cast one vote regardless of the number of shares owned.

The shareholders' base reflects the economic context of the area in which the bank operates since following the reform of the Banking Act of 1993 removed the limitation to accept as shareholders only farmers and craftsmen. The table below outlines the breakdown by age of the bank's shareholders as of 31 December 2010.

AGE	N. OF SHAREHOLDERS AS OF 31-12-2010	%
TOTAL	6,026	100%
Up to 30	950	16%
From 30 to 40	952	16%
From 40 to 50	1,239	21%
From 50 to 65	1,553	26%
From 65 to 75	854	14%
Older than 75	478	8%

As of 31 December 2010 the share capital of Banca Alpi Marittime was equal to Euro 5,604,606.

### Management and Board of Directors

Banca Alpi Marittime is managed by a Board of Directors which is formed by a minimum of nine and a maximum of eleven members, depending on the decisions of the General Meeting.

The Board of Directors has the power to appoint an Executive Committee, formed by a minimum of three and a maximum of five members, including by right the Chairman of the Board of Directors, who chairs the Committee, in addition to two or four members of the Board of Directors.

The members of the Board of Directors and of the Executive Committee as of 31 December 2010 were:

Name	Role within Banca Alpi Marittime Credito Cooperativo Carrù Società Cooperativa per Azioni
Giovanni Cappa*	Chairman
Domenico Massimino*	Vice President
Adriano Bottero	Director
Giovanni Bracco	Director
Fabrizio Clerico	Director
Gian Pietro Gasco	Director
Pierluigi Gonella	Director
Aldo Morra*	Director
Carlo Navello*	Director

\* members of the Executive Committee

The Board of Statutory Auditors includes three Statutory Auditors, which are appointed by the General Meeting.

The table below outlines the members of the Board of Statutory Auditors as of 31.12.2010:

Name	Role within Banca Alpi Marittime Credito Cooperativo Carrù Società Cooperativa per Azioni
Leonardo Garesio	Chairman of the Board of Statutory Auditors
Edoardo Fea	Standing Auditor
Carlo Bogetto	Standing Auditor
Massimo Troia	Alternate Auditor
Daniele Robaldo	Alternate Auditor

The General Manager is Mr. Carlo Ramondetti and pursuant to the provisions of the bank's By-Laws is the head of human resources, oversees the organizational structure of the bank and exercises the powers and authorities provided for in the bank's By-Laws, internal regulations and authorities approved by the Board of Directors.



## Financial Highlights

The following tables set out key financial highlights in relation to the years 2008 to 2010 (all figures in Eur / '000).

	2008	2009	% change*	2010	% change*
Loans to customers	452,663	549,650	21.43	720,486	31.08
Deposits from customers	623,632	665,722	6.75	815,801	22.54
Indirect customer deposits	455,305	454,009	-0.28	442,698	-2.49
Total intermediated assets	1,533,608	1,671,390	8.98	1,980,995	18.52

\* with respect to the previous year

## Profit & Loss

	2008	2009	% change *	2010	% change*
Interest Margin	14,791	14,853	+0.42%	16,960	+16,30%
Net Intermediation Margin	18,380	19,002	+3.39%	21,974	+15,64%
Operating Costs	-14,767	-14,553	-1.45%	-15,368	+5,60%
Earnings before Tax	672	1,935	+187.95%	1,997	+3,18%
Net Profit	291	1,273	+337.46%	1,275	+0,18%

\* with respect to the previous year

## Net Worth and Regulatory indicators

	2008	2009	2010
Base Net Worth	33,469	38,039	43,809
Supplementary Net Worth	19,703	19,444	29,428
Regulatory Capital	53,172	57,483	73,237
Internal Capital – 1st Pillar risks	41,978	51,178	52,405
Internal Capital – 2nd Pillar risks	3,074	3,835	3,975
Total Internal Capital	45,052	55,013	56,380
Excess Capital	8,119	2,471	16,857
Tier I capital ratio	6.38%	5.95%	6.69%
Total capital ratio	10.13%	8.99%	11.18%

The information contained herein relates to Banca Alpi Marittime Credito Cooperativo Carrù Società Cooperativa per Azioni and has been obtained from it. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by Banca Alpi Marittime Credito Cooperativo Carrù Società Cooperativa per Azioni, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **BANCA DI CREDITO COOPERATIVO DI PIANFEI E ROCCA DE' BALDI**

### **Historical Background and Description of Banca di Credito Cooperativo di Pianfei e Rocca de' Baldi**

Banca di Credito Cooperativo di Pianfei e Rocca de' Baldi ("**BCC Pianfei**") is based in the municipality of Pianfei (province of Cuneo, in Piedmont) and operate also in the province of Savona (Liguria).

BCC Pianfei's origins date back to the 1950s through the opening of two separate rural banks, Cassa Rurale e Artigiana di Pianfei and Cassa Rurale e Artigiana di Rocca de' Baldi. The two banks developed independently until 1996 when they merged to form BCC Pianfei.

As it is customary for cooperative banks, distinctive elements of the bank's activity are:

- Provision of services mainly towards shareholders, with whom the bank tends to develop an ongoing relationship;
- Equality of treatment to shareholders in the general meetings, since each shareholder has the right to cast only one vote, regardless of the number of shares held;
- Exemption from corporate tax of the bank's profit allocated to non-distributable reserves.

BCC Pianfei provides traditional banking services mainly to individuals and small and medium sized companies in its area of activity through 12 branches in the provinces of Cuneo and Savona.

### **Ownership and Share Capital**

BCC Pianfei has about 5,000 shareholders, up from less than 2,000 in year 2000 and each shareholder has the right to cast one vote regardless of the number of shares owned. The shareholders' base reflects the economic context of the area in which the bank operates since following the reform of the Banking Act of 1993 removed the limitation to accept as shareholders only farmers and craftsmen.

The table below outlines the breakdown by age of the bank's shareholders as of 31 December 2010.

<b>AGE</b>	<b>N. OF SHAREHOLDERS AS OF 31-12-2010</b>	<b>%</b>
TOTAL	4277	100.00
Up to 30	471	11.01
From 30 to 40	547	12.79
From 40 to 50	933	21.82
From 50 to 65	1446	33.81
From 65 to 75	776	18.14
Older than 75	104	2.43

As of 31 December 2010 the share capital of BCC Pianfei was equal to Euro 1,150,920.

### **Management and Board of Directors**

BCC Pianfei is managed by a Board of Directors which is formed by a minimum of nine and a maximum of thirteen members, depending on the decisions of the General Meeting.

The Board of Directors has the power to appoint an Executive Committee, formed by a minimum of three and a maximum of five members, including by right the Chairman of the Board of Directors, who chairs the Committee, in addition to two members of the Board of Directors.

The members of the Board of Directors and of the Executive Committee as of 31 december 2010 were:

<b>Name</b>	<b>Role within Banca di Credito Cooperativo di Pianfei e Rocca de' Baldi</b>
Blangetti Paolo (*)	Chairman
Carlevarino Giovanni (*)	Alternate Vice Chairman
Salvagno Giovanni (*)	Vice Chairman
Tassone Lorenzo (*)	Director
Longo Fabrizio (*)	Director
Massimino Oreste	Director
Bagnasco Federica	Director
Tarditi Marco	Director
Garelli Alberto	Director

\* Members of the Executive Committee

The Board of Statutory Auditors includes three Statutory Auditors, which are appointed by the General Meeting.

The table below outlines the members of the Board of Statutory Auditors as of 31.12.2010:

<b>Name</b>	<b>Role within Banca di Credito Cooperativo di Pianfei e Rocca de' Baldi</b>
Elio Cuminetti	Chairman of the Board of Statutory Auditors
Gian Mauro M. Cardone	Standing Auditor
Vincenzo Quaglia	Standing Auditor
Antonello Allocco	Alternate Auditor
Alberto Rabbia	Alternate Auditor

The General Manager is Mr. Sergio Rabbia and the Vice General Manager is Mr. Giampiero Garelli. Pursuant to the provisions of the bank's By-Laws the General Manager is the head of human resources, oversees the organizational structure of the bank and exercises the powers and authorities provided for in the bank's By-Laws, internal regulations and authorities approved by the Board of Directors and ensures the implementation of the strategic and operational targets set by the Board of Directors.

### **Financial Highlights**

The table below set out key financial highlights in relation to the years 2008 to 2010 (all figures in Eur / '000):

## Volumes

	2008	2009	Change %*	2010	Change %*
Loans to customers	214,692	252,143	+17.4	297,800	+18.1
Deposits from customers	284,665	330,616	+16.1	338,473	+2.4
Indirect deposits	206,972	215,656	+4.2	214,239	-0.7
Total intermediated assets	706,329	798,415	+13.0	850,512	+6.5

\* With respect to the previous year

## Profit & Loss

	2008	2009	Change %*	2010	Change %*
Interest Margin	9,235	7,323	-20.7	7,176	-2.0
Intermediation Margin	11,445	10,589	-7.5	10,253	-3.2
Operating costs	8,803	8,592	-2.4	8,518	-0.9
Earnings before tax	2,297	1,657	-27.8	578	-65.1
Net Profit	1,634	1,121	-31.4	161	-85.6

\* With respect to the previous year

## Net Worth and Regulatory capital indicators

	2008	2009	2010
Base Net Worth	32,059	33,677	34,491
Supplementary Net Worth	177	221	177
Regulatory Capital	32,236	33,898	34,668
Internal Capital – 1st Pillar risks	17,845	20,693	24,959
Internal Capital – 2nd Pillar risks	1,076	2,928	1,494
Total Internal Capital	18,921	23,621	26,453
Excess Capital	13,315	10,277	8,215
Tier I capital ratio	14.37%	13.02%	11.06%
Total capital ratio	14.45%	13.11%	11.12%

The information contained herein relates to BCC Pianfei and has been obtained from it. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by BCC Pianfei, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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## CASSA DI RISPARMIO DI BRA

### Historical Background and Description of Cassa di Risparmio di Bra

Cassa di Risparmio di Bra ("**CR Bra**") was established in July 1842 by Monte di Pietà of the city of Bra and its mission was originally to receive deposits from farmers, craftsmen and families. Over the years and following the geographical expansion of CR Bra, Monte di Pietà braidese was absorbed by CR Bra.

On 24 december 1991 CR Bra, which had the nature of a public nature credit institution, was transformed into a *società per azioni* and the banking activity was allocated to CR Bra, while the Fondazione Cassa di Risparmio di Bra maintained its nature of public institution, and manages its shareholding into CR Bra in order to pursue public interests mainly in the sectors of scientific research, education, the arts and healthcare.

CR Bra provides traditional banking provides traditional banking services mainly within the region of Piedmont, where it is headquartered, through 16 branches in the province of Cuneo, 3 branches in the province of Asti, 3 in the province of Torino and 3 in the province of Alessandria.

### Ownership and Share Capital

The share capital of CR Bra is equal to Euro 20.8 million, represented by n. 40 million shares having a face value of Eur 0.52 each and is held as follows:

Fondazione Cassa di Risparmio di Bra	68.98%
Banca Popolare dell'Emilia Romagna	31.02%

### Management and Board of Directors

CR Bra is managed by a Board of Directors which is formed by a minimum of eleven and a maximum of thirteen members, depending on the decisions of the General Meeting.

The Board of Directors has the power to appoint an Executive Committee, formed by a minimum of six and a maximum of eight members, including by right the Chairman of the Board of Directors, who chairs the Committee.

The members of the Board of Directors and of the Executive Committee as of 31 December 2010 were:

Name	Role within di Cassa di Risparmio di Bra S.p.A.
Francesco Guida *	Chairman
Alberto Di Caro *	Vice Chairman
Luigi Giuseppe Barbero *	Director
Franco Bonferroni	Director
Guglielmo Bruno *	Director
Pierpio Cerfogli	Director
Cesare Agnelli	Director

Pierpaolo Pessina	Director
Giacomo Pirra *	Director
Carlo Rista *	Director
Giuseppe Rosciano*	Director
Dario Rolfo	Director

\* *Members of the Executive Committee*

The Board of Statutory Auditors includes three Statutory Auditors (and two Alternate Auditors), which are appointed by the General Meeting.

The table below outlines the members of the Board of Statutory Auditors as of 31.12.2010:

Name	Role within Cassa di Risparmio di Bra S.p.A.
Francesco Ardino	Chairman of the Board of Statutory Auditors
Riccardo Oricco	Standing Auditor
Marzio Ciravegna	Standing Auditor
Maria Luisa Mascarello	Alternate Auditor
Daniela Bordino	Alternate Auditor

- The General Manager is Mr. Arturo Arpellino, while the Vice General Manager is Mr. Paolo Cerruti.

Pursuant to the provisions of the By-Laws the General Manager is the head of human resources, oversees the organizational structure of the bank and exercises the powers and authorities provided for in the bank's By-Laws, internal regulations and authorities approved by the Board of Directors. The General Manager also ensures the implementation of the strategic and operational targets set by the Board of Directors.

### Financial Highlights

The table below set out key financial highlights in relation to the years 2008 to 2010 (all figures in Eur / '000):

#### Volumes

	2008	2009	Chg. %*	2010	Chg. %*
Loans to customers	730,416	745,439	2.06%	886,765	18.96%
Deposits from customers	793,720	834,439	5.13%	917,479	9.95%
Indirect customer deposits	415,636	417,766	0.51%	468,668	12.18%
<b>Total intermediated assets</b>	<b>1,939,772</b>	<b>1,997,644</b>	<b>2.98%</b>	<b>2,272,912</b>	<b>13.78%</b>

\* *With respect to the previous year*

#### Profit & Loss

	2008	2009	Chg. %*	2010	Var. %*
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Interest Margin	23,197	16,361	-29,47%	17,409	6.41%
Intermediation Margin	28,201	22,679	-19,58%	24,605	8.49%
Operating costs	19,794	19,091	-3.55%	19,211	0.63%
Gross Operating Margin	8,407	3,588	-57.32%	5,394	50.33%
Operating Profit	5,030	1,380	-72.56%	2,439	76.74%
Earnings before tax	5,031	1,354	-73.09%	4,950	265.58%
Net Profit	2,810	514	-81.71%	2,730	431.13%

\* With respect to the previous year

#### Net Worth and Regulatory Capital indicators

	2008	2009	2010
Base Net Worth	53,911	55,019	53,974
Supplementary Net Worth	12,894	12,590	22,983
<b>Regulatory Capital</b>	<b>66,805</b>	<b>67,609</b>	<b>76,957</b>
Internal Capital – 1st Pillar risks	54,673	58,222	68,317
Internal Capital – 2nd Pillar risks	6,718	3,176	4,162
<b>Total Internal Capital</b>	<b>61,391</b>	<b>61,398</b>	<b>72,479</b>
Excess Capital	5,414	6,211	4,478
<b>Tier I capital ratio</b>	<b>7.89%</b>	<b>7.56%</b>	<b>6.32%</b>
<b>Total capital ratio</b>	<b>9.77%</b>	<b>9.29%</b>	<b>9.01%</b>

The information contained herein relates to CR Bra and has been obtained from it. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by CR Bra, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## COMPLIANCE WITH ARTICLE 122A OF THE CRD

In the Intercreditor Agreement, each of the Originators has undertaken to the Noteholders and the Representative of the Noteholders that it will retain at the origination and maintain on an ongoing basis a material net economic interest of at least 5% in the Transaction (calculated for each Originator with respect to the Claims comprised in the relevant Portfolio which has been transferred to the Issuer) in accordance with option (d) of Article 122a of the CRD or any permitted alternative method thereafter and provide adequate disclosure to the Noteholders in accordance with such Article 122a of the CRD.

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

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

In particular, in accordance with the Intercreditor Agreement each of the Originators has undertaken that any of such information:

- (a) on the Issue Date, will be included in the following sections of the Prospectus "*The Portfolios*", "*Risk Factors*", "*Transaction Summary Information*", "*Collection Policy and Recovery Procedures*", "*Description of the Servicing Agreement and the Back-up Servicing Agreement*", "*Description of the Warranty and Indemnity Agreement*"; and
- (b) following the Issue Date, on a semi-annually basis, will:
  - (i) on each Investors' Report Date, be included in the Investor's Report issued by the Computation Agent, which will (a) contain, *inter alia*, (i) statistics on prepayments, Arrear Claims, Defaulted 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 (iv) information on the renegotiation transactions carried out by each Servicer pursuant to the Servicing Agreement, and (v) information on the material net economic interest (of at least 5%) in the Transaction (calculated for each Originator with respect to the Claims comprised in the relevant Portfolios which have been transferred to the Issuer) maintained by the Originators in accordance with option (d) of Article 122a or any permitted alternative method thereafter; (b) be generally available to the Noteholders and prospective investors at the offices of the Principal Paying Agent and on the Computation Agent's web sites on <https://gctinvestorreporting.bnymellon.com/Home.jsp> and [www.accountingpartners.it](http://www.accountingpartners.it);
  - (ii) with reference to loan by loan information regarding each Mortgage Loan included in the Portfolios, be made available, upon request;
  - (iii) with reference to the further information which from time to time may be deemed necessary under Article 122a 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 Intercreditor Agreement 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 SWAP COUNTERPARTY

Banca IMI S.p.A., or with short name, IMI S.p.A. ("**Banca IMI**") is incorporated as a joint stock company (*Società per Azioni* or S.p.A) under the laws of the Republic of Italy. It is the result of various reorganisations and mergers, the most recent of which is the merger by incorporation of the entity formerly known as Banca IMI S.p.A., investment bank of the formerly known Sanpaolo IMI banking group, into Banca Caboto S.p.A., investment bank of the formerly known Banca Intesa banking group, who changed its name to Banca IMI S.p.A. upon the merger. Such merger became effective on 1 October 2007 (the "**Merger**").

Originally, Banca IMI was composed of the securities houses operating respectively under the name of Caboto Sim - Società di Intermediazione Mobiliare S.p.A. and Caboto Società di Intermediazione Mobiliare S.p.A. subsequently merged into an incorporating entity named Banca Primavera S.p.A., which changed its name to Banca Caboto S.p.A. and became a bank on 1 January 2004. The Merger has been a part of the reorganization process which involved the formerly known Banca Intesa and Sanpaolo IMI banking groups whose parent companies, formerly named Banca Intesa S.p.A. and Sanpaolo IMI S.p.A., merged with effect as of 1 January 2007 and changed name to Intesa Sanpaolo S.p.A.

Banca IMI registered office is located in Milan at Largo Mattioli 3, Italy and it is registered in the companies register of Milan under No. 04377700150 and with Bank of Italy pursuant to article 13 of the Consolidated Banking Act under No. 5570.

Banca IMI is a fully owned (100 per cent.) subsidiary of Intesa Sanpaolo S.p.A. and is subject to the direction and co-ordination of Intesa Sanpaolo S.p.A. The Intesa Sanpaolo banking group is a full service Italian banking group that provides a wide range of retail and commercial banking and other financial services.

Banca IMI's activities focus on Capital Markets, Capital Management, Structured Finance and Investment Banking. Its activities are carried out in co-ordination with the Corporate and Investment Banking Division of the parent company Intesa Sanpaolo S.p.A.

The business organizational structure of Banca IMI is composed of four macro divisions: Capital Markets whose core business includes, *inter alia*, securities brokerage and trading services on behalf of clients, specific advisory to companies, banks and financial institutions relating to the management of the financial risks, assistance to banks and financial institutions relating to the structuring of investment instruments addressed to retail investors, indexed linked bonds, structured instruments, index linked policies, activity of specialist of Italian sovereign instruments and market maker of Italian sovereign instruments and of the main Italian and European bonds and derivative instruments listed on regulated markets.

Capital Management core business includes, *inter alia*, treasury, portfolio investment functions and issuances of instruments.

Structured Finance core business includes, *inter alia*, the offering of services and products of Leveraged & Acquisition Finance, Project Financing, Real Estate, Securitization and Special Financing.

Investment Banking core business includes transactions of placement of capital stocks and bonds of new issuance (such as investment grade and high yield bonds), hybrid instruments (such as convertible bonds) as well as advisory about Mergers & Acquisitions and generally advisory through the promotion, development and execution of the main merger, acquisition, spin off and restructuring transactions.

Banca IMI is rated Aa3 by Moody's Investors Service, Inc., A+ by S&P and AA- by Fitch Ratings.

The information contained herein with respect to Banca IMI and the Intesa Sanpaolo banking group relates to and has been obtained from Banca IMI. Delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Banca IMI or the Intesa Sanpaolo banking group since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

## **THE OPERATING BANK, THE PRINCIPAL PAYING AGENT, THE TRANSACTION BANK, THE BACK UP COMPUTATION AGENT AND THE CUSTODIAN BANK**

(i) The Bank of New York Mellon (Luxembourg) S.A., Italian Branch, and (ii) The Bank of New York Mellon, London Branch, shall act, respectively, as (i) Operating Bank, Principal Paying Agent and Transaction Bank and (ii) Custodian Bank and Back Up Computation Agent pursuant to the Cash Administration and Agency Agreement.

## **THE OPERATING BANK, THE PRINCIPAL PAYING AGENT AND THE TRANSACTION BANK**

The Bank of New York Mellon (Luxembourg) S.A. (hereinafter "**BNYML**") is an indirect wholly owned subsidiary of The Bank of New York Mellon ("**BNYM**") Corporation Inc. BNYML's shareholders are BNYM International Financing Corporation and BNYM Foreign Holdings, Inc., both incorporated under the Laws of the United States of America. BNYML was formed on December 15, 1998 before Maître Joseph Elvinger, notary, as a public limited company ("*Société Anonyme*") under Luxembourg law. BNYML is registered in the "Registre de Commerce et des Sociétés à Luxembourg" with the number B 67654. The object of BNYML is the undertaking of all banking and savings activities pursuant to Article 1 of the Law of April 5, 1993 relating to the financial sector, as amended from time to time, and more particularly to receive deposits of cash, securities and other assets, to extend credits in any form whatsoever, to conclude any transactions relating to securities, precious metals, to enter into any fiduciary arrangements, to provide financial and administrative services as well as to hold such interests in other companies and to perform such other operations as will permit to achieve the object as described above or as in incidental thereto. Following the merger of The Bank of New York Company Inc. and Mellon Financial Corporation in July 2007 and the alignment of legal entities names, The Bank of New York (Luxembourg) S.A. changed its name to The Bank of New York Mellon (Luxembourg) S.A., with effect from 29th May 2009 following regulatory approval. As a result, the Italian branch changed its name to The Bank of New York Mellon (Luxembourg) S.A.- Succursale Italiana.

## **THE CUSTODIAN BANK AND THE BACK UP COMPUTATION AGENT**

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

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

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100

markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$23 trillion in assets under custody and administration and more than \$1.1 trillion in assets under management. Additional information is available at [bnymellon.com](http://bnymellon.com).

The information contained in this paragraph relates to each of The Bank of New York Mellon, London Branch and The Bank of New York Mellon (Luxembourg) S.A., Italian Branch and has been obtained from it. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by each of The Bank of New York Mellon, London Branch and The Bank of New York Mellon (Luxembourg) S.A., Italian Branch, no facts have been omitted which would render the reproduced information inaccurate or misleading. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of each of The Bank of New York Mellon, London Branch and The Bank of New York Mellon (Luxembourg) S.A., Italian Branch since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.

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

Without prejudice to clause 6.7.4 of the Cash Administration and Agency Agreement, the appointment of each of the Agents shall terminate (in accordance with article 1456 of the Italian civil code) or be revoked (as applicable under Italian law) upon receipt of a 5 (five) Business Days notice by the Issuer, subject to the Issuer receiving the prior written consent of the Representative of the Noteholders), if (a) such Agent becomes incapable of acting also in light of the provision of article 2, paragraph 6, of the Securitisation Law or in relation to the Operating Bank, the banking license granted to it pursuant to article 14 of the Consolidated Banking Act has been withdrawn or suspended; or (b) such Agent becomes unable to pay its debts as they fall due; or (c) such Agent takes any action for a readjustment or deferment of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors; or (d) an order is made or an effective resolution is passed for the winding-up of such Agent; or (e) any event occurs which has an analogous effect to any of the foregoing; or (f) with regard to the Principal Paying Agent, the Transaction Bank, the Custodian Bank and the Operating Bank, it ceases to be an Eligible Institution; or (g) a just cause (*giusta causa*) occurs.

In the event that (i) each of Agents gives notice of its resignation in accordance with clause 13.1 of the Cash Administration and Agency Agreement, (ii) the Issuer revokes the appointment of each of the Agents in accordance with clauses 13.2 and 13.3 of the Cash Administration and Agency Agreement and (iii) by the tenth day before the expiry of such notice, a successor Agent has not been duly appointed in accordance with clause 13.4 of the Cash Administration and Agency Agreement, the resigning Agent may, following the consultation with the Issuer and the Representative of the Noteholders as is practicable in the circumstances, to appoint, in the name of the Issuer, as its successor any reputable and experienced financial institution, which, in the case of the Principal Paying Agent, the Operating Bank, the Transaction Bank and the Custodian Bank shall qualify as an Eligible Institution and shall give notice of such appointment to the Issuer, the Representative of the Noteholders and the remaining Agents, whereupon the Issuer, the remaining Agents and such

Successor shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form *mutatis mutandis* of the Cash Administration and Agency Agreement.

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

Bank of New York Mellon, London Branch (the "**Back Up Computation Agent**") has been appointed by the Issuer under the Cash Administration and Agency Agreement to act as Back Up Computation Agent pursuant to the terms and conditions of the Transaction Documents. In case the Computation Agent fails to deliver the Payments Report in accordance with clause 6.3 of the Cash Administration and Agency Agreement, the Back Up Computation Agent shall prepare such Payments Report in accordance with the provisions of clauses 6.3 and 6.7 of the Cash Administration and Agency Agreement and shall deliver it to the entities specified in clause 6.3.1 of the Cash Administration and Agency Agreement not later than the third Business Day before the immediately following Payment Date.

Starting from the Payment Date immediately following the Payment Date on which the Back Up Computation Agent has delivered the Payments Report pursuant to the Cash Administration and Agency Agreement, the Back Up Computation Agent shall permanently replace the Computation Agent and shall accede to the Cash Administration and Agency Agreement as new computation agent of the Transaction, and all the provisions and obligations of the Cash Administration and Agency Agreement which apply to the Computation Agent shall be applied and binding to the Back Up Computation Agent.

## THE COMPUTATION AGENT

Accounting Partners S.r.l. ("**Accounting Partners**") is a company incorporated in Italy specialized in providing services in the securitisation sector, particularly in the accounting management of SPVs (Corporate Administrator) and various agency roles within securitisation transactions (Calculation Agent, Representative of Noteholders). Accounting Partners manages today more than 20 securitisation SPVs with portfolio across a wide range of asset classes (mortgage loans, consumer loans, leasing and trade receivables).

Accounting Partners also provides outsourced administrative, accounting and back office services to financial intermediaries both during the start-up phase and during later phases of their development. The firm registered offices are located in Corso Re Umberto, 8 and also operates through the office located at Via Statuto, 10 in Milan. Accounting Partners is a member firm of ASSOSIM.

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

As Computation Agent, Accounting Partners S.r.l., agrees to perform the obligations required to be performed by itself or the Issuer under Condition 5.1 (*Payment Dates and Interest Periods*), Condition 5.3.2 (*Determination of the Interest Rate, calculation of the Interest Amount, the Single Series Class B Notes Interest Amount and Single Series Class B Notes Additional Interest Payment Amount*) and Condition 6.8 (*Principal Payments and Principal Amount Outstanding*) and under the Cash Administration and Agency Agreement. In particular, the Computation Agent to the extent required under and as provided for in the Conditions and the Cash Administration and Agency Agreement:

on each Calculation Date, shall determine:

- (a) the amount of the Issuer Available Funds and the Available Class A Notes Redemption Funds;
- (b) the Principal Amount Outstanding of each Class of Notes on the next following Payment Date (after deducting any principal payment due to be made on the Notes on that Payment Date);
- (c) with respect to each Series of Class B Notes, the amount of the relevant Single Series Class B Notes Interest Amount;
- (d) with respect to each Series of Class B Notes, the amount of the relevant Single Series Class B Notes Additional Interest Payment Amount;
- (e) with respect to each Portfolio: (i) the relevant Single Portfolio Amortised Principal and Single Portfolio Available Funds (if any); (ii) the relevant Single Portfolio Class A Notes Principal Amount Outstanding, Single Portfolio Class A Notes Principal Payment Amount; (iii) the Single Series Available Class B Notes Redemption Funds;
- (f) the amount of the Principal Amortisation Reserve Amount, the Detrimental Reserve Amount (if any) or the Single Portfolio Detrimental Reserve Amount (if any), the Target Cash Reserve Amounts, each Cash Reserve Amortisation Amount (if any), each Cash Reserve Excess and the

amount of each Cash Reserve that shall be utilized to augment the Issuer Available Funds and the Single Portfolio Available Funds; Any calculation in respect of the Cash Reserves shall be made by the Computation Agent in accordance with clause 14 of the Cash Administration and Agency Agreement;

- (g) all payments due to be done by the Issuer on the immediately following Payment Date and, within the Payments Report Date, deliver to the Issuer, the Corporate Services Provider, the Representative of the Noteholders, the Servicers, the Operating Bank, the Back Up Computation Agent, the Transaction Bank, the Custodian Bank, the Principal Paying Agent, the Swap Counterparty, the Rating Agencies, the Back-Up Servicer Facilitator and the Irish Listing Agent a payments report setting out all such payments and the occurrence of any Cross Collateral Event; substantially in the form attached under schedule 1 of the Cash Administration and Agency Agreement (the "**Payments Report**"),

provided however that, should the Semi-Annual Servicing Report not be provided by any of the Servicers within the third Business Day following the Semi-Annual Servicing Report Date, the Computation Agent shall instruct the Principal Paying Agent through the Payments Report, to apply on the following Payment Dates, the Single Portfolio Available Funds or the Issuer Available Funds (as the case may be) resulting from (i) the statements of accounts issued with respect to each of the Accounts at the end of the previous Collection Period, (ii) in relation to the Eligible Investments the report indicated under last paragraph of clause 8.3 of the Cash Administration and Agency Agreement, and (iii) the payments to be made under the Swap Agreement as indicated by the calculation agent under the Swap Agreement, towards payment of item (*First*) to item (*Eighth*) (but excluding items (*Sixth*) and (*Seventh*)) of the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority, as the case may be. On the first Payment Date following receipt of all the Semi-Annual Servicing Reports the Computation Agent shall prepare the Payments Report also taking into account those amounts not correctly applied on the preceding Payment Dates. Each determination by or on behalf of the Issuer of any of the item above, the payment of principal on each Note, the Principal Amount Outstanding of each Note and on each Class of Notes shall in each case (in the absence of willful default, gross negligence, bad faith and manifest error) be final and binding on all persons.

on each Calculation Date, shall verify:

- (a) whether a Disequilibrium Event provided for in Condition 4.2, a Detrimental Event provided for in Condition 4.3 or a Single Portfolio Detrimental Event provided for in Condition 4.4 have occurred as at such Calculation Date;
- (b) that on the following Payment Date and based on the calculations made by it the Trigger Event provided for in Condition 9.1(a)(ii) will not occur; and
- (c) that none of the Cross Collateral Event provided for in Condition 10 (*Cross Collateral Events*) have occurred as at such Calculation Date;
- (d) if the Cash Reserve Release Conditions are met;

furthermore, the Computation Agent shall *inter alia*:

- (a) not later than each Calculation Date, notify the Principal Paying Agent, the Irish Listing Agent, the Representative of the Noteholders, the Security Trustee, the Servicers, the Corporate Services Provider, the Transaction Bank, the Custodian Bank, Monte Titoli (in any such way as might be required by Monte Titoli under its internal regulations or as is customary) and Euroclear, Clearstream and the Irish Stock Exchange of: (i) the amount of Issuer Available Funds or Single Portfolio Available Funds which shall be paid to the Principal Paying Agent on



the relevant date for application to repay principal and interest under the Notes; **(ii)** the amount of interest with respect to each Class of Notes to be paid on the immediately following Payment Date; **(iii)** the amount of any principal payment due to be made on each Class of Notes on the next following Payment Date; and **(iv)** the Principal Amount Outstanding with respect to each Class of Notes after deduction of the payments of principal to be made on the immediately following Payment Date, and publish them in accordance with Condition 13 (*Notices*);

- (b) not later than each Investors Report Date, deliver to the Issuer, the Corporate Services Provider, the Representative of the Noteholders, the Principal Paying Agent, the Rating Agencies, the Servicers and the Irish Listing Agent, an investors report (the "**Investors Report**") substantially in the form attached as schedule 4 of the Cash Administration and Agency Agreement which shall be based on the data contained in the Semi-Annual Servicing Report and which shall include the information described in clause 10.2(b)(i) of the Intercreditor Agreement; the Investors Report shall set forth the performance of the Portfolio and of the Notes and in particular will contain information, *inter alia*, on (i) the Issuer Available Funds (and their application) on the immediately preceding Payment Date (ii) the principal amount outstanding on the Notes before and after the immediately preceding Payment Date and interest accrued and interest actually paid on the Notes in respect of the immediately preceding Payment Date and (iii) details on the collections and unpaid amounts on the Portfolio in the preceding Collection Periods; each Investors Report will be also made available to the Noteholders, the Other Issuer Creditor and the Rating Agencies on a semi-annual basis via the Computation Agent's internet website currently located at [www.accountingpartners.it](http://www.accountingpartners.it). The Computation Agent's website does not form part of the information provided for the purposes of this Offering Circular and disclaimers may be posted with respect to the information posted thereon;
- (c) maintain records of the calculation made by it and make such records available for inspection at all reasonable times by the Issuer, the Servicers, the Representative of the Noteholders and the Security Trustee.

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

The appointment of the Computation Agent shall terminate if **(a)** the Computation Agent becomes incapable of acting as such also in light of the provision of article 2, sixth paragraph of the Securitisation Law; or **(b)** the Computation Agent becomes unable to pay its debts as they fall due; or **(c)** the Computation Agent takes any action for a readjustment or deferment of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors; or **(d)** an order is made or an effective resolution is passed for the winding-up of the Computation Agent; or **(e)** any event occurs which has an analogous effect to any of the foregoing; or **(f)** a cause (*giusta causa*) with respect to the Computation Agent occurs.

## **BACK-UP SERVICER FACILITATOR**

**Zenith Service S.p.A.**, ("**Zenith**") a joint stock company (*società per azioni*), incorporated and organised under the laws of the Republic of Italy, with registered office at Via Guidubaldo Del Monte 61, 00197 - Rome, enrolled with the Companies Registrar of Rome under No. 02200990980, in the general register of financial intermediaries held by the Bank of Italy pursuant to Article 106 of the Banking Act under number 32819, in the special register of financial intermediaries held by the Bank of Italy pursuant to Article 107 of the Banking Act and with a share capital of Euro 1,525,000.

Under the Intercreditor Agreement, Zenith has undertaken to act as Back-Up Servicer Facilitator in order (i) to cooperate with the Issuer in the selection of an entity to be appointed as External Back-up Servicer or as successor back-up servicer and (ii) to cooperate with the Issuer for the appointment of such External Back-up Servicer or successor back-up servicer in accordance with clause 9 of the Servicing Agreement.

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

## COLLECTION POLICY AND RECOVERY PROCEDURES

### BANCA ALPI MARITTIME CREDITO COOPERATIVO CARRU' SOCIETA' COOPERATIVA PER AZIONI

The following Credit and Collection Policy and Recovery Procedures of Banca Alpi Marittime Credito Cooperativo Carru' Societa' Cooperativa per Azioni (BAM).

#### Granting of mortgage loans

##### *Organizational structure*

The analysis and approval of mortgage loan applications is performed within the *Servizio Crediti* department which on the basis of the proposals received from the branches makes its own assessment of the applications before presenting these to the internal approving bodies.

The credit management process also sees the involvement of the Credit Committee, which is formed by the General Manager, the Chief Credit Officer, the Chief Credit Officer and the Head of the Recovery Department.

The relationship between the Bank and its clients starts at the branch level (direct applications represent 100% of the mortgage loans, the Bank does not use brokers).

In respect of each application for a mortgage loan, the officer at the branch:

- (i) analyses the purpose of the loan;
- (ii) collects the documentation in order to verify the credit capacity of the relevant borrower;
- (iii) collects the cadastral documentation (*documentazione catastale*) and any other information necessary to identify the real estate property which will eventually secure the mortgage loan;
- (iv) obtains the underling property appraisal, prepared in respect of the internal policy;
- (v) in case of unsecured loan, obtains other non-real estate guarantees;
- (vi) checks any information collected relating to the relevant borrower in the following databases:
  - (A) "Centrale Rischi Informazioni Finanziarie" (CRIF);
  - (B) "Centrale Rischi della Banca d'Italia";
  - (C) "Cerved" (an external database kept at every Chamber of Commerce);
  - (D) Internal database of the Bank.

##### *Approval process and authorities*

Branches are in charge to collect all necessary information and to complete an Electronic Credit Application. As a general rule the bank gives priority to mortgage loans under the *fondiaro* status and with a loan to value up to 80% and as a residual option looks at loans with higher loan to value and in general to established customers.

The repayment capacity of the potential borrower is determined by means of a review of the following:

- tax documentation – the annual tax declaration: (*CUD – mod. 730* or *Unico*) and the last three pay slips;
- net worth of the applicant and any guarantor;
- the monitoring of external databases (*CRIF, Centrale Rischi* and *Cerved*);
- in the event of commercial loans: financial statements for the three previous years, business plan and company documents, general trend in the sector of activity of the applicant;
- co-borrowers or guarantors incomes are included in the monthly income analysis.

Further requirements for the approval of the application are:

- Real estate valuation from an external appraiser (the external appraisal is required since March 2008, prior to that date the following applied: i) for loans originated up to December 2004 the appraisals were mainly done internally, and ii) since December 2004 the external appraisal has been a requirement for all residential mortgage loans for amounts higher than Euro 100,000);
- Insurance on the mortgaged assets;
- Mortgage registration for an amount in general equal to twice the amount of the mortgage loan.

After completion of the credit application, the file is submitted to the approving bodies. The following approval authority levels are in place within BAM:

cat.	,000	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9
		Board of Directors **	CEO (1)	Executive Committee	General Manager	CCO	Head of recovery Dept.	Branch Manager A	Branch Manager B	Branch Manager C
1	All loans without guarante	unlimited ***	2.000	2.000	200	****	-	25	15	10
2	All loans with guarantee	Unlimited ***	4.000	4.000	300	****	-	50	25	15
3	Mortgages to individuals (80% loan to value) max life 20 years (2)	N.A.	N.A.	N.A.	N.A.	****	-	100	70	70
4	Max amount client	unlimited ***	4.000	4.000	300	****	-	100	70	70

Following approval of the credit application the Credit Department is also in charge of:

- completion of the loan documentation;
- interaction with the branches and all other areas of the bank which need to be involved,;
- filing of all loan and security documents; and
- review of any change to the loan terms requested by the borrower and management of the internal approval process for the same. Any request for changes in the interest rates applicable to a loan are to be approved by the General Manager, while any write off of non performing exposures has to be approved by the Board of Directors after completion of any judicial recovery proceeding.

### **Credit Management and Collections**

The management of the loans and the collections is carried out by BAM in its capacity as Servicer of the Claims.

The Recovery Department (SARC Servizio Andamento e Recupero Crediti) is in charge of these activities.

Main activities are:

1. Monitoring and management of unpaid loans
2. Credit recovery
3. Management of non performing loans

### ***Unpaid Instalments***

The SARC Dept. starts the different actions depending on the status of the unpaid loans and on the basis of additional information collected from both data internal to the bank and data from external databases (such as *Centrale Rischi*). Results from this application are summarised in monthly reports which are supplied to the Executive Committee and to the Board of Directors.

Loans are classified in the following categories:

- *In bonis* (performing): loans that do not show any performance issue;
- *Under observation*: loans which show some indicators or performance not fully in line with expectations and which require particular attention to limit any possible credit risk;
- *Incagli*: exposures showing temporary performance issues, which are expected to be solved within a reasonable time by the borrower itself;
- *Sofferenze* (defaults): exposures towards borrowers in serious economic and financial difficulty, which are not expected to be reversed in a reasonable timeframe.

In case the recovery process does not get any result the SARC Dept. may decide to classify the loan as defaulted (*in sofferenza*). The decision is taken by the Board of Directors.

Depending on the situation BAM may decide to transfer the recovery process to an external lawyer. The selection and appointment of external lawyers is made by the Executive Committee.

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## CASSA DI RISPARMIO DI BRA

**The following Credit and Collection Policy and Recovery Procedures of Cassa di Risparmio di Bra (CR Bra).**

### Granting of mortgage loans

#### *Organizational structure*

The analysis and approval of mortgage loan applications is performed within the *Servizio Crediti* department which on the basis of the proposals received from the branches makes its own assessment of the applications before presenting these to the internal approving bodies.

The activity of the *Servizio Crediti* is performed in the following areas:

- Credit Analysts;
- Back office;
- Special loans;
- Operating management.

The credit management process also sees the involvement of the Credit Committee, which is formed by the General Manager, the Vice General Manager and the Chief Credit Officer.

The relationship between the Bank and its clients starts at the branch level (direct applications represent 100% of the mortgage loans, the Bank does not use brokers).

In respect of each application for a mortgage loan, the officer at the branch:

- (i) analyses the purpose of the loan;
- (ii) collects the documentation in order to verify the credit capacity of the relevant borrower;
- (iii) collects the cadastral documentation (*documentazione catastale*) and any other information necessary to identify the real estate property which will eventually secure the mortgage loan;
- (iv) obtains the underling property appraisal, prepared in respect of the internal policy;
- (v) in case of unsecured loan, obtains other non-real estate guarantees;
- (vi) checks any information collected relating to the relevant borrower in the following databases:
  - (A) "Centrale Rischi Informazioni Finanziarie" (CRIF);
  - (B) "Centrale Rischi della Banca d'Italia";
  - (C) "Cerved" (an external database kept at every Chamber of Commerce);
  - (D) Internal database of the Bank.

#### *Approval process and authorities*

Branches are in charge to collect all necessary information and to complete an Electronic Credit Application. As a general rule the bank gives priority to mortgage loans under the *fondario* status and with a loan to value up to 80% and as a residual option looks at loans with higher loan to value and in general to established customers.

The repayment capacity of the potential borrower is determined by means of a review of the following:

- tax documentation – the annual tax declaration: (*CUD – mod. 730* or *Unico*) and the pay slips;
- net worth of the applicant and any guarantor;
- the monitoring of external databases (*CRIF, Centrale Rischi, and Informazioni Negative and Cerved*);
- in the event of commercial loans: annual balance sheet, business plan and company documents, general trend in the sector of activity of the applicant;
- co-borrowers or guarantors incomes are included in the monthly income analysis.

Further requirements for the approval of the application are:

- Real estate valuation from an external appraiser;
- Insurance on the mortgaged assets;
- Mortgage registration for an amount in general equal to twice the amount of the mortgage loan.

After completion of the credit application, the file is submitted to the approving bodies. The following approval authority levels are in place within CR Bra:

- i) Board of Directors for amounts higher than Euro 6 million;
- ii) Executive Committee for amounts up to Euro 6 million;
- iii) General Manager for amounts up to Euro 500,000;
- iv) Chief Credit Officer for amounts up to Euro 300,000;
- v) Credit Analyst for amounts up to Euro 200,000;
- vi) Branch Manager of Type 1 Branches up to Euro 150,000;
- vii) Branch Manager of Type 2 Branches up to Euro 100,000.

Following approval of the credit application the Loans Back Office department is in charge of:

- completion of the loan documentation;
- interaction with the branches and all other areas of the bank which need to be involved,;
- filing of all loan and security documents; and
- review of any change to the loan terms requested by the borrower and management of the internal approval process for the same.

## **Credit Management and Collections**

The management of the loans and the collections is carried out by CR Bra its capacity as Servicer of the Claims.

### ***Unpaid Instalments***

Each branch receives on a daily basis a list showing all instalments which were overdue the previous day and which have not been paid due. In the event of past due instalments normally the following steps are taken:

- Automatic chaser created by the electronic data processing system after a 15-day delay;
- Autonomous management of the recovery process at the branch level up to 6 monthly unpaid instalments, or 2 quarterly unpaid instalments or 1 semi-annual unpaid instalments;
- Beyond the above mentioned levels and in particularly serious situations (i.e. classification as *sofferenza* within the banking system, unpaid drafts, etc.) the management of the recovery process transfers to the *Funzione Qualità del Credito e Contenzioso* (Credit Quality and Recovery) department.

### ***Recovery process: the role of the Funzione Qualità del Credito e Contenzioso (Credit Quality and Recovery) department***

The department is in charge of monitoring the portion of the credit portfolio not fully performing and to propose the classification of the claims in *incaglio* or *sofferenza*.

The bank utilises a procedure called S.A.R. (*Scheda di Andamento Rapporto*) which provides on an ongoing basis a series of information on the credit relationship and returns a ranking level – the procedure utilises both data internal to the bank and data from external databases (such as *Centrale Rischi*). Results from this application are summarised in monthly reports which are supplied to the Executive Committee and to the Board of Directors.

Loans are classified in the following categories:

- *In bonis* (performing): loans that do not show any performance issue;
- *Under observation*: loans which show some indicators or performance not fully in line with expectations and which require particular attention to limit any possible credit risk;
- *Incagli*: exposures showing temporary performance issues, which are expected to be solved within a reasonable time by the borrower itself;
- *Sofferenze* (defaults): exposures towards borrowers in serious economic and financial difficulty, which is not expected to be reversed in a reasonable timeframe.

The classification of exposures from the ‘under observation’ to the ‘default’ category is proposed by the *Funzione Qualità del Credito e Contenzioso* Department and approved by the General Manager.

Exposures are automatically classified as *incagli* when the unpaid amount exceeds 10% of the total exposure and has been continuing for 270 days.

The department is also in charge of managing the external lawyers managing the legal phase of the recovery process. The selection and appointment of external lawyers is made by the Executive



Committee.

The judicial recovery process for mortgage loans is simplified since the bank already benefits from the necessary security and can start immediately the recovery process. Because of the length of judicial proceedings in general the bank attempts to reach extra-judicial agreements with the borrowers, and the write off of claims is considered only where the recovery process is expected to generate a credit loss and the recovery timing is expected to be particularly long.

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## CREDIT AND COLLECTION POLICY AND RECOVERY PROCEDURES

### BCC PIANFEI E ROCCA DE'BALDI

The following Credit and Collection Policy and Recovery Procedures of BCC Pianfei e Rocca de' Baldi (BCC Pianfei)

#### Granting of mortgage loans

##### *Organizational structure*

The analysis and approval of mortgage loan applications is performed within the *Area Crediti*, which is in charge of credit application process and all the connected activities, the completion of the loan agreements and filing of all the related documentation

The activity of the *Area Crediti* is performed in the following offices:

- Credit Department;
- Completion / Disbursement office;
- Chief Credit officer.

The relationship between the Bank and its clients starts at the branch level (direct applications represent 100% of the mortgage loans, the Bank does not use brokers).

In respect of each application for a mortgage loan, the officer at the branch:

- (i) analyses the purpose of the loan;
- (ii) collects the documentation in order to verify the credit capacity of the relevant borrower;
- (iii) collects the cadastral documentation (*documentazione catastale*) and any other information necessary to identify the real estate property which will eventually secure the mortgage loan (not necessary for loans of amounts lower than Euro 15,000);
- (iv) obtains the underling property appraisal, prepared in respect of the internal policy;
- (v) in case of unsecured loan, obtains other non-real estate guarantees;
- (vi) checks any information collected relating to the relevant borrower in the following databases:
  - (A) "*Centrale Rischi Informazioni Finanziarie*" (CRIF);
  - (B) "*Centrale Rischi della Banca d'Italia*";
  - (C) "*Cerved*" (an external database kept at every Chamber of Commerce);
  - (D) Internal database of the Bank.

### ***Approval process and authorities***

Branches are in charge to collect all necessary information and to complete the Credit Application.

The repayment capacity of the potential borrower is determined by means of a review of the following:

- tax documentation – the annual tax declaration: (*CUD – mod. 730* or *Unico*) and the pay slips;
- net worth of the applicant and any guarantor;
- the monitoring of external databases (*CRIF, Centrale Rischi, Cerved*);
- in the event of commercial loans: annual balance sheet, business plan and company documents, general trend in the sector of activity of the applicant;
- co-borrowers or guarantors incomes are included in the monthly income analysis.

Further requirements for the approval of the application are:

- Real estate valuation from an external appraiser (however for residential mortgage loans the external appraisal can be replaced by an internal valuation from the relevant Branch Manager);
- Insurance on the mortgaged assets;
- Mortgage registration for an amount in general equal to twice the amount of the mortgage loan.

After completion of the credit application, the file is submitted to the approving bodies. The following approval authority levels are in place within BCC Pianfei in relation to the approval of new mortgage loans:

- i) Board of Directors: for individual client exposures above Euro 1.8 million (Euro 2.7 million for clients belonging to the same group);
- ii) Executive Committee: for individual client exposures up to Euro 1.8 million (Euro 2.7 million for clients belonging to the same group);iii) General Manager (or Vice General Manager in his / her absence): for individual client exposures up to Euro 350,000 (Euro 450,000 for clients belonging to the same group);
- iv) Head of Credit Department: for individual client exposures up to Euro 175,000 (Euro 225,000 for clients belonging to the same group) – this limit applies only to loans having the nature of *mutui fondiari* for the purchase and restructuring of residential properties;
- v) Level 1 Branch Manager: for individual client exposures up to Euro 150,000 (Euro 190,000 for clients belonging to the same group) – this limit applies only to loans having the nature of *mutui fondiari* for the purchase and restructuring of residential properties;
- vi) Level 2 Branch Manager: for individual client exposures up to Euro 150,000 (Euro 165,000 for clients belonging to the same group) – this limit applies only to loans having the nature of *mutui fondiari* for the purchase and restructuring of residential properties;
- vii) Level 3 Branch Manager: for individual client exposures up to Euro 125,000 (Euro 135,000 for clients belonging to the same group) – this limit applies only to loans having the nature of *mutui fondiari* for the purchase and restructuring of residential properties.

Following approval of the credit application the Completion / Disbursement Office department is in charge of:

- completion of the loan documentation;
- interaction with the branches and all other areas of the bank which need to be involved,;
- filing of all loan and security documents; and
- review of any change to the loan terms requested by the borrower and management of the internal approval process for the same.

### **Credit Management and Collections**

The management of the loans and the collections is carried out by BCC Pianfei its capacity as Servicer of the Claims.

#### ***Monitoring and Recovery Process***

Each branch receives on a daily basis a list showing all instalments which were overdue the previous day and which have not been paid due and is responsible for contacting the borrower immediately after the first unpaid instalment, while the *Ufficio Controllo Crediti* (Credit Monitoring Department) usually sends written reminders after the second unpaid instalment.

In addition the branch is responsible for the constant monitoring of the portfolio and for informing the Credit Monitoring Department of any unusual behaviour in the exposure to customers, as well as for proposing the classification of loans as loans in observation / *incaglio* or *sofferenza*.

#### ***Recovery process: the role of the Ufficio Controllo Crediti (Credit Monitoring Department)***

The bank utilises a procedure called S.A.R. (*Scheda di Andamento Rapporto*) which provides on an ongoing basis a series of information on the credit relationship and returns a ranking level – the procedure utilises both data internal to the bank and data from external databases (such as *Centrale Rischi*). Results from this application are summarised in monthly reports which are supplied to the General Manager and to the Head of the Business Development department.

Loans are classified in the following categories:

- *In bonis* (performing): loans that do not show any performance issue;
- *Under observation*, but with past due amounts for no more than 90 days;
- *Under observation*, with past due amounts for more than 90 days;
- *Incagli* or *incagli oggettivi*: exposures showing temporary performance issues, which are expected to be solved within a reasonable time by the borrower itself, which in the case of *incagli oggettivi* meet the criteria for such classification set out by the Bank of Italy;
- *Sofferenze* (defaults): exposures towards borrowers in serious economic and financial difficulty, which are not expected to be reversed in a reasonable timeframe.

Exposures classified as “under observation” are placed under special monitoring and in the case of

exposures with amounts past due for more than 90 days certain transactions need to be approved by a higher level in the organisation.

The department is also in charge of managing the external lawyers managing the legal phase of the recovery process. The beginning of a judicial recovery process has to be decided by the Board of Directors following a proposal from the General Manager on the basis of the indications received from the Credit Monitoring Department.

The judicial recovery process for mortgage loans is simplified since the bank already benefits from the necessary security and can start immediately the recovery process. Because of the length of judicial proceedings in general the bank attempts to reach extra-judicial agreements with the borrowers, and the write off of claims is considered only where the recovery process is expected to generate a credit loss and the recovery timing is expected to be particularly long.

## **USE OF PROCEEDS**

The net proceeds from the issue of the Notes, being Euro 200,637,000 of which Euro 166,800,000 of the Class A Notes and Euro 33,837,000 of the Class B Notes will be applied by the Issuer on the Issue Date to finance the Purchase Price of the Portfolios, to finance the Cash Reserve and the Retention Amount.

## THE ISSUER

### Introduction

The Issuer was incorporated in the Republic of Italy as a special purpose vehicle pursuant to article 3 of Law 130, as a *società a responsabilità limitata* (limited liability company) on 2 March 2011 under the name of Dedalo Finance S.r.l., registered in the Register of Companies of Turin with No. 10492010011. Since the date of its incorporation, the Issuer has not engaged in any business not related with the purchase of the Portfolios, no dividends have been declared or paid, other than: (i) the authorisation and the execution of the Transaction Documents to which it is a party; (ii) the activities incidental to any registration under the laws of the Republic of Italy; (iii) the activities referred to or contemplated in this Prospectus and in the Transaction Documents; and (iv) the authorisation by it of the Notes.

The Issuer has no employees. The authorised and issued capital of the Issuer is Euro 10,000.00 fully paid up as of the date of this Offering Circular. The quotaholder of the Issuer is Stichting Gaudi which holds a quota equal to the entire quota capital (Euro 10,000.00) of the Issuer (the "**Quotaholder**"). The duration of the Issuer is until 31 December 2050. Pursuant to the Agreement between the Issuer and the Quotaholder, the Quotaholder has given certain undertakings in relation to the management of the Issuer and pursuant to the Corporate Services Agreement the Corporate Services Provider has also undertaken to provide the Issuer with certain management services (including the activity indicated in clause 4.1 of the Agreement between the Issuer and the Quotaholder). For further details see section headed "*Description of the Other Transaction Documents - The Agreement between the Issuer and the Quotaholder*".

### Principal Activities

The scope of the Issuer, as set out in article 2 of its By-laws (*Statuto*), is exclusively to purchase monetary claims in the context of securitisation transactions, and to fund such purchase by issuing asset backed securities or by other forms of limited recourse financing, all pursuant to article 3 of Law 130. The issuance of the Notes was approved by means of a meeting held on 27 June 2011. So long as any of the Notes remains outstanding, the Issuer shall not, without the consent of the Representative of the Noteholders and as provided for in the relevant Conditions, incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the Portfolios, issuing the Notes and entering into the Transaction Documents to which it is a party), pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions) or increase its capital. The Issuer will covenant to observe, *inter alia*, those restrictions which are detailed in the Conditions.

### Director(s)

Dedalo Finance S.r.l. is managed by the sole director Mr. Massimo Troia. The sole director was appointed on 2 March 2011.

The sole director is domiciled for this purpose at the registered office of the Issuer at Corso Re Umberto 8, Torino, telephone number 02/58459175.

No statutory auditors (*sindaci*) have been appointed.

### Capitalisation and indebtedness statement

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

#### Capital

Issued and fully paid up Euro 10,000.00

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

#### **Off-balance sheet assets and liabilities**

Euro 166,800,000 Class A Asset Backed Floating Rate Notes due October 2048.

Euro 13,048,000 Class B1 Asset Backed Floating Rate Notes due October 2048.

Euro 5,164,000 Class B2 Asset Backed Floating Rate Notes due October 2048.

Euro 15,625,000 Class B3 Asset Backed Floating Rate Notes due October 2048.

**TOTAL INDEBTEDNESS** Euro 200,637,000

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

#### **Financial Statements**

Since the date of incorporation, the Issuer has not commenced operations (except for the one described in this Prospectus) and no Financial Statements have been made up as at the date of this Prospectus.



## DESCRIPTION OF THE TRANSFER AGREEMENTS

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

Pursuant to three transfer agreements, each entered into between the Issuer and the relevant Originator on 29 June 2011 (the "**Transfer Agreements**"), each of the Originators sold for consideration to the Issuer without recourse (*pro soluto*) and as a pool (*in blocco*) a portfolio of monetary claims (each a "**Portfolio**") and connected rights arising out of the relevant mortgage loans (the "**Claims**" and "**Mortgage Loans**" respectively) granted by the Originators to their customers (the "**Borrowers**"), with economic effect as of the Effective Date.

The Portfolio sold by Banca Alpi Marittime is referred to as Portfolio No. 1, the Portfolio sold by BCC di Pianfei is referred to as Portfolio No. 2 and the Portfolio sold by CR Bra is referred to as Portfolio No. 3.

### THE PURCHASE PRICE

As consideration for the acquisition of the Claims pursuant to the Transfer Agreements, the Issuer has undertaken to pay to Banca Alpi Marittime a price equal to € 75,034,646.24, to BCC di Pianfei a price equal to € 29,698,013.44 and to CR Bra a price equal to € 89,848,692.91 (collectively the "**Purchase Price**"). The Purchase Price is calculated as the aggregate of the Outstanding Principal of all the relevant Claims at the Effective Date.

### THE CLAIMS

Pursuant to the relevant Transfer Agreement each of the Originators has represented and warranted that the Claims have been selected on the basis of general criteria (the "**General Criteria**") and further specific objective criteria as set out for each Originator (the "**Specific Criteria**") in order to ensure that the Claims have the same legal and financial characteristics. See "*The Portfolio*".

### PRICE ADJUSTMENT

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

- A. in the case of a Claim which does not meet the Criteria, the Purchase Price shall be adjusted as follows: (i) within 5 (five) Business Days from the day in which the relevant Originator or the Issuer, as the case may be, becomes aware of the fact that the claim does not meet the Criteria, it shall give written notice to the other party; (ii) further to the written notice, the Originator shall promptly notify to the Computation Agent, with copy to the Issuer, the amounts due to the Issuer and shall immediately pay to the Issuer: (a) an amount equal to the Individual Purchase Price of such claim, plus (b) any accrued and accruing interest on such amount (decreased of, on any Payment Date following the Initial Period, an amount equal to the principal amount of all the Instalments recovered and collected with respect to such Claim as

of the Effective Date) from the Issue Date until the Repayment Date of the Individual Purchase Price (*Data di Rimborso del Prezzo di Acquisto Individuale*, as defined in the relevant Transfer Agreement) calculated at an annual rate equal to the weighted average interest rate payable on the Notes on such period; less (c) the aggregate of all amounts recovered and/or collected by the Issuer in respect of such claim after the Effective Date;

- B. in the case of a Claim which meets the Criteria, the Purchase Price shall be adjusted as follows: (i) within 5 (five) Business Days from the day in which the relevant Originator or the Issuer, as the case may be, becomes aware of the fact that a Claim meets the Criteria, it shall give written notice to the other party; (ii) further to the written notice, the Issuer shall reimburse to the Originator at the following Payment Date in accordance with the provisions of the Intercreditor Agreement: (a) an amount equal to the Individual Purchase Price which would have been paid if the Claim were correctly inserted in annex A to the relevant Transfer Agreement; less (b) the aggregate of all amounts recovered and/or collected by the Originator in respect of such Claim after the Effective Date.

#### **APPLICABLE LAW AND JURISDICTION**

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

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

## DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT

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

Under a warranty and indemnity agreement entered into on 29 June 2011 among the Issuer and the Originators (the "**Warranty and Indemnity Agreement**"), the Originators gave certain representations and warranties as to, *inter alia*, the Claims they transferred pursuant to the relevant Transfer Agreement and the respective Mortgage Loans, their full title over such Claims, their corporate existence and operations and their collection and recovery policy. Moreover the Originators have agreed to indemnify and hold harmless the Issuer from and against all damages, losses, claims, liabilities and costs awarded against or suffered or incurred by it or otherwise arising to it by reason of any misrepresentation of the Originators in the Warranty and Indemnity Agreement or any default of the Originators under the Warranty and Indemnity Agreement and/or the relevant Transfer Agreement and/or the Servicing Agreement.

### REPRESENTATIONS AND WARRANTIES OF THE ORIGINATORS

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

#### *General*

- (i) it is a bank duly incorporated as a *cassa di risparmio* in relation to CR Bra and *banca di credito cooperativo* in relation to Banca Alpi Marittime and BCC di Pianfei and is duly organised and validly existing under the laws of Italy;
- (ii) it has full corporate power and authority to enter into and perform the obligations undertaken by it under the Warranty and Indemnity Agreement and it has taken all necessary actions whatsoever required to authorise its entry into, delivery and performance of the Warranty and Indemnity Agreement and the terms thereof, including, without limitation, the sale and assignment of the Claims;
- (iii) the execution, delivery and performance by it of the Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and the other Transaction Documents and all other instruments and documents to be delivered pursuant thereto and all transactions contemplated thereby do not contravene or result in a default under, (i) its corporate constitutional documents, (ii) any law, rule or regulation applicable to it, (iii) any contractual restriction contained in any agreement or other instrument binding on it or affecting it or its property or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not and will not result in the creation of any adverse claim;
- (iv) provisions of the Warranty and Indemnity Agreement are legal, valid and binding and are enforceable against it in accordance with its terms;
- (v) there is no litigation, current, pending or threatened against it, nor has any action or administrative proceeding of or before any court or agency been started or threatened against it, which might or could materially affect its ability to observe and perform its obligations

under the Warranty and Indemnity Agreement and the other Transaction Documents to which it is a party;

- (vi) it is solvent and there is no fact or matter which might render it insolvent or subject to any insolvency proceedings, nor will it be rendered insolvent as a consequence of entering into the Warranty and Indemnity Agreement or the other Transaction Documents to which it is a party or of performing any of the obligations herein or therein contained;
- (vii) since 31 December 2010, being the date of its most recent published full audited accounts, there has been no material adverse change in its financial or operative condition which would adversely affect its ability to observe and perform its obligations under the Warranty and Indemnity Agreement and the other Transaction Documents to which it is a party;
- (viii) the information relating to itself (including, without limitation, information with respect to its mortgage loan business), the Claims and the Mortgage Loans supplied to the Issuer is true and correct in all material respects.

*The Claims, the Mortgage Loans and the Real Estate Assets*

- (i) it holds sole and unencumbered legal title to the Claims; it has not assigned (whether absolutely or by way of security), mortgaged, charged, transferred, disposed or dealt with or otherwise created or allowed to arise or subsist an adverse claim in respect of their title and interest in and to and the benefit of the Claims, the Mortgage Loans and the Mortgages;
- (ii) the Claims, the Mortgage Loans, the Mortgages and the Insurance Policies are governed by Italian law and are legal, valid, binding and enforceable under the same and in particular the Mortgage Loans comply with all rules and regulations (i) on compounding of interests, (ii) on consumer protection, (iii) on the prevention of usury, (iv) on data protection and privacy protection, and (v) provided by the Consolidated Banking Act; the Mortgage Loans have been executed as a public deed (*atto pubblico*) before a notary public (*notaio*) or as a private deed notarized by a notary public;
- (iii) each Loan has been fully disbursed to or to the account of the relevant Borrower and there is no obligation on its part to advance or disburse further amounts in connection therewith;
- (iv) the sale of the Claims to the Issuer pursuant to the relevant Transfer Agreement will not affect the obligation of the related Borrower under the relevant Mortgage Loans;
- (v) the Claims constitute a portfolio of monetary claims, as a pool (*individuabili in blocco*), pursuant to Law 130, the Consolidated Banking Act and the implementation rules, and the Criteria identify such pool of monetary claims, with respect to the Borrowers, guarantors and third parties;
- (vi) all consents, licenses, approvals or authorisations of or registrations or declarations with any governmental or other public authority required to be obtained, effected or provided for the validity and enforceability of the Claims, the Mortgage Loans and/or the Mortgages have been duly obtained, effected or provided and are in full force and effect; and all costs, expenses and taxes required to be paid in connection with the execution of the Mortgage Loans or for the validity and enforceability of the Claims, the Mortgage Loans and/or the Mortgages have been duly paid;
- (vii) the Real Estate Assets are located in Italy;
- (viii) each of the Real Estate Assets complies with applicable laws, rules and regulations concerning health and safety and environmental protection;

- (ix) each of the Real Estate Assets is free from damage and waste, in good condition and there are no proceedings, actual or threatened, in relation thereto;
- (x) each of the Real Estate Assets (i) is duly registered with the competent land registries (*Nuovo Catasto Edilizio Urbano, Nuovo Catasto Terreni, Ufficio del Registro* and *Ufficio delle Entrate*), (ii) complies with all applicable laws;
- (xi) all the Claims guaranteed by Mortgage on a Real Estate Asset other than land, are assisted by real estate Insurance Policies.

## **UNDERTAKINGS OF THE ORIGINATORS**

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

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

- (i) to comply with all applicable laws and regulations (including all rules, orders and instruments) with respect to the Claims, the Mortgage Loans, the Mortgages and their administration and management;
- (j) to grant access to the Issuer, its agents and nominees to its premises for purposes of examining records, documents and data in relation to the Claims, to copy them and to discuss any issues concerning the Claims with its accountants and other appointed personnel;
- (k) to pay all costs, fees and taxes due promptly in relation to the execution, filing, registration, etc., of the Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and the other Transaction Documents;
- (l) save as provided for in the Servicing Agreement, not to agree to any amendment of or waiver to any terms and conditions of the Mortgage Loans and/or the Mortgages which might adversely affect the timely recovery of the Claims, the ability of the Issuer to enforce its rights, claims, powers and benefits against the Borrowers and/or the guarantors or the validity of the Warranty and Indemnity Agreement and not to commence any action for the recovery of the Claims.

## **INDEMNITY**

Under clause 5 of the Warranty and Indemnity Agreement, each of the Originator agreed to indemnify the Issuer, its representatives and agents from and against any and all damages, losses, claims, liabilities and related costs and expenses, including legal fees and disbursements awarded against or suffered or incurred by it as a consequence of or in relation to, *inter alia*:

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

## **USURY**

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

## **APPLICABLE LAW AND JURISDICTION**

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

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

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

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

### THE SERVICING AGREEMENT

On 29 June 2011, the Issuer and Banca Alpi Marittime, CR Bra and BCC di Pianfei (in such capacity, as the "**Servicers**"), entered into a servicing agreement, (the "**Servicing Agreement**"), pursuant to which each Servicer has agreed to administer and service the Relevant Portfolio on behalf of the Issuer and in particular to collect amounts due in respect thereof (the "**Administration of the Portfolios**") and to commence and pursue enforcement proceedings and to negotiate and settle the Claims in default (the "**Management of the Claims in Default**").

Pursuant to the Servicing Agreement, the Servicers are responsible for the receipt of cash collections in respect of the relevant Mortgage Loan and related Claims and for cash and payment services pursuant to the Securitisation Law. Within the limits of article 2, paragraph 6-*bis*, of the Securitisation Law, the Servicers are also responsible for ensuring that such activities comply with the provisions and regulations of Italian law. The Servicers shall comply with certain collection policies specified in the Servicing Agreement (the "**Collection Policies**") in relation to the collection and recovery activities carried out on behalf of the Issuer and shall provide, *inter alia*, the Issuer with semi-annual reports (the "**Semi-Annual Servicing Reports**"). The Servicers shall also ensure that the Collections do not include usurious interest in accordance with the anti-usury laws and regulations applicable from time to time. The Servicers shall be entitled to settle and renegotiate the Claims only in accordance with the Servicing Agreement.

All amounts collected from the Assigned Debtors shall be paid on the relevant Collections and Recoveries Accounts in accordance with the terms of the Servicing Agreement (all such collections the "**Collections**"). The Servicer will convert any non-cash Collections received by it into equivalent amounts of cash and will credit such cash to the relevant Collections and Recoveries Account.

Each of the Servicers will carry out its obligations under the Servicing Agreement in accordance with the relevant Collection Policy. This policy may be amended from time to time in accordance with the Servicing Agreement.

### SETTLEMENT AGREEMENTS AND RENEGOTIATION AUTHORITY

The Servicer, in compliance with the Credit and Collection Policy and Recovery Procedures, to the extent of the provisions of clause 7 of the Servicing Agreement, will be entitled to carry out the activities substantially indicated herebelow without prejudice of any activities imposed by any mandatory provisions of law.

In relation to the Defaulted Claims ("*crediti in sofferenza*"), each Servicer, in case it is deemed necessary for the purpose of a more efficient administration of the collection procedures regarding the Claims, will be entitled to grant its consent to the partial release of the payments of the borrowers, renegotiate the terms of the Loan Agreements (including the interest rates) and enter into settlement agreements or agreements which grant deferments or suspensions of payments, alternatively (a) with



the prior written consent of the Representative of the Noteholders, or (b) provided that such transactions :

- (i) do not involve the renouncing of a Defaulted Claim, or any amounts due with regard of such Defaulted Claim, for an amount higher than the 20% of the outstanding amount of the Claim as at the date of qualification of the same as a Defaulted Claim;
- (ii) in case of deferments which involve the suspension of the payment of one or more Instalments, do not involve a deferment of the date on which the payment of the single Instalment or the full payment of a Defaulted Claim is due for more than 12 (twelve) months;
- (iii) in case of deferments which involve an extension of the amortization plan (including through the suspension of the single Instalments due, and in any case to the extent of what provided in paragraph (ii) above) do not involve a deferment of the date on which the payment of the single instalment or the full payment of a Defaulted Claim is due for more than 36 (thirty-six) months,

being understood that:

- A) in case the transactions contemplated by clause 7 of the Servicing Agreement exceed the limits of paragraph (i) above, the relevant Servicer will promptly indemnify the Issuer with respect to any amount not payable to the Issuer as a consequence of such transactions, directly crediting available funds on the relevant Collections and Recoveries Account (*Conto dell'Operazione*), and
- B) the deferment indicated by paragraphs (ii) and (iii) above will be in no case after 1<sup>st</sup> April 2041.

In order to obtain the consent of the Representative of the Noteholders in accordance with clause 7 of the Servicing Agreement, each Servicer undertakes to provide the documentation, information, and clarifications that the Representative of the Noteholders might reasonably require with respect to the Claims, the Loan Agreements, and the Mortgages and to make the staff which is in charge of the relevant activity available.

With regard to the Claims which are different from the Defaulted Claims, each Servicer will be entitled to renegotiate the terms of the Loan Agreements with regard to the applicable interest rate and to the amortization plan and to proceed with restrictions or reductions of the Mortgages provided that:

- (i) in case of renegotiations related to the amortization plans, such transactions do not involve a deferment of the date on which the payment of the single Instalment is due, or the full payment of a Claim is due, for longer than 5 (five) years, it being understood that in no case such deferment should be (A) subsequent to 1<sup>st</sup> April 2041 and (B) regard Claims whose aggregate outstanding amount as at the Effective Date (i) is higher than 10% of the aggregate amount outstanding of all Claims as at the Effective Date and (ii) added to the renegotiations of paragraph 7.1.2(iii) of the Servicing Agreement, is higher than 15% of the outstanding amount of all Claims as at the Effective Date;
- (ii) in case of restrictions or reductions of the Mortgages, such transactions do not involve an increase of the ratio, as at the Effective Date, between (X) the outstanding amount of the Claim secured by such Mortgage and (Y) the lesser between the amount secured by the Mortgage and the value of the Real Estate Asset; and
- (iii) in case of renegotiations of the interest rates, such transactions, which can be carried out only once with regard to each Loan Agreement, regard only the reduction of the spread (for Claims deriving from Loan Agreements with floating rates), or the interest rate (for Claims deriving

from Loan Agreements with fixed rates) and (a) do not have as object, also considering the renegotiations pursuant to paragraph 7.1.2 (i) of the Servicing Agreement, an amount of Claims whose aggregate outstanding amount as at the Effective Date is higher than 15% of the outstanding amount of all Claims of the relevant Portfolio as at the Effective Date and (b) do not involve a reduction of the annual spread or of the fixed annual interest rate applicable to each Claim for an amount higher than 25 bps.

Without prejudice to what provided by clause 7.1.2 of the Servicing Agreement, in relation to the eventual renegotiation of the terms of the Loan Agreements classified as in "*bonis*" in accordance with Bank of Italy regulations (*istruzioni di vigilanza*), the Servicer will not be entitled to grant any suspension, but will solely have the possibility to extend the relevant amortization plan.

In order to consent each Originator to keep good relationships with the Borrowers, each Originator has been given the power to make offers to repurchase Claims whose outstanding amount as of the Effective Date plus the outstanding amount of the Claims object of other preceding offers of the same Originator already accepted by the Issuer is not higher than the 20% of the outstanding amount of all Claims as of the Effective Date. The Issuer shall accept such offer or provide reasonable justifications if it does not so accept. However, in case the aggregate amount of the Claims as at the date of the relevant offer is equal to or lower than 10% of the principal amount outstanding of the aggregate amount of the Claims as at the Effective Date, the Issuer, shall accept such offer, provided that it has the necessary funds to discharge all its outstanding liabilities in respect of the Class A Notes and any amounts required to be paid in priority to or *pari passu* with the Class A Notes pursuant to the Conditions.

Pursuant to the Servicing Agreement, each Originator shall deliver to the Issuer, together with the offer notice of repurchase of the Claims, (i) a certificate of the competent Chamber of Commerce dated not before 10 (ten) days prior to the date of offer notice of repurchase of the Claims (ii) a certificate of good standing signed by its legal representative having the date of the offer notice of repurchase of the Claims and (iii) a certificate of the competent Court dated not before 10 (ten) days prior to the date of the offer notice of repurchase of the Claims.

## **INFORMATION TECHNOLOGY**

Each of the Servicers is authorised to delegate to its Information Technology Services Provider all data processing, information storage and retrieval, back-up and archive services for the Administration of the Portfolio and the Management of Claims (including the Defaulted Claims) with respect to the Relevant Portfolio. Each of the Servicers will remain directly liable for the performance of all duties and obligations delegated to its Information Technology Services Provider and will be liable for the conduct of such Information Technology Services Provider. All fees, costs and expenses to be paid or reimbursed to its Information Technology Services Provider shall be borne by the relevant Servicer and the Issuer shall not be liable for any payment of whatever nature to its Information Technology Services Provider. Each of the Servicers may terminate the appointment of the Information Technology Services Provider and appoint a suitable replacement information technology services provider which is an Authorised Company, provided that (i) the service will be granted without interruption because of such replacement and (ii) such replacement will be communicated to the Rating Agencies.

## **FEES AND EXPENSES**

As consideration for the services provided by the Servicers, the Issuer will pay to each of the Servicer on each Payment Date, in accordance with the applicable Order of Priority, an amount equal to 0.125% (zero point one hundred twentyfive per cent) *per annum* of the outstanding amount of the Claims of the Relevant Portfolio at the end of the immediately preceding Collection Period (the "**Servicing Fees**").

As regards the activity carried out in accordance with the Servicing Agreement, the Servicing Fees shall be considered as inclusive of the expenses and fees of external counsels and the judicial expenses (including taxes) incurred by the relevant Servicer.

Each of the Servicer has expressly waived its rights to set-off that may be provided for by law other than the Servicing Fees. It has also expressly waived its right to exercise any right to off-set the amounts due to it from the Issuer against the Collections or any other amount owed by the Servicer to the Issuer, except for those amounts paid to the Issuer and undue.

#### **UNDERTAKINGS OF EACH OF THE SERVICERS**

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

- (i) to carry out the Administration of the Relevant Portfolio and the Management of the Claims in default with due skill and care in accordance with the relevant Collection Policy and with all applicable laws and regulations;
- (ii) to maintain an effective system of general and accounting controls so as to ensure the performance of its obligations under the Servicing Agreement;
- (iii) save as otherwise provided in the Collection Policy and in the Servicing Agreement, not to release or consent to the cancellation of all or part of the Claims unless ordered to do so by a competent judicial or other authority or by the Issuer;
- (iv) to ensure adequate identification and segregation of the collections and recoveries and other amounts related to the Claims from all other funds of such Servicer;
- (v) to ensure that the Transaction is consistent with the law and this Prospectus;
- (vi) to comply with all authorisations, approvals, licenses and consents required for the fulfillment of its obligations under the Servicing Agreement.

Each of the Servicers has undertaken to monitor the relevant insurance policies covering the risks related to the Real Estate Assets and to act so as to maintain such insurance policies, as valid, effective and binding until the Claim guaranteed by the Real Estate Assets has been fully paid up by the relevant Borrower.

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

#### **TERMINATION OF APPOINTMENT**

The Issuer may terminate the appointment of on or more Servicer in certain circumstances including, *inter alia*, (i) the insolvency of such Servicer, (iii) a breach of the Servicing Agreement, which remains unremedied for a period longer than 10 (ten) days after a written request to comply with its obligations from the Issuer and/or the Representative of the Noteholders; and (ii) a failure by such Servicer to pay or transfer to the Issuer any amount due which remains unremedied for more than 2 (two) days after the relevant due date of payment. In addition, each of the Servicer may resign at any time after 24 (twenty-four) months from the stipulation date of the Servicing Agreement upon giving 12 (twelve) months prior written notice. It is agreed that the termination of the relevant Servicer shall

become effective only upon the Substitute Servicer or the Back-Up Servicer taking over the activities to be performed under the Servicing Agreement by such Servicer

In case an insolvency event occurs in respect of any of the Originators (or in case of merger among two or all the Originators) or in any other circumstance indicated in clause 9.1.4 of the Servicing Agreement, by and not later than 30 Business Days of the assessment of the occurrence of such a circumstance, the Issuer, with the cooperation of the Corporate Services Provider and the Back-Up Servicer Facilitator, shall appoint a back-up servicer different from the Originators (the "**External Back-Up Servicer**") which shall replace the Servicers in case of its substitution pursuant to article 9 of the Servicing Agreement on the same terms and conditions as specified in the Servicing Agreement.

#### **APPLICABLE LAW AND JURISDICTION**

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

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

#### **THE BACK-UP SERVICING AGREEMENT**

Under a back-up servicing agreement entered into on or prior to the Issue Date between the Issuer, the Servicers and the Back-up Servicers, the Issuer has appointed the Back-up Servicers to act as substitute of the Servicers in the event indicated in the such agreement (in particular, (i) Banca Alpi Marittime (firstly) and BCC di Pianfei (secondly) will act as substitute of CR Bra as servicer; (ii) CR Bra (firstly) and BCC di Pianfei (secondly) will act as substitute of Banca Alpi Marittime as servicer; and (iii) Banca Alpi Marittime (firstly) and CR Bra (secondly) will act as substitute of BCC di Pianfei as servicer (the "**Back-Up Servicing Agreement**").

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

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

## DESCRIPTION OF THE OTHER TRANSACTION DOCUMENTS

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

### THE CORPORATE SERVICES AGREEMENT

Under a corporate services agreement entered into on 29 June 2011 between the Issuer and the Corporate Services Provider (the "**Corporate Services Agreement**"), the Corporate Services Provider will provide the Issuer with certain corporate administration and management services. These services will include the book-keeping of the documentation in relation to the meetings of the Issuer's quotaholders, directors and auditors and the meetings of the Noteholders, maintaining the quotaholders' register, preparing tax and accounting records, preparing documents necessary for the Issuer's annual financial statements and liaising with the Representative of the Noteholders. The parties to the Corporate Services Agreement have also agreed to share certain costs and expenses of the Issuer between the Transaction.

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

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

### THE INTERCREDITOR AGREEMENT

Pursuant to an intercreditor agreement to be entered into on or prior to the Issue Date (the "**Intercreditor Agreement**"), between the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders) and the Other Issuer Creditors, provisions are made as to the application of the Collections in respect of the Portfolios and as to how the Orders of Priority are to be applied. Subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event, all the Issuer Available Funds will be applied in or towards satisfaction of the Issuer's payment obligations towards the Noteholders as well as the Other Issuer Creditors, in accordance with the Acceleration Order of Priority provided in the Intercreditor Agreement.

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

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

### THE DEED OF PLEDGE

Under a deed of pledge to be entered into on or prior to the Issue Date (the "**Deed of Pledge**") between the Issuer, the Noteholders and the Other Issuer Creditors, acting through the Representative of the Noteholders (the "**Pledgees**"), the Issuer will grant the Pledgees as security for its obligations under the Transaction Documents (i) a pledge over all the monetary contractual claims arising from

certain Transaction Documents (other than the Deed of Pledge, the Swap Agreement, the Issue Price under the Notes Subscription Agreement and the positive balance of the Accounts); and (ii) a pledge over the positive balance of the Accounts (other than the Accounts opened outside of Italy to the extent provided for by the Deed of Pledge).

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

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

## **THE CASH ADMINISTRATION AND AGENCY AGREEMENT**

Under an agreement to be entered into on or prior to the Issue Date between between the Issuer, the Originators, the Back-up Servicers, the Security Trustee, the Irish Listing Agent, the Corporate Services Provider, the Swap Counterparty, the Servicers, the Custodian Bank, the Transaction Bank, the Operating Bank, the Computation Agent, the Principal Paying Agent, the Back Up Computation Agent and the Representative of the Noteholders (the "**Cash Administration and Agency Agreement**"):

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

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

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

### **Utilisation of the Cash Reserves**

Pursuant to clause 14 of the Cash Administration and Agency Agreement,

1. on any Payment Date on which the Pre-Acceleration Order of Priority applies and until full repayment of the Class A Notes, each of the Banca Alpi Marittime Cash Reserve, the BCC di

Pianfei Cash Reserve and the CR Bra Cash Reserve shall be utilised (as calculated by the Computation Agent):

(A) firstly, respectively, to augment the Single Portfolio Available Funds of the Relevant Portfolio so as to meet the relevant Single Portfolio Shortfall. In particular, each Relevant Cash Reserve shall be utilised for an amount equal to the lower of:

- (i) the relevant Single Portfolio Shortfall as at the Calculation Date immediately preceding such Payment Date; and
- (ii) the Relevant Cash Reserve Available Amount as at such Payment Date; and

(B) thereafter (to the extent available after utilisation under item (A)), to augment the Single Portfolio Available Funds in respect of the other Portfolios in case any of the other Relevant Cash Reserves is not sufficient to meet its respective Single Portfolio Shortfall. In particular, if, on any Payment Date before the delivery of a Trigger Notice or a Cross Collateral Notice and until full repayment of the Class A Notes, with respect to an Originator, the difference between:

- (i) the relevant Single Portfolio Shortfall as at such Payment Date; and
- (ii) the Relevant Cash Reserve Available Amount of the relevant Originator,

is positive (such difference, the "**Relevant Cash Reserve Uncovered Amount**"), the Cash Reserves of the other Originators shall be utilised to provide support to such Relevant Portfolio. Each of the Cash Reserve of the other Originators shall be utilised (as calculated by the Computation Agent) for an amount equal to the lower of:

- (x) the product between (A) the Relevant Cash Reserve Available Amount (calculated by deducting the amount of the Cash Reserve of such Originator which shall be utilised on such Payment Date pursuant to clause 14.1(A) of the Cash Administration and Agency Agreement and the Conditions) as at such Payment Date and (B) the Relevant Cash Reserve Individual Proportion calculated with reference to such Payment Date; and
- (y) the Relevant Cash Reserve Available Amount as at such Payment Date (calculated by deducting the amount of the Cash Reserve of such Originator which shall be utilised on such Payment Date pursuant to clause 14.1(A) of the Cash Administration and Agency Agreement and the Conditions); and

2. on any Payment Date on which any of the Cross Collateral Order of Priority or the Acceleration Order of Priority applies and until full repayment of the Class A Notes, each of the Banca Alpi Marittime Cash Reserve, the BCC di Pianfei Cash Reserve and CR Bra Cash Reserve shall be utilised for an amount equal to the lower of:

- (x) the product between (A) the Relevant Cash Reserve Available Amount as at such Payment Date and (B) the Relevant Cash Reserve Individual Proportion calculated with reference to such Payment Date; and
- (y) the Relevant Cash Reserve Available Amount as at such Payment Date.

**"Relevant Cash Reserve Available Amount"** means, with respect to any Payment Date and each Originator:

- (i) in relation to payments under clause 14.1(A) and 14.2 of the Cash Administration and Agency Agreement, (a) with respect to the First Payment Date, the amount standing to the credit of the Relevant Cash Reserve SubAccount on the Issue Date; and (b) with respect to any Payment Date thereafter, the lower of (i) the amount standing to the credit of the Relevant Cash Reserve SubAccount on the immediately preceding Payment Date (after application of the amount standing to the credit of the Relevant Cash Reserve SubAccount in accordance with the applicable Order of Priority) and (ii) the Target Cash Reserve Amount on such Payment Date;
- (ii) in relation to payments under clause 14.1(B) of the Cash Administration and Agency Agreement, the difference, if positive, between (a) the amount indicated under item (i) above, and (b) any payments made under clause 14.1(A) of the Cash Administration and Agency Agreement.

**"Relevant Cash Reserve Individual Proportion"** means:

- (i) on any Payment Date on which the Pre-Acceleration Order of Priority applies and until full repayment of the Class A Notes, the ratio between:
  - (x) the sum of the Relevant Cash Reserve Uncovered Amount related to all the Originators; and
  - (y) the sum of the Relevant Cash Reserve Available Amount related to all the Originators as at such Payment Date (calculated by deducting the amount of the relevant Cash Reserve of each Originator which shall be utilised at such Payment Date pursuant to clause 14.1(A) of the Cash Administration and Agency Agreement and the Conditions);
- (ii) on any Payment Date on which any of the Cross Collateral Order of Priority or the Acceleration Order of Priority applies and until full repayment of the Class A Notes, the ratio between:
  - (x) the Portfolio Shortfall calculated as at the Calculation Date immediately preceding such Payment Date; and
  - (y) the sum of the Relevant Cash Reserve Available Amount related to all the Originators as at such Payment Date.

## **THE NOTES SUBSCRIPTION AGREEMENT**

Pursuant to a subscription agreement entered into on or prior the Issue Date between the Issuer, the Representative of the Noteholders and the Originators (the "**Notes Subscription Agreement**"), the Originators shall subscribe for the Notes and pay to the Issuer the Issue Price for the Notes and shall appoint the Representative of the Noteholders to act as the representative of the Noteholders, subject to the conditions set out therein.

The Notes Subscription Agreement will be in English language and governed by and construed in accordance with Italian law.

## **THE SWAP AGREEMENT**

On or about the Issue Date, the Issuer will enter into a total of three interest rate swap transactions with the Swap Counterparty and the Representative of the Noteholders (which shall only be a party to the Swap Agreement for the purpose of taking the benefit of the provisions thereof expressed to be in its favour and for the better preservation and enforcement of its rights under the Deed of Charge, but which shall not be liable for any of the obligations of the Issuer or the Swap Counterparty thereunder)



(each a "**Swap Transaction**" and collectively the "**Swap Transactions**"). The Swap Transactions will be governed by the 1992 ISDA Master Agreement as published by the International Swaps and Derivatives Association, Inc. (Multicurrency-Cross Border) (the "**Master Agreement**"), the Schedule thereto (the "**Schedule**"), the Credit Support Annex thereto (the "**Credit Support Annex**") and each swap confirmation (each a "**Swap Confirmation**" and together with the Master Agreement, the Schedule and the Credit Support Annex, the "**Swap Agreement**"). The Issuer will enter into the Swap Transactions in order to hedge its interest rate exposure in relation to its floating rate interest obligations under the Class A Notes. For a description of the Swap Counterparty, see "*The Swap Counterparty*".

The Swap Agreement is in English and it is governed by and construed in accordance with English law.

## **THE DEED OF CHARGE**

Under the terms of a deed of charge executed by the Issuer on or prior to the Issue Date (the "**Deed of Charge**" and together with the Deed of Pledge, the "**Security Documents**"), the Issuer will (i) assign absolutely and to the extent not effectively assigned; (ii) charge by way of first fixed security in favour of the Security Trustee on behalf of the Noteholders and the Other Issuer Creditors, all the Issuer's rights, title, interest and benefit (present and future) in, to and under (a) the Swap Agreement and all future contracts, agreements, deeds and documents governed by English law to which the Issuer may become a party in relation to the Transaction and (b) any account (including the Investment Accounts and the Collateral Account) which the Issuer may open from time to time in England and Wales; and (iii) charge by way of first floating security the whole of the Issuer's undertaking property and assets (present and future) which relate to the Transaction, which are located in England and Wales and which are not subject to effective security created pursuant to other clauses of the Deed of Charge or otherwise.

The Deed of Charge is in English and will be governed by and construed in accordance with English law. The Courts of England have exclusive jurisdiction to hear any disputes that arise in connection therewith.

## **THE AGREEMENT BETWEEN THE ISSUER AND THE QUOTAHOLDER**

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

The Agreement between the Issuer and the Quotaholder is in Italian. The Agreement between the Issuer and the Quotaholder and all non contractual obligations arising out or in connection with the The Agreement between the Issuer and the Quotaholder shall be governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Agreement between the Issuer and the Quotaholder and all non contractual obligations arising out or in connection with the The Agreement between the Issuer and the Quotaholder, the Parties shall submit to the exclusive jurisdiction of the Courts of Milan, Italy.

## **THE STICHTING CORPORATE SERVICES AGREEMENT**

Pursuant to a stichting corporate services agreement entered into on or prior to the Issue Date (the "**Stichting Corporate Services Agreement**") between the Issuer, Wilmington Trust SP Services (London) Limited (the "**Stichting Corporate Services Provider**") and Stichting Gaudi, the Stichting

Corporate Services Provider has agreed to provide certain management, administrative and secretarial services to Stichting Gaudi.

The Stichting Corporate Services Agreement will be governed by and construed in accordance with the laws of The Netherlands.

## WEIGHTED AVERAGE LIFE OF THE CLASS A NOTES

Under the Conditions, the Final Maturity Date of the Notes is the Payment Date falling on October 2048 and the Notes will be subject to mandatory redemption in full or in part on the Payment Date falling on April 2013 and on each Payment Date falling thereafter to the extent that on such Payment Date the Issuer has sufficient available funds to be applied for this purpose in accordance with the applicable Order of Priority. The Notes may also be subject to optional redemption in full under certain circumstances.

The tables below show the expected average life of the Class A Notes on the basis of various assumptions regarding annual prepayment rates and certain other factors as indicated below.

The following assumptions, *inter alia*, have been made:

- the Issuer will exercise its option to redeem the Notes on the Clean-Up Date pursuant to Condition 6.4 (*Optional Redemption*);
- there are no delinquencies or defaults occurred in respect of the Portfolios;
- no Trigger Event has occurred in respect of the Notes;
- no Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*) has occurred in respect of the Notes;
- the constant prepayment rate, as per the table below, has been applied to each Relevant Portfolio in homogeneous terms:

## WEIGHTED AVERAGE LIFE OF THE CLASS A NOTES

CONSTANT PREPAYMENT RATE (% <i>PER ANNUM</i> )	CLASS A NOTES	
	Expected Average Life ( <i>years</i> )	Expected Maturity
0%	7.78	30 April 2028
3%	6.23	30 October 2026
5%	5.49	30 October 2024
7%	4.90	30 October 2023
10%	4.23	30 October 2021

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

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

## TERMS AND CONDITIONS OF THE NOTES

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

*In these Conditions, references to (i) any agreement or other document shall include such agreement or another document as may be modified from time to time in accordance with the provisions contained therein and any deed or other document expressed to be supplemental thereto, as modified from time to time; (ii) any Other Issuer Creditor include references to any successors thereto appointed in accordance with the terms of the relevant Transaction Document (to the extent provided therein) and any of its respective assignees or successors in title of such person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of such person under the Transaction Documents or to which under such laws the same have been transferred; and (iii) any laws or regulation shall be interpreted and construed to include any amendments and implementation thereof as of the date of these Conditions.*

The Euro 166,800,000 Class A Asset Backed Floating Rate Notes due October 2048 (the "**Class A Notes**"), Euro 13,048,000 Class B1 Asset Backed Floating Rate Notes due October 2048 (the "**Class B1 Notes**"), Euro 5,164,000 Class B2 Asset Backed Floating Rate Notes due October 2048 (the "**Class B2 Notes**") and Euro 15,625,000 Class B3 Asset Backed Floating Rate Notes due October 2048 (the "**Class B3 Notes**" and together with the Class B1 and B2 Notes the "**Class B Notes**" and together with the Class A Notes, the "**Notes**"), are issued by Dedalo Finance S.r.l. (the "**Issuer**") on 25 July 2011 (the "**Issue Date**") in the context of a securitisation transaction (the "**Transaction**") to finance the purchase of portfolios of monetary claims and connected rights arising under the mortgage loans (collectively the "**Portfolios**" and each of them also a "**Portfolio**" and the "**Claims**", respectively) from Banca Alpi Marittime Credito Cooperativo Carrù Società Cooperativa per Azioni ("**Banca Alpi Marittime**"), Banca di Credito Cooperativo di Pianfei e Rocca de' Baldi – Società Cooperativa ("**BCC di Pianfei**") and Cassa di Risparmio di Bra S.p.A. ("**CR Bra**", and, together with Banca Alpi Marittime and BCC di Pianfei, the "**Originators**"), pursuant to article 1 of Italian Law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*) ("**Law 130**" or the "**Securitisation Law**").

The Portfolios have been purchased by the Issuer pursuant to three transfer agreements entered into on 29 June 2011, each between the Issuer and each Originator (each a "**Transfer Agreement**" and, collectively, the "**Transfer Agreements**"). Representations and warranties in respect of the Portfolios have been made by the Originators in favour of the Issuer under a warranty and indemnity agreement entered into between the Issuer and the Originators on 29 June 2011 (the "**Warranty and Indemnity Agreement**"). In these Conditions, references to the "**Class A Noteholders**" are to the beneficial owners of the Class A Notes, references to the "**Class B Noteholders**" are to the beneficial owners of the Class B Notes and references to the "**Noteholders**" are to the beneficial owners of the Class A Notes and the Class B Notes.

The principal source of payment of amounts due under the Notes will be collections and recoveries made in respect of the Portfolios (the "**Collections**"). By operation of article 3 of Law 130, the Issuer's rights, title and interest in and to the Portfolios and to all the amounts deriving therefrom will be

segregated from all the other assets of the Issuer and amounts deriving therefrom will be available, both before and after a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors (as defined below) in accordance with the applicable Order of Priority (as set out in Condition 4 (*Orders of Priority*)). The Issuer's rights, title and interest in and to the Portfolios may not be seized or attached in any form by the creditors of the Issuer other than the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the Transaction until full redemption or cancellation of the Notes and full discharge by the Issuer of its obligations *vis-à-vis* the Other Issuer Creditors.

Under a servicing agreement entered into on 29 June 2011 (the "**Servicing Agreement**") between the Issuer and the Originators, each as servicer of the Relevant Portfolio (in such capacity, collectively, the "**Servicers**"), the Servicers agreed to provide the Issuer with administration, collection and recovery services in respect of the Portfolios and shall verify that the payment services to be provided in relation to the Transaction comply with Italian law.

Under a back-up servicing agreement entered into on or prior the Issue Date between the Issuer and Banca Alpi Marittime, BCC di Pianfei and CR Bra (in their quality as Servicers and Back-Up Servicers), the Issuer has appointed Banca Alpi Marittime, BCC di Pianfei and CR Bra to act as substitute of the Servicers in the event indicated in the such agreement (in particular, (i) Banca Alpi Marittime (firstly) and BCC di Pianfei (secondly) will act as substitute of CR Bra as servicer; (ii) CR Bra (firstly) and BCC di Pianfei (secondly) will act as substitute of Banca Alpi Marittime as servicer; and (iii) Banca Alpi Marittime (firstly) and CR Bra (secondly) will act as substitute of BCC di Pianfei as servicer (the "**Back-up Servicing Agreement**").

Under a corporate services agreement entered into on 29 June 2011 (the "**Corporate Services Agreement**") between the Issuer and Accounting Partners S.r.l. as corporate services provider (the "**Corporate Services Provider**") the Corporate Services Provider shall provide the Issuer with certain corporate administration services.

Under a notes subscription agreement to be entered into on or prior to the Issue Date between the Issuer, the Subscribers and the Representative of the Noteholders (the "**Notes Subscription Agreement**"), (i) Banca Alpi Marittime, BCC di Pianfei and CR Bra shall subscribe and pay for the Class A Notes; (ii) Banca Alpi Marittime shall subscribe and pay for the Class B1 Notes, BCC di Pianfei shall subscribe and pay for the Class B2 Notes and CR Bra shall subscribe and pay for the Class B3 Notes and (iii) each of the Originators shall appoint the Representative of the Noteholders to act as the representative of the Noteholders.

Under a cash administration and agency agreement to be entered into on or prior to the Issue Date (the "**Cash Administration and Agency Agreement**") between the Issuer, the Originators, the Back-up Servicers, the Security Trustee, the Swap Counterparty, the Servicers, the Corporate Services Provider, Accounting Partners S.r.l. as representative of the Noteholders and computation agent (the "**Representative of the Noteholders**" and the "**Computation Agent**"), The Bank of New York Mellon (Luxembourg) S.A. Italian Branch as operating bank, principal paying agent and transaction bank (the "**Operating Bank**", the "**Principal Paying Agent**" and the "**Transaction Bank**"), The Bank of New York Mellon, London Branch as custodian bank and back up computation agent (the "**Custodian Bank**" and the "**Back Up Computation Agent**"), NCB Stockbrokers Limited as Irish listing agent (the "**Irish Listing Agent**"): (i) the Principal Paying Agent has agreed to perform certain services in relation to the Notes, including arranging for the payment of principal and interest to the Monte Titoli Account Holders and to calculate the amount of interest payable on the Notes in respect of each Interest Period; (ii) the Computation Agent has agreed to provide the Issuer with other calculations in respect of the Notes and to set out, in a payment report, the payments due to be made under the Notes on each Payment Date; (iii) the Irish Listing Agent has agreed to procure certain services in relation to the listing of the Class A Notes; (iv) the Transaction Bank, the Operating Bank and the Custodian Bank have agreed to provide, *inter alia*, respectively certain cash administration

and investment services, in respect of the amounts standing, from time to time, to the credit of the Account, and (v) the Back Up Computation Agent has agreed to act as back up computation agent of the Transaction.

Under 3 (three) interest rate swap transactions to be entered into on or about the Issue Date (each a "**Swap Transaction**" and collectively the "**Swap Transactions**") between the Issuer, Banca IMI as swap counterparty (the "**Swap Counterparty**") and the Representative of the Noteholders, the Issuer has hedged its potential interest rate exposure in relation to its floating rate interest obligations under the Class A Notes. Such Swap Transactions shall be governed by the 1992 ISDA Master Agreement (Multicurrency-Cross Border) together with a Schedule and a credit support annex (the "**Credit Support Annex**") thereto (together the "**Master Agreement**"), as published by the International Swap and Derivatives Association, Inc. ("**ISDA**") and each Swap Transaction shall be evidenced by a swap confirmation (each a "**Swap Confirmation**" and together with the Master Agreement, the "**Swap Agreement**").

Under a deed of pledge to be entered into on or prior to the Issue Date (the "**Deed of Pledge**") between the Issuer, the Noteholders and the Other Issuer Creditors (the Noteholders and the Other Issuer Creditors, acting through the Representative of the Noteholders (the "**Pledges**"), the Issuer will grant the Pledges as security for its obligations under the Transaction Documents (i) a pledge over all the monetary contractual claims arising from certain Transaction Documents; and (ii) a pledge over the positive balance of the Accounts (other than the Accounts opened outside of Italy to the extent provided for by the Deed of Pledge).

Under an intercreditor agreement to be entered into on or prior to the Issue Date (the "**Intercreditor Agreement**") between the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders), the Corporate Services Provider, the Security Trustee, the Transaction Bank, the Irish Listing Agent, the Back Up Computation Agent, the Custodian Bank, the Operating Bank, the Computation Agent, the Servicers, the Swap Counterparty, the Principal Paying Agent, the Stichting Corporate Services Provider, the Back-Up Servicers, the Back-Up Servicer Facilitator and the Subscribers, the Originators, the application of the Single Portfolio Available Funds and the Issuer Available Funds (each as defined below) will be set out. The Representative of the Noteholders will be appointed to exercise certain rights in relation to the Portfolios and in particular will be conferred the exclusive right (and the necessary powers) to make demands, give notices, exercise or refrain from exercising rights and take or refrain from taking actions (also through the Servicers) in relation to the recovery of the Claims in the name and on behalf of the Issuer.

Under a deed of charge governed by English law to be entered into on or prior to the Issue Date (the "**Deed of Charge**"), the Issuer will assign and charge in favour of the Security Trustee for itself, the Noteholders and the Other Issuer Creditors, all the Issuer's rights, title, interest and benefit (present and future) in, to and under the Swap Agreement and all the amounts and securities from time to time standing to the credit of the Collateral Account, the Investment Accounts and any other future accounts which the Issuer may open in England and Wales pursuant to the Deed of Charge.

Under an agreement to be entered into on or prior to the Issue Date between the Issuer, the Originators, the Representative of the Noteholders and Stichting Gaudi as quotaholder (the "**Quotaholder**"), certain rules will be set out in relation to the corporate management of the Issuer (the "**Agreement between the Issuer and the Quotaholder**").

Under a stichting corporate services agreement entered into on or about the Issue Date (the "**Stichting Corporate Services Agreement**") between the Issuer, Wilmington Trust SP Services (London) Limited (the "**Stichting Corporate Services Provider**"), and the Quotaholder, the Stichting Corporate Services Provider has agreed to provide certain management, administrative and secretarial services to the Quotaholder.

These Conditions include summaries of, and are subject to, the detailed provisions of the Transfer

Agreements, the Warranty and Indemnity Agreement, the Servicing Agreement, the Intercreditor Agreement, the Corporate Services Agreement, the Notes Subscription Agreement, the Stichting Corporate Services Agreement, the Swap Agreement, the Cash Administration and Agency Agreement, the Back-Up Servicing Agreement, the Deed of Pledge, the Agreement between the Issuer and the Quotaholder and the Deed of Charge (and, together with these Conditions, the "**Transaction Documents**"). Copies of the Transaction Documents are available for inspection during normal business hours at the registered office of the Representative of the Noteholders and to the Irish Listing Agent.

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

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

The Recitals and the Exhibits hereto constitute an integral and essential part of these Conditions and shall have the force of and shall take effect as covenants by the Issuer.

In these Conditions:

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

"**Accounts**" means collectively the Payments Account, the Collections and Recoveries Accounts, the Cash Reserve Account, the Investment Accounts, the Principal Amortisation Reserve Account (if any), the Quota Capital Account, the Collateral Account and the Single Portfolio Detrimental Reserve Account (if any); and "**Account**" means any of them.

"**Agents**" means the Irish Listing Agent, the Principal Paying Agent, the Computation Agent, the Transaction Bank, the Operating Bank, the Back Up Computation Agent and the Custodian Bank, collectively and "**Agent**" means any of them.

"**Agreement between the Issuer and the Quotaholder**" means the agreement to be entered into between the Issuer, the Representative of the Noteholders and the Quotaholder.

"**Arranger**" means Advisory & Finance S.A.

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

"**Arrear Ratio**" means with respect to any Payment Date, the ratio calculated as at the immediately preceding Collection Date between (i) the Outstanding Balance of all Claims which are Arrear Claims as at the immediately preceding Calculation Date, and (ii) the Outstanding Principal of the Claims (excluding the Defaulted Claims) at the immediately preceding Calculation Date.

"**Article 122a**" means the article 122a of the Capital Requirements Directive.

"**Authorised Company**" means any company (i) whose management has at least 5 years prior experience in the activities which any of the Servicers intends to entrust to such company, (ii)



employs a software which would empower it to fulfil the obligations deriving from its appointment without interruption (iii) has the ability to perform such activities with results equal to those required by the relevant Servicers under the Servicing Agreement.

**"Available Class A Notes Redemption Funds"** means, with respect to any Payment Date, the difference between:

- (i) the Issuer Available Funds in respect of such Payment Date; and
- (ii) the aggregate of all payments under item *First to Eight* of the Acceleration Order of Priority which are required to be made by the Issuer on such Payment Date.

**"Back-Up Servicers"** means:

- (i) with respect to CR Bra, Banca Alpi Marittime, or, should the event under clause 2.3(b) of the Back-up Servicing Agreement occur, BCC di Pianfei;
- (ii) with respect to Banca Alpi Marittime, CR Bra, or, should the event under clause 2.3(a) of the Back-up Servicing Agreement occur, BCC di Pianfei;
- (iii) with respect to BCC di Pianfei, Banca Alpi Marittime, or, should the event under clause 2.2(b) of the Back-up Servicing Agreement occur, CR Bra; or
- (iv) the External Back-up Servicer,

or any other person from time to time acting as Back-up Servicer.

**"Banca Alpi Marittime"** means Banca Alpi Marittime Credito Cooperativo Carrù Società Cooperativa per Azioni.

**"Banca Alpi Marittime Cash Reserve Amortisation Amount"** means in respect to any Calculation Date (other than the Calculation Date on which it is verified that the Target Cash Reserve Amount with reference to each of the Cash Reserve SubAccounts is to be reduced to zero due to the Class A Notes being redeemed in full on the immediately following Payment Date), the difference, if positive, between (i) the amount standing to the credit of each Banca Alpi Marittime Cash Reserve SubAccount on the Business Day following the immediately preceding Payment Date and (ii) the Banca Alpi Marittime Target Cash Reserve Amount applicable to the immediately following Payment Date.

**"Banca Alpi Marittime Cash Reserve Excess"** means, with respect to the Payment Date on which all the Class A Notes are redeemed in full, the amount standing to the credit of the Banca Alpi Marittime Cash Reserve Account on the Business Day following the immediately preceding Payment Date (less any amount which shall be used at the Payment Date on which the Class A Notes are redeemed in full to make such redemption).

**"Banca Alpi Marittime Swap Transaction"** means the swap transaction entered into between the Issuer and the Swap Counterparty in order to hedge the Claims originated by Banca Alpi Marittime.

**"Banca Alpi Marittime Target Cash Reserve Amount"** means, in respect to any Payment Date, an amount equal to:

1. (i) if the aggregate Principal Amount Outstanding of the Class A Notes (before payments to be made on such Payment Date in accordance with the applicable Order of Priority) is higher than 60% of the Initial Principal Amount Outstanding of the Class A Notes or (ii) if any of the Cash Reserve Release Conditions is not met on such Payment Date, an amount

equal to 3.60% of the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding;

2. otherwise, an amount equal to the higher of (a) 3.60% of the relevant Single Portfolio Class A Notes Principal Amount Outstanding on such Payment Date (before payments to be made on such Payment Date in accordance with the applicable Order of Priority); and (b) an amount equal to 1.50% of the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding,

*provided that* the Banca Alpi Marittime Target Cash Reserve Amount will be equal to 0 (zero) on the Payment Date on which the Class A Notes are redeemed in full (and on each Payment Date thereafter).

"**Banca IMI**" means Banca IMI S.p.A.

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

"**BCC di Pianfei**" means Banca di Credito Cooperativo di Pianfei e Rocca de' Baldi – Società Cooperativa.

"**BCC di Pianfei Cash Reserve Amortisation Amount**" means in respect to any Calculation Date (other than the Calculation Date on which it is verified that the Target Cash Reserve Amount with reference to each of the Cash Reserve SubAccounts is to be reduced to zero due to the Class A Notes being redeemed in full on the immediately following Payment Date), the difference, if positive, between (i) the amount standing to the credit of each BCC di Pianfei Cash Reserve SubAccount on the Business Day following the immediately preceding Payment Date and (ii) the BCC di Pianfei Target Cash Reserve Amount applicable to the immediately following Payment Date.

"**BCC di Pianfei Cash Reserve Excess**" means, with respect to the Payment Date on which all the Class A Notes are redeemed in full, the amount standing to the credit of the BCC di Pianfei Cash Reserve Account on the Business Day following the immediately preceding Payment Date (less any amount which shall be used at the Payment Date on which the Class A Notes are redeemed in full to make such redemption).

"**BCC di Pianfei Swap Transaction**" means the swap transaction entered into between the Issuer and the Swap Counterparty in order to hedge the Claims originated by BCC di Pianfei.

"**BCC di Pianfei Target Cash Reserve Amount**" means, in respect to any Payment Date, an amount equal to:

1. (i) if the aggregate Principal Amount Outstanding of the Class A Notes (before payments to be made on such Payment Date in accordance with the applicable Order of Priority) is higher than 60% of the Initial Principal Amount Outstanding of the Class A Notes or (ii) if any of the Cash Reserve Release Conditions is not met on such Payment Date, an amount equal to 3.60% of the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding;
2. otherwise, an amount equal to the higher of (a) 3.60% of the relevant Single Portfolio Class A Notes Principal Amount Outstanding on such Payment Date (before payments to be made on such Payment Date in accordance with the applicable Order of Priority); and (b)

an amount equal to 1.50% of the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding,

*provided that* the BCC di Pianfei Target Cash Reserve Amount will be equal to 0 (zero) on the Payment Date on which the Class A Notes are redeemed in full (and on each Payment Date thereafter).

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

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

**"Calculation Date"** means the date falling on the 20<sup>th</sup> day of April and the 20<sup>th</sup> day of October in each year or, if such date is not a Business Day, the following Business Day.

**"Capital Requirements Directive"** or **"CRD"** means the 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.

**"Cash Administration and Agency Agreement"** means the cash administration and agency agreement to be entered into on or prior to the Issue Date between the Issuer, the Originators, the Back-up Servicers, the Security Trustee, the Irish Listing Agent, the Corporate Services Provider, the Swap Counterparty, the Servicers, the Custodian Bank, the Transaction Bank, the Operating Bank, the Computation Agent, the Principal Paying Agent, the Back Up Computation Agent and the Representative of the Noteholders.

**"Cash Reserve Account"** means the account IBAN Code GB45IRVT70022548607480.

**"Cash Reserve Amortisation Amount"** means each or all of the **"Banca Alpi Marittime Cash Reserve Amortisation Amount"**, the **"BCC di Pianfei Cash Reserve Amortisation Amount"** and the **"CR Bra Cash Reserve Amortisation Amount"**, as the context requires.

**"Cash Reserve Release Conditions"** means, with reference to any Payment Date on which the Pre-Acceleration Order of Priority applies, the following events: (a) the Disequilibrium Event has not occurred; (b) the Detrimental Event has not occurred; (c) the Single Portfolio Detrimental Event has not occurred; (d) no Trigger Event nor Cross Collateral Event has occurred; (e) the Arrear Ratio does not exceed 4% (four per cent) for two consecutive Payment Dates.

**"Cash Reserve SubAccounts"** means any of the Banca Alpi Marittime Cash Reserve SubAccount, BCC di Pianfei Cash Reserve SubAccount and CR Bra Cash Reserve SubAccount.

**"Cash Reserve Excess"** means each or all of the Banca Alpi Marittime Cash Reserve Excess, the CR Bra Cash Reserve Excess and the BCC di Pianfei Cash Reserve Excess, as the context requires.

**"Claims"** means the monetary receivables and connected rights arising under the Mortgage Loans and the relevant Insurance Policies.

**"Class"** means the Class A Notes or the Class B Notes as the case may be.

**"Class A Margin"** means 0.70% *per annum*.

**"Class A Noteholders"** means the holder(s) of the Class A Notes.

**"Class A Notes"** means the Euro 166,800,000 Class A Asset Backed Floating Rate Notes due October 2048 issued by the Issuer.

**"Class A Notes Principal Payment Amount"** means with respect to each Payment Date, the aggregate of all Single Portfolio Class A Notes Principal Payment Amounts.

**"Class B Noteholders"** means the holder(s) of the Class B Notes.

**"Class B Notes"** means, collectively, (i) the Euro 13,048,000 Class B1 Asset Backed Floating Rate Notes due October 2048 issued by the Issuer; (ii) the Euro 5,164,000 Class B2 Asset Backed Floating Rate Notes due October 2048 issued by the Issuer and (iii) the Euro 15,625,000 Class B3 Asset Backed Floating Rate Notes due October 2048 issued by the Issuer.

**"Clean-Up Date"** means the Payment Date falling on or after April 2013 and in relation to which the aggregate principal outstanding amount of the Portfolios is equal to or less than 10% (ten *per cent*) of the aggregate principal outstanding amount of the Portfolios as of the Effective Date.

**"Clearstream"** means Clearstream Banking, Société Anonyme.

**"Collateral Account"** means the collateral account to hold the cash and securities collateral posted by the Swap Counterparty pursuant to the terms of the Swap Agreement in respect to the Relevant Portfolio.

**"Collection Date"** means 30 September and 31 March of each year. The First Collection Date means 30 September 2011.

**"Collection Period"** means each period starting on a Collection Date (but excluding) and ending on the following Collection Date (and including), save for the First Collection Period that will start on the Effective Date (included) and ending on the First Collection Date (included).

**"Collection Policy"** means, with respect to the Servicers, the collection policy applied by the Servicers in relation to the Portfolios.

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

**"Collections and Recoveries Accounts"** means the three accounts opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

**"Computation Agent"** means Accounting Partners S.r.l. or any of its permitted successors or assignees from time to time.

**"Conditions"** means the terms and conditions of the Notes and references to any specific **"Condition"** of the Notes are references to such Condition in the specified terms and conditions if specified, or otherwise in each such terms and conditions.

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

**"Corporate Services Provider"** means Accounting Partners S.r.l. or any of its permitted successors or assignees from time to time.

**"Corporate Services Agreement"** means the corporate services agreement to be entered into on or prior to the Issue Date between the Issuer and the Corporate Services Provider.

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

"**CR Bra**" means Cassa di Risparmio di Bra S.p.A.

"**CR Bra Cash Reserve Amortisation Amount**" means in respect to any Calculation Date (other than the Calculation Date on which it is verified that the Target Cash Reserve Amount with reference to each of the Cash Reserve SubAccounts is to be reduced to zero due to the Class A Notes being redeemed in full on the immediately following Payment Date), the difference, if positive, between (i) the amount standing to the credit of each CR Bra Cash Reserve SubAccount on the Business Day following the immediately preceding Payment Date and (ii) the CR Bra Target Cash Reserve Amount applicable to the immediately following Payment Date.

"**CR Bra Cash Reserve Excess**" means, with respect to the Payment Date on which all the Class A Notes are redeemed in full, the amount standing to the credit of the CR Bra Cash Reserve Account on the Business Day following the immediately preceding Payment Date (less any amount which shall be used at the Payment Date on which the Class A Notes are redeemed in full to make such redemption).

"**CR Bra Swap Transaction**" means the swap transaction entered into between the Issuer and the Swap Counterparty in order to hedge the Claims originated by CR Bra.

"**CR Bra Target Cash Reserve Amount**" means, in respect to any Payment Date, an amount equal to:

1. (i) if the aggregate Principal Amount Outstanding of the Class A Notes (before payments to be made on such Payment Date in accordance with the applicable Order of Priority) is higher than 60% of the Initial Principal Amount Outstanding of the Class A Notes or (ii) if any of the Cash Reserve Release Conditions is not met on such Payment Date, an amount equal to 3.60% of the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding;
2. otherwise, an amount equal to the higher of (a) 3.60% of the relevant Single Portfolio Class A Notes Principal Amount Outstanding on such Payment Date (before payments to be made on such Payment Date in accordance with the applicable Order of Priority); and (b) an amount equal to 1.50% of the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding,

*provided that* the CR Bra Target Cash Reserve Amount will be equal to 0 (zero) on the Payment Date on which the Class A Notes are redeemed in full (and on each Payment Date thereafter).

"**Cross Collateral Event**" has the meaning ascribed to it in Condition 10 (*Cross Collateral Events*).

"**Cross Collateral Notice**" has the meaning ascribed to it in Condition 10 (*Cross Collateral Events*).

"**Cross Collateral Order of Priority**" has the meaning ascribed to it in Condition 4.6 (*Cross Collateral Order of Priority*).

"**Custodian Bank**" means The Bank of New York Mellon, London Branch or any of its successors or assignees from time to time.

"**Custody Terms and Conditions**" means the form of the terms and conditions of the custody agreement attached as schedule 2 of the Cash Administration and Agency Agreement.

"**Deed of Charge**" means the deed to be entered into between the Issuer and the Security Trustee on or about the Issue Date.

"**Deed of Pledge**" means the deed to be entered into between the Issuer, the Noteholders acting through the Representative of the Noteholders and the Other Issuer Creditors acting through the

Representative of the Noteholders on or about the Issue Date (together, the "**Pledges**").

"**Default Ratio**" means with respect to any Payment Date, the ratio calculated as at the immediately preceding Collection Date between (i) the cumulative Outstanding Balance of all Claims which have become Defaulted Claims since the Effective Date (calculated on the date on which the Claim is classified Defaulted Claim), and (ii) the Outstanding Principal of the Claims as at the Effective Date.

"**Defaulted Claim**" means any Claim which is classified as "*in sofferenza*" by each Servicer pursuant to the relevant Collection Policy and in compliance with the applicable rules "*Istruzioni di Vigilanza*" of the Bank of Italy or a Claim which has at least, as the case may be: (i) 12 Unpaid Instalments in relation to Claims with monthly Instalments; (ii) 5 Unpaid Instalments in relation to Claims with quarterly Instalments; and (iii) 3 Unpaid Instalments in relation to Claims with semi-annual Instalments.

"**Defaulting Party**" has the meaning ascribed to it in the Swap Agreement.

"**Detrimental Event**" has the meaning ascribed to it in Condition 4.3 (*Pre-Acceleration Order of Priority*).

"**Detrimental Reserve Amount**" means, with respect to any Payment Date, the difference between:

- (i) the Single Portfolio Available Funds or the Issuer Available Funds (as applicable) in respect of such Payment Date; and
- (ii) the aggregate of all payments to be made out of the relevant Single Portfolio Available Funds under items *First* to *Twelfth* of the Pre-Acceleration Order of Priority, or out of the Issuer Available Funds (as applicable) under items *First* to *Tenth* of the Cross Collateral Order of Priority on such Payment Date.

"**Disequilibrium Event**" has the meaning ascribed to it in Condition 4.2 (*Pre-Acceleration Order of Priority*).

"**Disequilibrium Event Notice**" has the meaning ascribed to it in Condition 6.8 (*Principal Payments and Principal Amount Outstanding*).

"**Early Termination Date**" has the meaning ascribed to it in the Swap Agreement.

"**Effective Date**" means 00.01 hours of 15 June 2011.

"**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,

- (i) whose short-term unsecured, unsubordinated and unguaranteed debt obligations have a Moody's rating equal at least to P-1, and
- (ii) whose long-term, unsecured and unsubordinated debt obligations have a Moody's rating equal at least to A2 and a S&P'S rating equal at least to A (or A+ if the short-term rating is different than A-1).

"**Eligible Investments**" means:

- (i) any Euro denominated senior (unsubordinated) debt security, bank account, deposit (including, for the avoidance of doubt, time deposits) or other debt instrument or repurchase transactions on such debt instruments issued by, or fully and unconditionally guaranteed on an unsubordinated basis (or, in the case of any repurchase transaction, (a) whose counterparty to

the Issuer is and (b) whose underlying assets have been issued by, or fully and unconditionally guaranteed on an unsubordinated basis) by, an institution whose unsecured and unsubordinated debt obligations have at least the following ratings:

(A) with respect to S&P:

(a) in relation to the bank accounts and deposits (including, for the avoidance of doubt, time deposits):

(X) a rating equal to A in respect of long-term debt and A-1 in respect of short term debt (or A+ if the short-term rating is different than A-1); and

(b) in relation to the other Eligible Investments listed under item (i) and not indicated under item (a): S&P's rating equal to A-1+ in respect of short-term debt (or in respect of up to 20% (twenty per cent) of the Principal Amount Outstanding of the Class A Notes and for a period of less than a month, "A-1"); and

(B) with respect to Moody's rating,

(x) either A2 by Moody's in respect of long-term debt or P-1 by Moody's in respect of short-term debt, with regard to investments having a maturity of less than one month, or

(y) A1 by Moody's in respect of long-term debt and P-1 by Moody's in respect of short-term debt, with regard to investments having a maturity between one and three months, or such other rating as acceptable to Moody's from time to time;

(z) Aa3 by Moody's in respect of long-term debt and P-1 by Moody's in respect of short-term debt, with regard to investments having a maturity between three months and six months, or such other rating as acceptable to Moody's from time to time;

and, in the case of clauses (A) and (B) above, which are immediately repayable on demand, disposable without penalty and have, prior to the redemption in full of the Notes, at any time a fixed principal amount at maturity at least equal to the principal amount invested and a maturity not later than the second Business Day preceding the Payment Date immediately succeeding the Collection Period in respect of which such Eligible Investments were made, and

(ii) Euro denominated money market funds which have at least the following ratings:

(a) a Moody's rating equal to Aaa-mf; and with

(b) a S&P's rating equal to AAAm or AAAm-G,

and, in the case of clauses (a) and (b) above, which permit daily liquidation of investments, provided that in case of disposal of the eligible investment before maturity, the principal amount upon disposal is at least equal to the principal amount invested;

provided that, in no case such investment under (i) and (ii) above shall be made, in whole or in part, actually or potentially, in (A) tranches of other asset-backed securities; or (B) credit-linked notes, swaps or other derivatives instruments, or synthetic securities or (C) Eligible Investments held through a sub-custodian, and further provided that (D) amounts arising from the Cash Reserve Account shall be invested in Eligible Investments other than the Eligible Investments in which the amount arising from all the other Accounts are invested and (E)

such investment under (i) and (ii) above shall be Eligible Investments held directly with the Custodian Bank and/or through Euroclear or Clearstream or other clearing systems and registered in the name of the Issuer or, only to the extent registration in the name of the Issuer is not possible, in the name of the Custodian Bank.

**"Euroclear"** means Euroclear Bank S.A./N. V., as operator of the Euroclear System.

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

**"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.

**"External Back-up Servicer"** means the back-up servicer to be appointed pursuant to clause 9 of the Servicing Agreement and which must be an entity different from the Originators.

**"Families Plan"** means the agreement signed on 18 December 2009 between the Italian Banking Association (ABI) and the consumer association for the suspension of the mortgage loans instalments by those families stricken by the financial crisis.

**"Final Date"** means the earlier between: (i) the Payment Date on which the Class A Notes have been redeemed in full; and (ii) the Final Maturity Date.

**"Final Maturity Date"** means the Payment Date falling on October 2048.

**"First Collection Date"** means 30 September 2011.

**"First Collection Period"** means the period starting on the Effective Date (inclusive) and ending on the First Collection Date (inclusive).

**"First Payment Date"** means the Payment Date falling on 2 November 2011.

**"General Criteria"** means the general criteria used as a basis for the selection of the Claims.

**"Information Technology Services Provider"** means the provider of certain information technology services to the Services pursuant to the Servicing Agreement.

**"Initial Period"** means the period of 18 (eighteen) months and one day from the Issue Date.

**"Initial Principal Amount Outstanding"** means, (a) in respect of a Note, the principal amount outstanding of that Note as at the Issue Date, and (b) in respect of a Portfolio, the Outstanding Balance of the Mortgage Loans of that Portfolio as at the Effective Date.

**"Insolvency Event"** means an event which 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 in good faith with a reasonable prospect of success;

- (ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by the Issuer or the same proceedings are otherwise initiated against the Issuer and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success;
- (iii) the Issuer takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than the Noteholders and the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; 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.

**"Instalment"** means, with respect to each Claim, each monetary amount due from time to time under the Claim by the relevant Borrower.

**"Intercreditor Agreement"** means the intercreditor agreement to be entered into on or prior to the Issue Date between the Issuer and the Other Issuer Creditors.

**"Interest Accruals"** means, with respect to each Portfolio, the interest accrued, not yet due and unpaid on the relevant Claims as of the Effective Date, and equal to, with respect to Portfolio No. 1, Euro 91,421.05, with respect to Portfolio No. 2, Euro 37,043.71 and with respect to Portfolio No. 3, Euro 223,400.55.

**"Interest Amount"** has the meaning ascribed to it in Condition 5.3.1 (*Determination of the Interest Rate, calculation of the Interest Amount, the Single Series Class B Notes Interest Amount and Single Series Class B Notes Additional Interest Payment Amount*).

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

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

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

**"Interest Rate"** has the meaning ascribed to it in Condition 5.2 (*Interest Rate*).

**"Investment Accounts"** means the three investment accounts opened by the Issuer with the Custodian Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

**"Investors Report Date"** means the date on which the Investors Report is delivered by the Computation Agent pursuant to clause 6.3.3 of the Cash Administration and Agency Agreement.

**"ISDA Master Agreement"** means the 1992 ISDA Master Agreement and the Schedule thereto as published by the International Swap and Derivates Association, Inc. (Multicurrency-Cross Border).

**"Issuer Available Funds"** means, in respect of each Payment Date, the aggregate (without duplication) of:

- (i) all the Collections and other amounts received by the Issuer in respect of the Claims during the immediately preceding Collection Period;
- (ii) all other amounts transferred during the immediately preceding Collection Period into the Collections and Recoveries Accounts;
- (iii) all the amounts credited to the Collections and Recoveries Accounts on the immediately preceding Payment Date;
- (iv) all interest accrued on the amounts standing to the credit of each of the Accounts (except for the Quota Capital Account) during the immediately preceding Collection Period and any profit and accrued interest received under the Eligible Investments made in respect of the immediately preceding Collection Period;
- (v) all amounts paid into the Principal Amortisation Reserve SubAccounts on the preceding Payment Date;
- (vi) all amounts due and payable to the Issuer in respect of such Payment Date under the terms of the Swap Agreement;
- (vii) all amounts received from the Originators, if any, pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreements, all amounts received by the Issuer as indemnities for the renegotiation of the Mortgage Loan Agreements and any payment made to the Issuer by any other party to the Transaction Documents during the immediately preceding Collection Period;
- (viii) any amounts paid into the Payments Account during the immediately preceding Collection Period (other than amounts credited on the second Business Day of the immediately preceding Payment Date and to be utilized on the same immediately preceding Payment Date in accordance with the relevant Order of Priority and the amounts used under items (vi) and (vii) of the description of the Payments Account for payments made out of such Payments Account in the preceding Collection Period);
- (ix) all amounts paid into the Single Portfolio Detrimental Reserve SubAccounts in the preceding Payment Date;
- (x) any amount paid into the Detrimental Reserve SubAccount in the preceding Payment Date;
- (xi) any proceeds paid to the Issuer resulting from any termination of the Swap Agreement only to the purpose of entering into a replacement Swap Agreement, and to the extent such proceeds exceed the cost of entering into a replacement Swap Agreement such excess may be utilised only to pay any shortfall under items *Eighth* of the Cross Collateral Order of

Priority or items *Eighth* or *Ninth* of the Acceleration Order of Priority. Provided that any amount under this item could be fully utilised if by doing so the Class A Notes will be fully redeemed on that Payment Date;

- (xii) until full repayment of the Class A Notes, the Cash Reserve in an amount equal to the Portfolio Shortfall with respect to such Payment Date, exclusively to pay amounts due (a) under items *First* to *Eighth* of the Cross Collateral Order of Priority *provided that* any amount under this item could be fully utilised if by doing so the Class A Notes will be fully redeemed on that Payment Date and (b) under items *First* to *Ninth* of the Acceleration Order of Priority; and
- (xiii) the proceeds from the sale of the Portfolios;

but excluding: (i) prior to the occurrence of an Early Termination Date (as defined in the Swap Agreement) for the Swap Transactions, the amount (if any) standing to the credit of the Collateral Account; and (ii) following the date on which the Swap Transactions are terminated, the amount standing to the credit of the Collateral Account (if any) which exceeds the termination amount (if any) that would have otherwise been payable by the Swap Counterparty to the Issuer had the collateral not been provided.

**"Issuer's Rights"** means (i) the Issuer's right, title and interest in and to the Portfolios and to all the amounts deriving therefrom and (ii) the Issuer's rights under the Transaction Documents.

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

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

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

**"Monte Titoli"** means Monte Titoli S.p.A.

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

**"Moody's"** means Moody's Investors Services.

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

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

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

**"Most Senior Class of Notes"** means the Class of Notes outstanding which ranks highest in accordance with the applicable Order of Priority.

**"Notes"** means, collectively, the Class A Notes and the Class B Notes.

"**Notes Subscription Agreement**" means the notes subscription agreement to be entered into on or prior to the Issue Date between the Issuer, the Originators and the Representative of the Noteholders, pursuant to which each of the Originators shall subscribe the Notes and pay to the Issuer on the Issue Date the relevant Issue Price for the Notes.

"**Noteholders**" means collectively the Class A Noteholders and the Class B Noteholders.

"**Official Gazette**" means the *Gazzetta Ufficiale della Repubblica Italiana*.

"**Operating Bank**" means The Bank of New York Mellon (Luxembourg) S.A. Italian Branch.

"**Optional Redemption**" has the meaning ascribed to it in Condition 6.4 (*Optional Redemption*).

"**Order of Priority**" means the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority or the Acceleration Order of Priority, as applicable, according to which the Single Portfolio Available Funds or the Issuer Available Funds, respectively, shall be applied on each Payment Date in accordance with the Conditions and the Intercreditor Agreement.

"**Organisation of the Noteholders**" means the association of the Noteholders created on the Issue Date.

"**Originators**" means Banca Alpi Marittime, BCC di Pianfei and CR Bra.

"**Other Issuer Creditors**" means the Swap Counterparty, the Originators, the Servicers, the Representative of the Noteholders, the Stichting Corporate Services Provider, the Security Trustee, the Principal Paying Agent, the Operating Bank, the Back-up Servicers, the Transaction Bank, the Custodian Bank, the Corporate Services Provider, the Back Up Computation Agent, the Back-Up Servicer Facilitator, the Computation Agent, the Subscribers and the Irish Listing Agent.

"**Outstanding Balance**" means with respect to a Claim the aggregate of the (i) Outstanding Principal and (ii) all due and unpaid Principal Instalments.

"**Outstanding Notes Ratio**" means with respect to any Payment Date and to each Portfolio, the ratio, calculated as at the immediately preceding Collection Date, between: (x) the relevant Single Portfolio Notes Principal Amount Outstanding, and (y) the Principal Amount Outstanding of all the Notes.

"**Outstanding Principal**" means, with respect to any Claims and to any date, the aggregate of all Principal Instalments owing by the relevant Borrower and scheduled to be paid on and/or after such date.

"**Payment Date**" means the 30<sup>th</sup> day of October and the 30<sup>th</sup> day of April in each year or, if such date is not a Business Day, on the following Business Day.

"**Payments Account**" means the account IBAN Code: IT29U0335101600004869359780 opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

"**Payments Report**" has the meaning ascribed to it in Condition 6.8 (*Principal Payments and Principal Amount Outstanding*).

"**Payments Report Date**" means the date falling on the 20<sup>th</sup> of April and the 20<sup>th</sup> of October of each year or in case such date is not a Business Day on the following Business Day.

"**Person(s)**" means any natural person, partnership, corporation, company, limited liability company, trust, estate, joint stock partnership or company, joint venture, governmental entity, unincorporated organisation or other entity or organisation.

"**Pledgees**" means the Noteholders and the Other Issuer Creditors (all acting through the Representative of Noteholders) pursuant to the Deed of Pledge.

"**Portfolio**" means any of the Portfolio No. 1, the Portfolio No. 2 and the Portfolio No. 3.

"**Portfolio Difference**" means in respect of each Payment Date both before and after delivery of a Cross Collateral Notice or a Trigger Notice, respectively:

- (i) in relation to the Portfolio No. 1 and the Portfolio No. 2, the difference between
  - (a) any amount that would have been payable in respect of the Portfolio No. 1 up to such Payment Date (included) under items from *Sixteenth* to *Twenty-first* of the Pre Acceleration Order of Priority, from *Twelfth* to *Seventeenth* of the Acceleration Order of Priority and from *Fourteenth* to *Nineteenth* of the Cross Collateral Order of Priority, had all of the Portfolios had enough Single Portfolio Available Funds to pay items from *First* to *Fourteenth* of the Pre Acceleration Order of Priority (provided that following delivery of a Cross Collateral Notice or a Trigger Notice only the items in the Pre Acceleration Order of Priority included also in the Order of Priority applicable on the relevant Payment Date shall be taken into account), and has not been paid due to a shortfall under Portfolio No. 2, and
  - (b) any amount that would have been payable in respect of the Portfolio No. 2 up to such Payment Date (included) under items from *Sixteenth* to *Twenty-first* of the Pre Acceleration Order of Priority, from *Twelfth* to *Seventeenth* of the Acceleration Order of Priority and from *Fourteenth* to *Nineteenth* of the Cross Collateral Order of Priority had all of the Portfolios had enough Single Portfolio Available Funds to pay items from *First* to *Fourteenth* of the Pre Acceleration Order of Priority (provided that following delivery of a Cross Collateral Notice or a Trigger Notice only the items in the Pre Acceleration Order of Priority included also in the Order of Priority applicable on the relevant Payment Date shall be taken into account), and has not been paid due to a shortfall under Portfolio No. 1;

being clear that should (i)(a) be higher than (i)(b), the Portfolio Difference would be due to the Originator of the Portfolio No. 1, and that, should (i)(b) be higher than (i)(a), the Portfolio Difference would be due to the Originator of the Portfolio No. 2.

- (ii) in relation to the Portfolio No. 1 and the Portfolio No. 3, the difference between
  - (a) any amount that would have been payable in respect of the Portfolio No. 1 up to such Payment Date (included) under items from *Sixteenth* to *Twenty-first* of the Pre Acceleration Order of Priority, from *Twelfth* to *Seventeenth* of the Acceleration Order of Priority and from *Fourteenth* to *Nineteenth* of the Cross Collateral Order of Priority, had all of the Portfolios had enough Single Portfolio Available Funds to pay items from *First* to *Fourteenth* of the Pre Acceleration Order of Priority (provided that following delivery of a Cross Collateral Notice or a Trigger Notice only the items in the Pre Acceleration Order of Priority included also in the Order of Priority applicable on the relevant Payment Date shall be taken into account), and has not been paid due to a shortfall under Portfolio No. 3, and
  - (b) any amount that would have been payable in respect of the Portfolio No. 3 up to such Payment Date (included) under items from *Sixteenth* to *Twenty-first* of the Pre

Acceleration Order of Priority, from *Twelfth* to *Seventeenth* of the Acceleration Order of Priority and from *Fourteenth* to *Nineteenth* of the Cross Collateral Order of Priority had all of the Portfolios had enough Single Portfolio Available Funds to pay items from *First* to *Fourteenth* of the Pre Acceleration Order of Priority (provided that following delivery of a Cross Collateral Notice or a Trigger Notice only the items in the Pre Acceleration Order of Priority included also in the Order of Priority applicable on the relevant Payment Date shall be taken into account), and has not been paid due to a shortfall under Portfolio No. 1;

being clear that should (i)(a) be higher than (i)(b), the Portfolio Difference would be due to the Originator of the Portfolio No. 1, and that, should (i)(b) be higher than (i)(a), the Portfolio Difference would be due to the Originator of the Portfolio No. 3.

- (iii) in relation to the Portfolio No. 2 and the Portfolio No. 3, the difference between
- (a) any amount that would have been payable in respect of the Portfolio No. 2 up to such Payment Date (included) under items from *Sixteenth* to *Twenty-first* of the Pre Acceleration Order of Priority, from *Twelfth* to *Seventeenth* of the Acceleration Order of Priority and from *Fourteenth* to *Nineteenth* of the Cross Collateral Order of Priority, had all of the Portfolios had enough Single Portfolio Available Funds to pay items from *First* to *Fourteenth* of the Pre Acceleration Order of Priority (provided that following delivery of a Cross Collateral Notice or a Trigger Notice only the items in the Pre Acceleration Order of Priority included also in the Order of Priority applicable on the relevant Payment Date shall be taken into account), and has not been paid due to a shortfall under Portfolio No. 3, and
  - (b) any amount that would have been payable in respect of the Portfolio No. 3 up to such Payment Date (included) under items from *Sixteenth* to *Twenty-first* of the Pre Acceleration Order of Priority, from *Twelfth* to *Seventeenth* of the Acceleration Order of Priority and from *Fourteenth* to *Nineteenth* of the Cross Collateral Order of Priority had all of the Portfolios had enough Single Portfolio Available Funds to pay items from *First* to *Fourteenth* of the Pre Acceleration Order of Priority (provided that following delivery of a Cross Collateral Notice or a Trigger Notice only the items in the Pre Acceleration Order of Priority included also in the Order of Priority applicable on the relevant Payment Date shall be taken into account), and has not been paid due to a shortfall under Portfolio No. 2;

being clear that should (i)(a) be higher than (i)(b), the Portfolio Difference would be due to the Originator of the Portfolio No. 2, and that, should (i)(b) be higher than (i)(a), the Portfolio Difference would be due to the Originator of the Portfolio No. 3,

in each case, in respect of each couple of Portfolios under respectively paragraphs (i), (ii) and (iii) above, net of any Portfolio Difference paid and received between such couple of Portfolios in any previous Payment Date.

**"Portfolio No. 1"** means the portfolio of Claims which are sold to the Issuer by Banca Alpi Marittime pursuant to the relevant Transfer Agreement.

**"Portfolio No. 2"** means the portfolio of Claims which are sold to the Issuer by BCC di Pianfei pursuant to the relevant Transfer Agreement.

**"Portfolio No. 3"** means the portfolio of Claims which are sold to the Issuer by CR Bra pursuant to the relevant Transfer Agreement.

**"Portfolios"** means all the Portfolios of monetary claims and connected rights arising under the

Mortgage Loans transferred by the Originators to the Issuer further to the Transfer Agreements.

**"Portfolio Shortfall"** means with respect to any Payment Date the difference, if positive, between (a) all amounts due to be paid by the Issuer on such Payment Date (i) under items *First* through *Ninth* (inclusive) of the Acceleration Order of Priority or (ii) under items *First* through *Eighth* (inclusive) of the Cross-Collateral Order of Priority and under item *Ninth* of the Cross Collateral Order of Priority only on the Payment Date on which the Class A Notes are redeemed in full, as applicable and (b) the Issuer Available Funds with respect to such Payment Date but excluding the amounts under item (xiii) of the Issuer Available Funds.

**"Pre-Acceleration Order of Priority"** has the meaning ascribed to it in Condition 4.1 (*Pre-Acceleration Order of Priority*).

**"Pre-paid Claim"** means a Claim in respect of which the principal has been totally or partially paid before the applicable repayment date under the relevant Mortgage Loan.

**"Principal Amortisation Reserve Account"** means the account that may be opened by the Issuer with the Custodian Bank in accordance with the Cash Administration and Agency Agreement, or such other account or accounts of the Issuer with such other Eligible Institution as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

**"Principal Amortisation Reserve Amount"** means with respect to a Payment Date on which a Disequilibrium Event has occurred and to each Portfolio, the difference, if positive, between:

- (i) the relevant Single Portfolio Available Funds, and
- (ii) the aggregate of all amounts to be paid by the Issuer out of such Single Portfolio Available Funds under items *First* to *Tenth* of the Pre-Acceleration Order of Priority.

**"Principal Amount Outstanding"** means in respect of each of the Notes and on any date the Initial Principal Amount Outstanding of that Note less the aggregate amount of all payments of principal in respect of that Note that have been made prior to such date.

**"Principal Instalment"** means, in respect of each Claim, the principal component of each Instalment.

**"Principal Paying Agent"** means The Bank of New York Mellon (Luxembourg) S.A. Italian Branch or any of its permitted successors or assignees from time to time.

**"Principal Payment Amount"** means, collectively, the Class A Notes Principal Payment Amount and the aggregate of all Single Series Available Class B Notes Redemption Funds.

**"Principal Single Portfolio Shortfall"** means with respect to any Payment Date and to each Portfolio the difference, if positive, between (a) all amounts due to be paid by the Issuer on such Payment Date under items *First* to *Ninth* (inclusive) of the Pre-Acceleration Order of Priority and (b) the Single Portfolio Available Funds with respect to such Portfolio and to such Payment Date but excluding the amounts under item (xiii) of the Single Portfolio Available Funds

**"Purchase Price"** means the price to be paid by the Issuer for the purchase of the Portfolios under the terms of the Transfer Agreements, calculated as the Outstanding Principal of the Claims as at the Effective Date, which is equal to the aggregate of: (i) € 75,034,646.24 to be paid to Banca Alpi Marittime for the purchase of Portfolio No. 1; (ii) € 29,698,013.44 to be paid to BCC di Pianfei for the purchase of Portfolio No. 2; and (iii) € 89,848,692.91 to be paid to CR Bra for the purchase of Portfolio No. 3.

**"Quota Capital Account"** means the account IBAN Code: IT88X0335101600004869389780 opened by the Issuer with the Operating Bank, or such other account or accounts of the Issuer as may be, with the prior written consent of the Representative of the Noteholders, used for this purpose.

**"Quotaholder"** means Stichting Gaudi.

**"Rating Agencies"** means, Moody's, S&P and any successors thereof and any other rating agency which shall be appointed by the Issuer to give a rating to the Class A Notes.

**"Real Estate Assets"** means any residential real estate property which has been mortgaged in favour of the Originators to secure the Claims.

**"Redemption for Taxation"** has the meaning ascribed to it in Condition 6.2 (*Redemption for Taxation*).

**"Relevant Cash Reserve"** means, (i) in respect of Banca Alpi Marittime the BCC di Pianfei Cash Reserve, (ii) in respect of CR Bra the CR Bra Cash Reserve and (iii) in respect of BCC di Pianfei the BCC di Pianfei Cash Reserve.

**"Relevant Cash Reserve Available Amount"** means, with respect to any Payment Date and each Originator:

- (i) in relation to payments under clause 14.1(A) and 14.2 of the Cash Administration and Agency Agreement, (a) with respect to the First Payment Date, the amount standing to the credit of the Relevant Cash Reserve Account on the Issue Date; and (b) with respect to any Payment Date thereafter, the lower of (i) the amount standing to the credit of the Relevant Cash Reserve Account on the immediately preceding Payment Date (after application of the amount standing to the credit of the Relevant Cash Reserve Account in accordance with the applicable Order of Priority) and (ii) the Target Cash Reserve Amount on such Payment Date;
- (ii) in relation to payments under clause 14.1(B) of the Cash Administration and Agency Agreement, the difference, if positive, between (a) the amount indicated under item (i) above, and (b) any payments made under clause 14.1(A) of the Cash Administration and Agency Agreement.

**"Relevant Cash Reserve Individual Proportion"** means:

- (i) on any Payment Date on which the Pre-Acceleration Order of Priority applies and until full repayment of the Class A Notes, the ratio between:
  - (x) the sum of the Relevant Cash Reserve Uncovered Amount related to all the Originators; and
  - (y) the sum of the Relevant Cash Reserve Available Amount related to all the Originators as at such Payment Date (calculated by deducting the amount of the relevant Cash Reserve of each Originator which shall be utilised at such Payment Date pursuant to clause 14.1(A) of the Cash Administration and Agency Agreement and the Conditions);
- (ii) on any Payment Date on which any of the Cross Collateral Order of Priority or the Acceleration Order of Priority applies and until full repayment of the Class A Notes, the ratio between:



- (x) the Portfolio Shortfall calculated as at the Calculation Date immediately preceding such Payment Date; and
- (y) the sum of the Relevant Cash Reserve Available Amount related to all the Originators as at such Payment Date.

**"Relevant Cash Reserve SubAccount"** means, (i) in respect of CR Bra and the CR Bra Cash Reserve, the CR Bra Cash Reserve SubAccount, (ii) in respect of Banca Alpi Marittime and the Banca Alpi Marittime Cash Reserve, the Banca Alpi Marittime Cash Reserve SubAccount, and (iii) in respect of BCC di Pianfei and the BCC di Pianfei Cash Reserve, the BCC di Pianfei Cash Reserve SubAccount.

**"Relevant Cash Reserve Uncovered Amount"** has the meaning ascribed to it under clause 14.1(B) of the Cash Administration and Agency Agreement.

**"Relevant Date"** means, in respect of each Class of Notes, the date on which a payment in respect thereof first becomes due and payable or (if the full amount of the moneys payable in respect of such Class of Notes due and payable on or before that date has not been duly received by the relevant Monte Titoli Account Holder (in respect of the Class A Notes) or by the Class B Noteholders (in respect of the Class B Notes), on or prior to such date) the date on which notice that the full amount of such moneys has been received is duly given to the Representative of the Noteholders.

**"Relevant Portfolio"** means, with respect to a Series of Class B Notes, the Portfolio sold by the Originator that subscribes for such series of Class B Notes pursuant to the Notes Subscription Agreement; and in general, Relevant Portfolio means the Portfolio sold by the relevant Originator.

**"Relevant Swap Transaction"** means, (i) in respect of Portfolio No. 1 the Banca Alpi Marittime Swap Transaction (ii) in respect of Portfolio No. 2 the BCC di Pianfei Swap Transaction, and (iii) in respect of Portfolio No. 3 the CR Bra Swap Transaction.

**"Representative of the Noteholders"** means Accounting Partners S.r.l. or any of its permitted successors or assignees from time to time.

**"Retention Amount"** means an amount equal to € 50,000.

**"Security Documents"** means the Deed of Pledge and the Deed of Charge.

**"Security Interest"** means any mortgage, charge, pledge, lien, right of set-off, special privilege (*privilegio speciale*), assignment by way of security, retention of title or any other security interest whatsoever or any other agreement or arrangement having the effect of conferring security.

**"Security Trustee"** means Accounting Partners S.r.l. or any other person from time to time acting as security trustee.

**"Semi-Annual Servicing Report"** means the semi-annual report, containing information as to the collections and recoveries to be made in respect of the Portfolios during each Collection Period, which the Servicers undertake to prepare and submit on the Semi-Annual Servicing Report Date.

**"Semi-annual Servicing Report Date"** means the 12<sup>th</sup> day of April and October in each year or, if such date is not a Business Day, the following Business Day.

**"Series of Class B Notes"** means the series of Class B Notes subscribed by the Originator that sold the Relevant Portfolio.

**"Servicers"** means Banca Alpi Marittime, BCC di Pianfei and CR Bra, or any other person from time

to time acting as Servicer.

**"Servicing Agreement"** means the servicing agreement entered into on 29 June 2011 between Banca Alpi Marittime, BCC di Pianfei and CR Bra as Servicers and the Issuer.

**"Single Portfolio Amortised Principal"** means, with respect to each Payment Date and to each Portfolio, an amount equal to the aggregate of:

- (i) the aggregate amount of the Principal Instalments of the Claims of the Relevant Portfolio collected during the immediately preceding Collection Period (including, for the avoidance of doubt, any such collection lost due to any insolvency event on the Servicer having occurred) excluding all Principal Instalments collected in such immediately preceding Collection Period in relation to the Claims that have become Defaulted Claims in any previous Collection Period (without prejudice to the provisions under items (iii) and (iv) below);
- (ii) the aggregate amount of the Principal Instalments of the Pre-paid Claims that have been prepaid during the immediately preceding Collection Period;
- (iii) the Outstanding Principal of the Claims of the Relevant Portfolio that have become Defaulted Claims during the immediately preceding Collection Period, as of the date when such Claims became Defaulted Claims;
- (iv) any amount received by the Issuer during the immediately preceding Collection Period from the Originator of such Portfolio pursuant to the relevant Transfer Agreement and/or the Warranty and Indemnity Agreement and any amount received by the Issuer from the relevant Originator as indemnities in respect of the renegotiation of the Mortgage Loan Agreements of the Relevant Portfolio in accordance with the Servicing Agreement;
- (v) the Single Portfolio Amortised Principal (a) unpaid at the previous Payment Date and/or (b) credited on the Collections and Recoveries Account and not distributed to the Noteholders on the previous Payment Date;
- (vi) the proceeds from the sale of the Relevant Portfolio; and
- (vii) upon any of the Originators becoming subject to an insolvency proceeding, any amount not received by the Issuer in the immediately preceding Collection Period as a result of the set-off by any Borrower between its claims towards such Originator (in respect of the Borrower's deposits with such Originator) and the Claims.

**"Single Portfolio Available Funds"** means, in respect of each Payment Date and each Portfolio, the aggregate (without duplication) of:

- (i) all the Collections and other amounts received by the Issuer during the immediately preceding Collection Period in relation to the Claims of the Relevant Portfolio;
- (ii) all other amounts transferred during the immediately preceding Collection Period into the relevant Collections and Recoveries Account;
- (iii) any relevant Single Portfolio Class A Notes Principal Payment Amount and Single Series Available Class B Notes Redemption Funds paid into the relevant Collections and Recoveries Account on the immediately preceding Payment Date;
- (iv) (a) the relevant Outstanding Notes Ratio of all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Payments Account and paid into the same during the immediately preceding Collection Period; (b) all amounts of interest (if

- any) accrued on the amounts standing from time to time to the credit of the relevant Collections and Recoveries Account, Single Portfolio Detrimental Reserve SubAccount, Principal Amortisation Reserve SubAccount and the Cash Reserve SubAccount and paid into the same during the immediately preceding Collection Period; and (c) all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Detrimental Reserve SubAccount which were paid into it out of the relevant Single Portfolio Available Funds, during the immediately preceding Collection Period;
- (v) any profit and accrued interest received under the Eligible Investments made in respect of the immediately preceding Collection Period out of the relevant Investment Account;
  - (vi) all amounts paid into the credit of the relevant Principal Amortisation Reserve SubAccount on the preceding Payment Date;
  - (vii) all amounts due and payable to the Issuer in respect of such Payment Date under the terms of the Relevant Swap Transactions;
  - (viii) all amounts, if any, received from the relevant Originator pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreement in respect of the Claims of the Relevant Portfolio, all amounts received by the Issuer as indemnities for the renegotiation of the Mortgage Loan Agreements in respect of the Claims of the Relevant Portfolio and the relevant Outstanding Notes Ratio of all payments made to the Issuer by any other party to the Transaction Documents during the immediately preceding Collection Period;
  - (ix) the relevant Outstanding Notes Ratio of any amounts paid into the Payments Account during the immediately preceding Collection Period (other than amounts credited on the second Business Day of the immediately preceding Payment Date and to be utilized on the same immediately preceding Payment Date in accordance with the relevant Order of Priority and the amounts used under items (vi) and (vii) of the description of the Payments Account for payments made out of such Payments Account in the preceding Collection Period);
  - (x) the amounts paid into the credit of the Detrimental Reserve SubAccount in the preceding Payment Date out of the relevant Single Portfolio Available Funds;
  - (xi) the amounts paid into the relevant Single Portfolio Detrimental Reserve SubAccount in the preceding Payment Date;
  - (xii) any proceeds paid to the Issuer resulting from any termination of the Relevant Swap Transactions only to the purpose of entering into a replacement Swap Transaction, and to the extent such proceeds exceed the cost of entering into a replacement Swap Agreement such excess may be utilised only to pay any shortfall under item *Eighth* of the Pre-Acceleration Order of Priority. Provided that any amount under this item could be fully utilised if by doing so the Class A Notes will be fully redeemed on that Payment Date;
  - (xiii) until full repayment of the Class A Notes, the Relevant Cash Reserve (augmented as the case may be by the amount made available by the other Relevant Cash Reserve pursuant to the terms of the Cash Administration and Agency Agreement) in an amount equal to the Single Portfolio Shortfall with respect to such Payment Date, exclusively to pay amounts due under items *First* to *Eighth* (inclusive) of the Pre-Acceleration Order of Priority; *provided that* any amount under this item could be fully utilised if by doing so the Class A Notes will be fully redeemed on that Payment Date; and
  - (xiv) the proceeds from the sale of the Relevant Portfolio, the Cash Reserve Amortisation Amount of the Relevant Portfolio and the Cash Reserve Excess of the Relevant Portfolio;

but excluding: (i) prior to the occurrence of an Early Termination Date (as defined in the Swap Agreement) for the Swap Transactions, the amount (if any) standing to the credit of the Collateral Account; and (ii) following the date on which the Swap Transactions are terminated, the amount standing to the credit of the Collateral Account (if any) which exceeds the termination amount (if any) that would have otherwise been payable by the Swap Counterparty to the Issuer had the collateral not been provided.

**"Single Portfolio Class A Notes Principal Amount Outstanding"** means with respect to each Payment Date and to each Portfolio the difference between:

- (i) the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding; and
- (ii) the aggregate of all the Single Portfolio Class A Notes Principal Payment Amounts paid in respect of the Relevant Portfolio to the Class A Noteholders on the preceding Payment Dates.

**"Single Portfolio Class A Notes Principal Payment Amount"** means with respect to each Payment Date and to each Portfolio the lesser of: (i) the relevant Single Portfolio Amortised Principal with respect to such Payment Date; and (ii) the relevant Single Portfolio Class A Notes Principal Amount Outstanding as at the immediately preceding Collection Date.

**"Single Portfolio Detrimental Event"** has the meaning ascribed to it in Condition 4.4 (*Pre-Acceleration Order of Priority*).

**"Single Portfolio Initial Class A Notes Principal Amount Outstanding"** means (i) with respect to Portfolio No. 1, the Principal Amount Outstanding as at the Issue Date of 38.55% of the Class A Notes, equal to Euro 64,300,000; (ii) with respect to Portfolio No. 2, the Principal Amount Outstanding as at the Issue Date of 15.29% of the Class A Notes, equal to Euro 25,500,000; and (iii) with respect to Portfolio No. 3, the Principal Amount Outstanding as at the Issue Date of 46.16% of the Class A Notes, equal to Euro 77,000,000.

**"Single Portfolio Notes Principal Amount Outstanding"** means with respect to each Payment Date:

- (i) with respect to Portfolio No. 1, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, and the Principal Amount Outstanding of the Class B1 Notes;
- (ii) with respect to Portfolio No. 2, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, and the Principal Amount Outstanding of the Class B2 Notes; and
- (iii) with respect to Portfolio No. 3, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, and the Principal Amount Outstanding of the Class B3 Notes;

in each case as at the immediately preceding Collection Date.

**"Single Portfolio Detrimental Reserve Amount"** means with respect to a Payment Date on which a Single Portfolio Detrimental Event has occurred and to each Portfolio, the difference, if positive, between:

- (i) the relevant Single Portfolio Available Funds, and
- (ii) the aggregate of all amounts to be paid by the Issuer out of such Single Portfolio Available Funds under items *First* to *Eleventh* of the Pre-Acceleration Order of Priority.

**"Single Portfolio Shortfall"** means with respect to any Payment Date and to each Portfolio the difference, if positive, between (a) all amounts due to be paid by the Issuer on such Payment Date

under items *First to Eighth* (inclusive) of the Pre-Acceleration Order of Priority and under item *Ninth* of the Pre-Acceleration Order of Priority only on the Payment Date on which the Class A Notes are redeemed in full and (b) the Single Portfolio Available Funds with respect to such Portfolio and to such Payment Date but excluding the amounts under item (xiii) of the Single Portfolio Available Funds.

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

- (a) the Single Portfolio Available Funds with respect to the Relevant Portfolio, available for redemption of the Principal Amount Outstanding of such Series of Class B Notes according to the Pre-Acceleration Order of Priority or the Acceleration Order of Priority or the Cross Collateral Order of Priority as applicable; and
- (b) the Principal Amount Outstanding of such Series of Class B Notes.

**"Single Series Class B Notes Additional Interest Payment Amount"** means with respect to each Payment Date and to each Series of Class B Notes an amount, calculated on the Calculation Date immediately preceding such Payment Date, equal to:

- (i) the aggregate of all Interest Instalments collected on the Claims of the Relevant Portfolio in the immediately preceding Collection Period; plus
- (ii) the aggregate of all fees for prepayment paid on the Claims of the Relevant Portfolio in the immediately preceding Collection Period; plus
- (iii) the aggregate of all interest for late payments (*interessi di mora*) paid on the Claims of the Relevant Portfolio in the immediately preceding Collection Period; plus
- (iv) all amounts to be received by the Issuer under the Relevant Swap Transactions in respect of the following Payment Date; plus
- (v) all amounts received or recovered by the Issuer in the immediately preceding Collection Period with respect to the Claims of the Relevant Portfolio which are or have been Defaulted Claims; plus
- (vi) (a) the relevant Outstanding Notes Ratio of all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Payments Account and paid into the same during the immediately preceding Collection Period; (b) all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the relevant Collections and Recoveries Account, Single Portfolio Detrimental Reserve SubAccount, Principal Amortisation Reserve SubAccount and the Cash Reserve SubAccount and paid into the same during the immediately preceding Collection Period; and (c) all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Detrimental Reserve SubAccount which were paid into it out of the relevant Single Portfolio Available Funds, during the immediately preceding Collection Period; plus
- (vii) the Cash Reserve Excess of the Relevant Portfolio and the Cash Reserve Amortisation Amount of the Relevant Portfolio; plus
- (viii) all profit and accrued interest (if any) received under the Eligible Investments made in respect of the immediately preceding Collection Period out of the relevant Investment Account; minus

- (ix) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date out of the relevant Single Portfolio Available Funds under items *First* through *Sixth* plus *Eighth*, *Fourteenth*, *Fifteenth*, *Eighteenth* and *Nineteenth* of the Pre-Acceleration Order of Priority, or the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items *First* through *Sixth*, plus *Eighth*, *Tenth*, *Eleventh* and *Fifteenth* of the Acceleration Order of Priority, or the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items *First* through *Sixth* plus *Eighth*, *Twelfth*, *Thirteenth* and *Seventeenth* of the Cross Collateral Order of Priority; minus
- (x) the Outstanding Balance of all the Claims of the Relevant Portfolio which have become Defaulted Claims during the immediately preceding Collection Period calculated as at the immediately preceding Collection Date; minus
- (xi) on the First Payment Date only, the amount of any Interest Accrual;

but excluding: (i) prior to the occurrence of an Early Termination Date (as defined in the Swap Agreement) for the Swap Transactions, the amount (if any) standing to the credit of the account into which the collateral posted pursuant to the Swap Agreement is paid (the "**Collateral Account**"); and (ii) following the date on which the Swap Transactions are terminated, the amount standing to the credit of the Collateral Account (if any) which exceeds the termination amount (if any) that would have otherwise been payable by the Swap Counterparty to the Issuer had the collateral not been provided.

"**Single Portfolio Detrimental Event Notice**" has the meaning ascribed to it in Condition 6.8 (*Principal Payments and Principal Amount Outstanding*).

"**Single Series Class B Notes Interest Amount**" means on each Payment Date and in respect of each Series of Class B Notes, an amount equal to the lower of: (i) the Interest Amount on such Series of Class B Notes on the relevant Payment Date, and (ii) the Single Portfolio Available Funds of the Relevant Portfolio remaining following payment of any amount due under items from *First* to *Thirteenth* of the Acceleration Order of Priority or under items from *First* to *Fifteenth* of the Cross Collateral Order of Priority, as applicable..

"**Six Month Euribor**" means Euribor for six months deposits calculated as provided for in Condition 5.2 (*Interest Rate*).

"**Specific Criteria**" means the specific objective criteria used as the basis for the selection of the Claims for each Originator.

"**Stichting Corporate Services Agreement**" means the stichting corporate services agreement to be entered into on or prior to the Issue Date, between the Issuer, the Stichting Corporate Services Provider and the Quotaholder.

"**Stichting Corporate Services Provider**" means Wilmington Trust SP Services (London) Limited or any of its permitted successors or assignees from time to time.

"**Subscribers**" means Banca Alpi Marittime, BCC di Pianfei and CR Bra.

"**Successor**" means, in relation to any person, an assignee or successor in title of such person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of such person under the relevant Transaction Document or to which under such laws the same have been transferred.

**"Swap Agreement"** means the relevant International Swaps and Derivates Association, Inc. (ISDA) Master Agreement (Multicurrency-Cross Border) and the Schedule and the credit support annex thereto entered into between the Issuer, the Representative of the Noteholders and the Swap Counterparty on or before the Issue Date, together with the swap confirmations (each a **"Swap Confirmation"** and together the **"Swap Confirmations"**) entered into by the Issuer and the Swap Counterparty to evidence the terms of 3 (three) swap transactions (each a **"Swap Transaction"** and together the **"Swap Transactions"**), as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"Swap Counterparty"** means Banca IMI or any other person from time to time acting as Swap Counterparty.

**"Swap Counterparty Rating Event"** means any event under Part (1)(i)(2) (*Rating Event*) of the Schedule to the 1992 ISDA Master Agreement.

**"S&P"** means Standard & Poor's Credit Market Services Italy Srl.

**"Target Cash Reserve Amount"** means all or each of the Banca Alpi Marittime Target Cash Reserve Amount, the BCC di Pianfei Target Cash Reserve Amount and the CR Bra Target Cash Reserve Amount, as the case may be.

**"Transaction"** means the securitisation of the Portfolios carried out by the Issuer.

**"Transaction Bank"** means The Bank of New York Mellon (Luxembourg) S.A. Italian Branch or any of its permitted successors or assignees from time to time.

**"Transaction Documents"** means collectively the Transfer Agreements, the Warranty and Indemnity Agreement, the Servicing Agreement, the Intercreditor Agreement, the Corporate Services Agreement, the Cash Administration and Agency Agreement, the Back-Up Servicing Agreement, the Swap Agreement, the Notes Subscription Agreement, the Stichting Corporate Services Agreement, the Conditions, the Deed of Pledge, the Agreement between the Issuer and the Quotaholder and the Deed of Charge.

**"Transfer Agreement"** means each of the three transfer agreements entered into on the Transfer Date between the Issuer and each of the Originators in connection with the purchase of the Portfolios and **"Transfer Agreements"** means all of them.

**"Transfer Date"** means 29 June 2011.

**"Transparency Directive"** means Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004.

**"Trigger Event"** has the meaning ascribed to it in Condition 9 (*Trigger Events*).

**"Trigger Notice"** has the meaning ascribed to it in Condition 9 (*Trigger Events*).

**"Unpaid Instalment"** means any Instalment that is not duly paid (in whole or in part) by the relevant Borrower within seven days from the scheduled date for payment thereof.

**"Usury Law"** means Italian Law No. 108 of 7 March 1996 (*Disposizioni in materia di usura*), as subsequently amended and supplemented.

**"Valuation Date"** means 31 May 2011.

## 1. FORM, DENOMINATION, STATUS

- (1) The Notes will be held in dematerialised form on behalf of the beneficial owners as of the Issue Date, until redemption or cancellation thereof, by Monte Titoli, for the account of the relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream and Euroclear.
- (2) Title to the Notes will be evidenced by book entries in accordance with the provisions of (i) article 83-bis of the Legislative Decree No. 58 of 24 February 1998; and (ii) the Resolution dated 22 February 2008 jointly issued by the Bank of Italy and the CONSOB, as amended from time to time. No physical document of title will be issued in respect of the Notes.
- (3) The Class A Notes will be issued in denominations of Euro 100,000. Each Series of Class B Notes will be issued in denominations of Euro 1,000. The Class A Notes will be subscribed by Banca Alpi Marittime (Euro 64,300,000, for the 38.55%), BCC di Pianfei (Euro 25,500,000 for the 15.29%) and CR Bra (Euro 77,000,000 for the 46.16%). The Class B1 Notes will be subscribed by Banca Alpi Marittime, the Class B2 Notes will be subscribed by BCC di Pianfei and the Class B3 Notes will be subscribed by CR Bra.
- (4) The Issuer has elected Italy as Home Member State for the purpose of the Transparency Directive.
- (5) The rights and powers of the Noteholders may only be exercised in accordance with the Rules of the Organisation of the Noteholders attached to these Conditions as Exhibit 1, which shall constitute an integral and essential part of these Conditions.
- (6) Each Note is issued subject to and has the benefit of the Security Documents.

## 2. STATUS, PRIORITY AND SEGREGATION

- (1) The Notes constitute secured limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Notes is conditional upon the receipt and recovery by the Issuer of amounts due, and is limited to the extent of any amounts received or recovered by the Issuer, in each case, in respect of the Portfolios and the other Issuer's Rights. Notwithstanding any other provision of these Conditions, the obligation of the Issuer to make any payment under the Notes shall be equal to the lesser of (a) the nominal amount of such payment and (b) the Issuer Available Funds and the Single Portfolio Available Funds which may be applied for the relevant purpose, in accordance with the applicable Order of Priority and the terms of the Intercreditor Agreement and neither the Representative of the Noteholders nor any relevant Noteholder may take any further steps against the Issuer or any of its assets to recover any unpaid sum and the Issuer's liability for any unpaid sum will be extinguished. The Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a "*contratto aleatorio*" under Italian law and are deemed to accept the consequences thereof, including but not limited to the provisions under article 1469 of the Italian Civil Code. Without prejudice to the foregoing, any payment obligations of the Issuer under the Notes which has remained unpaid to the extent referred to above upon the earlier of (i) following the completion of any proceedings for the recovery of all Claims, the date on which such recoveries (if any) are paid in accordance with the applicable Order of Priority, (ii) following the sale (if any) of the then outstanding Portfolios, the date on which the proceeds of such sale (if any) are paid in accordance with the applicable Order of Priority, and (iii) the Final Maturity Date (following application of the Single



Portfolio Available Funds or the Issuer Available Funds, as the case may be, on such date in accordance with the applicable Order of Priority), shall be deemed extinguished and if the relevant claims irrevocably relinquished, waived and surrendered, by the Noteholders to the Issuer and the Noteholders will have no further recourse to the Issuer in respect of such obligations.

- (2) The Notes are secured by certain rights of the Issuer pursuant to the Security Documents and, in addition, by operation of Italian law, the Issuer's right, title and interest in and to the Portfolios is segregated from all other assets of the Issuer. Amounts deriving from the Portfolios will only be available, both prior to and following the winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors in accordance with the applicable Order of Priority set forth in Condition 4 (*Orders of Priority*) and to any third party creditors in respect of costs, fees and expenses incurred by the Issuer to such third party creditors in relation to the Transaction.
- (3) The Notes of each Class will rank *pari passu* and without any preference or priority among themselves.
- (4) As long as the Notes of a Class ranking in priority to the other Classes of Notes are outstanding, unless notice has been given to the Issuer declaring the Notes of such Class due and payable, the Notes of the Class(es) ranking below may not be declared due and payable and the Noteholders of the outstanding Class of Notes ranking highest in priority shall be entitled to determine the remedies to be exercised.
- (5) The Intercreditor Agreement contains provisions regarding the fact that the Representative of the Noteholders shall, as regards the exercise and performance of all its powers, authorities, duties and discretion have regard to the interests of all Class of Noteholders and the Other Issuer Creditors provided that if, in the opinion of the Representative of the Noteholders (i) there is a conflict between their interests, the Representative of the Noteholders will have regard solely to the interests of the Noteholders; or (ii) there is a conflict between the interests of the holders of different classes of Notes, the Representative of the Noteholders will consider only the interests of the holders of the Most Senior Class of Notes then outstanding; or (iii) there is a conflict between the interests of the Other Issuer Creditors, then the Representative of the Noteholders shall have regard to the interests of whichever of the Other Issuer Creditors ranks higher in the Order of Priority for the payment of the amounts therein specified.
- (6) Without prejudice to the right of the Representative of the Noteholders to enforce the Security Documents or to exercise any of its other rights, and subject as set out in the Rules of Organisation of the Noteholders, no Class A Noteholder and no Class B Noteholder shall be entitled to institute against the Issuer, or join any other person in instituting against the Issuer, any reorganisation, liquidation, bankruptcy, insolvency or similar proceedings until one year plus one day has elapsed since the day on which any note issued by the Issuer (including the Notes) has been paid in full or cancelled.

### **3. COVENANTS**

So long as any amount in respect of the Notes remains outstanding, the Issuer shall not, (i) save with the prior written consent of the Representative of the Noteholders (without prejudice to the provision of Condition 3.10 (*Further Securitisations*) below and, in the case provided for under Conditions 3.2 (c) below (*Restrictions on activities*) and 3.10 below (*Further Securitisation*), by giving a prior written notice to the Rating Agencies or (ii) save as provided for in or envisaged by any of the Transaction Documents:

### **3.1 Negative pledge**

create or permit to subsist any Security Interest whatsoever over any of the Portfolios or any part thereof or over any of its other assets or sell, lend, part with or otherwise dispose of all or any part of the Portfolios or any of its assets related to the Transaction; or

### **3.2 Restrictions on activities**

- (a) save as provided in Condition 3.10 below (*Further Securitisations*), engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or
- (b) have any *società controllata* (subsidiary) or *società collegata* (affiliate) (as defined in article 2359 of the Italian Civil Code) or any employees or premises; or
- (c) at any time approve or agree or consent to or do, or permit to be done, any act or thing whatsoever which may be materially prejudicial, prior or following the delivery of a Trigger Notice, to the interests of the Class A Noteholders or, if no Class A Notes are outstanding, the Class B Noteholders under the Transaction Documents (including for the avoidance of doubts actions that may lead to a substantial increase of the weighted average life of the Notes as indicated in this Prospectus); or
- (d) become the owner of any real estate asset; or
- (e) become resident, including without limitation for tax purposes, in any country outside Italy or cease to be managed and administered in Italy or cease to have its centre of main interest in Italy.

### **3.3 Dividends, Distributions and Capital Increases**

pay any dividend or make any other distribution or return or repay any equity capital to its quotaholder(s), or issue any further quota or shares; or

### **3.4 De-registrations**

ask for de-registration/suspension from the register of the special purpose vehicles held by the Bank of Italy pursuant to the Bank of Italy regulation dated 29 April 2011, for as long as Law 130, or any other applicable law or regulation requires the company incorporated pursuant to Law 130 to be registered therewith; or

### **3.5 Borrowings**

incur any indebtedness in respect of any borrowed money whatsoever or give any guarantee in respect of indebtedness or of any obligation of any person other than for the purposes of the Transaction; or

### **3.6 Merger**

consolidate or merge with any person or convey or transfer any of its properties or assets to any person; or

### **3.7 No variation or waiver**

permit any of the Transaction Documents to which it is party to be amended, terminated or discharged, if such amendment, termination or discharge may negatively affect the interest of

the Class A Noteholders or, if no Class A Notes are outstanding the Class B Noteholders; or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party, in a way which may negatively affect the interest of the Class A Noteholders or, if no Class A Notes are outstanding the Class B Noteholders; or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations thereunder, if such release may negatively affect the interest of the Class A Noteholders or, if no Class A Notes are outstanding the Class B Noteholders; or

### 3.8 Bank Accounts

have an interest in any bank account other than the Accounts; or

### 3.9 Statutory Documents

amend, supplement or otherwise modify its by-laws (*statuto*) or deed of incorporation (*atto costitutivo*), except where such amendment, supplement or modification is required by compulsory provisions of Italian law or by the competent regulatory authorities; or

### 3.10 Further securitisation

None of the covenants in Condition 3 (*Covenants*) above shall prohibit the Issuer from:

- (i) acquiring, or financing pursuant to article 7 of the Securitisation Law, by way of separate transactions unrelated to this Securitisation, further portfolios of monetary claims in addition to the Claims either from the Originators or from any other entity (the "**Further Portfolios**");
- (ii) securitising such Further Portfolios (each, a "**Further Securitisation**") through the issue of further debt securities additional to the Notes (the "**Further Notes**");
- (iii) entering into agreements and transactions, with the Originators 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 S&P has confirmed that the Further Securitisation will not affect the rating 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) the Representative of the Noteholders is satisfied that conditions (A) to (E) of this provision have been satisfied.

In giving any consent to the foregoing, the Representative of the Noteholders may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents (as may itself consent thereto on behalf of the Noteholders) or may impose such other conditions or requirements as the Representative of the Noteholders may deem expedient (in its absolute discretion) in the interests of the Noteholders and may rely on any written confirmation from the Issuer as to the matters contained therein.

None of the covenants in Condition 3 (*Covenants*) above shall prohibit the Issuer from carrying out any activity which is incidental to maintaining its corporate existence and complying with laws and regulations applicable to it.

#### **4. ORDERS OF PRIORITY**

##### **4.1 Pre-Acceleration Order of Priority**

The Single Portfolio Available Funds relating to the Portfolios shall be applied on each Payment Date in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

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

*Second*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Representative of Noteholders, the Security Trustee and any receiver appointed under the Deed of Charge;

*Third*, to pay into the Payments Account the relevant Outstanding Notes Ratio of the Retention

Amount;

*Fourth*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Computation Agent, the Operating Bank, the Transaction Bank, the Irish Listing Agent, the Custodian Bank, the Principal Paying Agent, the Back-Up Servicer Facilitator, the Back Up Computation Agent, the Back-Up Servicers, the Stichting Corporate Services Provider and the Corporate Services Provider;

*Fifth*, to pay all amounts due and payable to the Swap Counterparty under the terms of the Relevant Swap Transactions other than any termination payment due to the Swap Counterparty upon termination of the Relevant Swap Transactions in circumstances where the Swap Counterparty is the Defaulting Party (as defined in the 1992 ISDA Master Agreement) or the sole Affected Party (as defined in the 1992 ISDA Master Agreement) following the occurrence of a Swap Counterparty Rating Event but including, in any event, the amount of any termination payment due and payable to the Swap Counterparty in relation to the termination of the Relevant Swap Transactions to the extent of any premium received (net of any costs reasonably incurred by the Issuer to find a replacement swap counterparty), if any, by the Issuer from a replacement swap counterparty in consideration for entering into swap transactions with the Issuer on the same terms as the Relevant Swap Transactions;

*Sixth*, to pay any fees and expenses of the Servicer in respect of the Relevant Portfolio as provided under the Servicing Agreement;

*Seventh*, to pay to the relevant Originator any amount due by the Issuer as a restitution of the indemnities paid by such Originator to the Issuer under clause 5.3 of the Warranty and Indemnity Agreement;

*Eighth*, to pay the Interest Amount on the Single Portfolio Class A Notes Principal Amount Outstanding (*pro rata* according to the amounts then due);

*Ninth*, (i) on each Payment Date, up to (but excluding) the Payment Date falling on April 2013, to credit the relevant Single Portfolio Class A Notes Principal Payment Amount to the Collections and Recoveries Accounts, (ii) on each Payment Date starting from (and including) the Payment Date falling on April 2013, to pay the relevant Single Portfolio Class A Notes Principal Payment Amount to the Class A Noteholders (*pro rata* according to the amounts then due); and (iii) in case of Optional Redemption or Redemption for Taxation, to pay the relevant Single Portfolio Class A Notes Principal Amount Outstanding on such Payment Date;

*Tenth*, to credit the Relevant Cash Reserve SubAccount with the amount required, if any, such that the Relevant Cash Reserve (calculated on the day following the immediately preceding Payment Date) equals the relevant Target Cash Reserve Amount;

*Eleventh*, upon the occurrence of a Disequilibrium Event with respect to one or more Portfolios, to pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve SubAccount;

*Twelfth*, on any Payment Date with respect to which a Single Portfolio Detrimental Event has occurred, to pay the relevant Single Portfolio Detrimental Reserve Amount into the relevant Single Portfolio Detrimental Reserve SubAccount;

*Thirteenth*, on any Payment Date with respect to which a Detrimental Event has occurred, to pay the Detrimental Reserve Amount into the Detrimental Reserve SubAccount;

*Fourteenth*, to pay any termination payment due and payable to the Swap Counterparty under

the terms of the Swap Agreement upon termination of the Relevant Swap Transactions in circumstances where the Swap Counterparty is the Defaulting Party or the sole Affected Party following the occurrence of a Swap Counterparty Rating Event and not paid under item *Fifth* above;

*Fifteenth*, to pay to the other Originators (*pari passu* and *pro rata* according to the amounts then due) the Portfolio Difference (if any);

*Sixteenth*, to pay to the relevant Originator any amount due and payable in respect of purchase price adjustments due in relation to its respective Claims, not listed under the relevant Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as a restitution of indemnities paid by the Originator of such Portfolio, referred to under item *Seventh* above)

*Seventeenth*, to pay any other amount due and payable to (a) the relevant Originator, pursuant to the relevant Transfer Agreement and the other Transaction Documents (including amounts due in respect of the Interest Accruals pursuant to clause 4.4 of the relevant Transfer Agreement), (b) the relevant Servicer pursuant to the Servicing Agreement, in each case to the extent not already paid under other items of this Order of Priority, *pari passu* and *pro rata* according to the amounts then due, and (c) to CR Bra, Banca Alpi Marittime or BCC di Pianfei (as the case may be) under any role other than the Originator, pursuant to the Transaction Documents, and not expressly set forth in any other items;

*Eighteenth*, to pay the Interest Amount on the relevant Series of Class B Notes (*pari passu* and *pro rata* according to the amounts then due);

*Nineteenth*, to pay the Single Series Class B Notes Additional Interest Payment Amount of the relevant Series of Class B Notes, in each case to the extent such interest is due and payable on such Payment Date (*pari passu* and *pro rata* according to the amounts then due);

*Twentieth*, following full redemption of the Class A Notes (i) on each Payment Date, up to (but excluding) the Payment Date falling on April 2013, to credit the relevant Single Series Available Class B Notes Redemption Funds to the relevant Collections and Recoveries Account, (ii) on each Payment Date starting from (and including) the Payment Date falling on April 2013, to pay the relevant Single Series Available Class B Notes Redemption Funds to the Class B Noteholders (in no order of priority *inter se* but *pro rata* to the extent of the respective amounts thereof), or (iii) in case of Optional Redemption or Redemption for Taxation, to pay the relevant Single Portfolio Class B Notes Principal Amount Outstanding on such Payment Date;

*Twenty-first*, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Single Portfolio Detrimental Reserve SubAccount, Collections and Recoveries Accounts and Principal Amortisation Reserve SubAccount and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account and the Detrimental Reserve SubAccount to each relevant Originator,

provided however that, should the Semi-Annual Servicing Report not be provided by any of the Servicers within the third Business Day following the Semi-Annual Servicing Report Date, the Computation Agent shall instruct the Principal Paying Agent through the Payments Report, to apply on the following Payment Dates, the Single Portfolio Available Funds resulting from (i) the statements of accounts issued with respect to each of the Accounts at the end of the previous Collection Period, (ii) in relation to the Eligible Investments the report indicated under last paragraph of clause 8.3 of the Cash Administration and Agency Agreement, and (iii)

the payments to be made under the Swap Agreement as indicated by the calculation agent under the Swap Agreement, towards payment of item (*First*) to item (*Eighth*) (but excluding items (*Sixth*) and (*Seventh*)) of the Pre-Acceleration Order of Priority. On the first Payment Date following receipt of all the Semi-Annual Servicing Reports the Computation Agent shall prepare the Payments Report also taking into account those amounts not correctly applied on the preceding Payment Dates.

- 4.2** On each Payment Date with respect to which the Pre-Acceleration Order of Priority applies, following a written notice from the Computation Agent to the Issuer and the Representative of the Noteholders that a Disequilibrium Event with respect to one or more Portfolios has occurred, the Issuer shall pay the relevant Principal Amortisation Reserve Amount into the respective Principal Amortisation Reserve Accounts in accordance with the Pre-Acceleration Order of Priority. Such Principal Amortisation Reserve Amount shall be drawn only from the Portfolios in relation to which a Disequilibrium Event has not occurred.

A Disequilibrium Event shall occur with respect to a Portfolio if on any Payment Date the Single Portfolio Available Funds relating to such Portfolio are not sufficient to reduce to zero the relevant Single Portfolio Class A Notes Principal Amount Outstanding while the Single Portfolio Available Funds relating to one or both of the others Portfolios are sufficient to reduce to zero the relevant Single Portfolio Class A Notes Principal Amount Outstanding.

Upon the occurrence of a Disequilibrium Event with respect to one or more Portfolios (unless a Cross Collateral Notice has been served on the Issuer), the Issuer shall be obliged to pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve Account in accordance with the Pre-Acceleration Order of Priority. Such Principal Amortisation Reserve Amount shall be drawn only from the Portfolios in relation to which a Disequilibrium Event has not occurred.

- 4.3** On each Payment Date with respect to which the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority applies, but excluding any Payment Date in relation to which a Disequilibrium Event has occurred, following a written notice from the Computation Agent to the Issuer and the Representative of the Noteholders that a Detrimental Event has occurred, the Issuer shall be obliged to credit the Detrimental Reserve Amount into the Cash Reserve Account, in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority.

A Detrimental Event shall occur with respect to a Payment Date (other than a Payment Date on which the Class A Notes are redeemed in full) when the Cash Reserve (calculated taking into account any amount to be paid into and out of the Cash Reserve SubAccounts on such Payment Date) is less than 70% (seventy per cent) of the aggregate of relevant Target Cash Reserve Amount.

Upon the occurrence of a Detrimental Event, the Issuer shall be obliged to pay the Detrimental Reserve Amount into the Cash Reserve Account in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority.

- 4.4** On each Payment Date with respect to which the Pre-Acceleration Order of Priority applies, but excluding any Payment Date in relation to which a Disequilibrium Event has occurred, following a written notice from the Computation Agent to the Issuer and the Representative of the Noteholders, that a Single Portfolio Detrimental Event has occurred with respect to one or more of the Portfolios, the Issuer shall be obliged to credit the Single Portfolio Detrimental Reserve Amount with respect to the Relevant Portfolio into the relevant Single Portfolio Detrimental Reserve Account. Such Single Portfolio Detrimental Reserve Amount shall be drawn only from the Portfolios in relation to which a Single Portfolio Detrimental Event has

not occurred.

A Single Portfolio Detrimental Event shall occur with respect to a Payment Date (other than a Payment Date on which the Class A Notes are redeemed in full) and to a Portfolio, when one or more Relevant Cash Reserve (calculated taking into account any amount to be paid into and out of such Relevant Cash Reserve SubAccount on such Payment Date) is less than 50% (fifty per cent) of the relevant Target Cash Reserve Amount.

Upon the occurrence of a Single Portfolio Detrimental Event with respect to one or more Portfolios, and on each following Payment Date on which such event is continuing, the Issuer shall be obliged to credit the Single Portfolio Detrimental Reserve Amount with respect to each Portfolio having enough funds available for such purpose into the relevant Single Portfolio Detrimental Reserve Account. Such Single Portfolio Detrimental Reserve Amount shall be drawn only from the Portfolios in relation to which a Single Portfolio Detrimental Event has not occurred.

#### **4.5 Acceleration Order of Priority**

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

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

*Second*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Representative of Noteholders, the Security Trustee and any receiver appointed under the Deed of Charge;

*Third*, to pay into the Payments Account an amount equal to the Retention Amount;

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

*Fifth*, to pay all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement other than any termination payment due to the Swap Counterparty upon termination of the Swap Agreement in circumstances where the Swap Counterparty is the Defaulting Party (as defined in the 1992 ISDA Master Agreement) or the sole Affected Party (as defined in the 1992 ISDA Master Agreement) following the occurrence of a Swap Counterparty Rating Event, but including, in any event the amount of any termination payment due and payable to the Swap Counterparty in relation to the termination of the Swap Transactions to the extent of any premium received (net of any costs reasonably incurred by the Issuer to find a replacement swap counterparty), if any, by the Issuer from a



replacement swap counterparty in consideration for entering into swap transactions with the Issuer on the same terms as the Swap Transactions;

*Sixth*, to pay any fees and expenses of the Servicers (*pari passu* and *pro rata* to the extent of the respective amounts thereof) as provided under the Servicing Agreement;

*Seventh*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to the Originators any amount due by the Issuer as a restitution of the indemnities paid by any of the Originators to the Issuer under clause 5.3 of the Warranty and Indemnity Agreement;

*Eighth*, to pay the Interest Amount on the Class A Notes (*pari passu* and *pro rata* according to the amounts then due);

*Ninth*, (i) on each Payment Date, up to (but excluding) the Payment Date falling on April 2013, to credit the Principal Amount Outstanding on the Class A Notes to the Collections and Recoveries Accounts, and (ii) on each Payment Date starting from (and including) the Payment Date falling on April 2013, to pay the Principal Amount Outstanding on the Class A Notes to the Class A Noteholders (*pro rata* according to the amounts then due);

*Tenth*, to pay any termination payment due and payable to the Swap Counterparty under the terms of the Swap Agreement upon termination of the Swap Transactions in circumstances where the Swap Counterparty is the Defaulting Party or the sole Affected Party following the occurrence of a Swap Counterparty Rating Event and not paid under item *Fifth* above;

*Eleventh*, to pay to the not paid Originator (*pari passu* and *pro rata* according to the amounts then due) the relevant Portfolio Difference (if any);

*Twelfth*, to pay to the Originators (*pari passu* and *pro rata* according to the amounts then due) any amount due and payable in respect of purchase price adjustments due in relation to their respective Claims not listed under the Transfer Agreement but matching the criteria listed in the Transfer Agreement and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as restitution of indemnities paid by the Originators under the Warranty and Indemnity Agreement referred under item *Seventh* above);

*Thirteenth*, to pay to the Originators (*pari passu* and *pro rata* according to the amounts then due) any other amount due and payable to (a) the relevant Originator, pursuant to the relevant Transfer Agreement and the other Transaction Documents (including amounts due in respect of the Interest Accruals pursuant to clause 4.4 of the relevant Transfer Agreement), (b) the relevant Servicer pursuant to the Servicing Agreement, in each case to the extent not already paid under other items of the Order of Priority and (c) to CR Bra, Banca Alpi Marittime or BCC di Pianfei under any role other than the Originator, pursuant to the Transaction Documents, and not expressly set forth in any other items;

*Fourteenth*, to pay the Interest Amount on the Class B Notes (*pari passu* and *pro rata* according to the amounts then due), in any case, with respect to each Series of Class B Notes, in an amount equal to the relevant Single Series Class B Notes Interest Amount;

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

*Sixteenth*, following full redemption of the Class A Notes, (i) on each Payment Date, up to (but excluding) the Payment Date falling on April 2013, to credit the relevant Single Series Available Class B Notes Redemption Funds to the relevant Collections and Recoveries

Account, (ii) on each Payment Date starting from (and including) the Payment Date falling on April 2013, to pay the relevant Single Series Available Class B Notes Redemption Funds to the Class B Noteholders (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

*Seventeenth*, to pay the relevant Outstanding Notes Ratio of any surplus to the Originators including any surplus remaining on the balance of the Payments Account (*pari passu* and *pro rata* according to the amount then due).

#### **4.6 Cross Collateral Order of Priority**

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

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

*Second*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Representative of Noteholders, the Security Trustee and any receiver appointed under the Deed of Charge;

*Third*, to pay into the Payments Account an amount equal to the Retention Amount;

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

*Fifth*, to pay all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement other than any termination payment due to the Swap Counterparty upon termination of the Swap Agreement in circumstances where the Swap Counterparty is the Defaulting Party (as defined in the 1992 ISDA Master Agreement) or the sole Affected Party (as defined in the 1992 ISDA Master Agreement) following the occurrence of a Swap Counterparty Rating Event, but including, in any event the amount of any termination payment due and payable to the Swap Counterparty in relation to the termination of the Swap Transactions to the extent of any premium received (net of any costs reasonably incurred by the Issuer to find a replacement swap counterparty), if any, by the Issuer from a replacement swap counterparty in consideration for entering into swap transactions with the Issuer on the same terms as the Swap Transactions;

*Sixth*, to pay any fees and expenses of the Servicers as provided under the Servicing Agreement;

*Seventh*, to pay to the Originators any amount due by the Issuer as a restitution of the

indemnities paid by any of the Originators to the Issuer under clause 5.3 of the Warranty and Indemnity Agreement;

*Eighth*, to pay the Interest Amount on the Class A Notes (*pari passu* and *pro rata* according to the amounts then due);

*Ninth*, (i) on each Payment Date, up to (but excluding) the Payment Date falling on April 2013, to credit the Class A Notes Principal Payment Amount to the Collections and Recoveries Accounts, and (ii) on each Payment Date starting from (and including) the Payment Date falling on April 2013, to pay the Class A Notes Principal Payment Amount to the Class A Noteholders (*pari passu* and *pro rata* according to the amounts then due) or (iii) in case of Optional Redemption or Redemption for Taxation, to pay the Principal Amount Outstanding of the Class A Notes on such Payment Date;

*Tenth*, to credit *pari passu* and *pro rata* according to the amounts then due each Cash Reserve SubAccount with the amount required, if any, such that each Cash Reserve (calculated on the day following the immediately preceding Payment Date) equals the relevant Target Cash Reserve Amount;

*Eleventh*, on any Payment Date with respect to which a Detrimental Event has occurred, to pay the Detrimental Reserve Amount into the Detrimental Reserve SubAccount;

*Twelfth*, to pay any termination payment due and payable to the Swap Counterparty under the terms of the Swap Agreement upon termination of the Swap Transactions in circumstances where the Swap Counterparty is the Defaulting Party or the sole Affected Party following the occurrence of a Swap Counterparty Rating Event and not paid under item *Fifth* above;

*Thirteenth*, to pay to each Originator (*pari passu* and *pro rata* according to the amounts then due) the relevant Portfolio Difference according to the amounts then due (if any);

*Fourteenth*, to pay to the Originators (*pari passu* and *pro rata* according to the amounts the due) any amount due and payable in respect of purchase price adjustments due in relation to their respective Claims, not listed under the relevant Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as a restitution of indemnities paid by the Originator of such Portfolio, referred to under item *Seventh* above);

*Fifteenth*, to pay to the Originators (*pari passu* and *pro rata* according to the amounts then due) any other amount due and payable to (a) the relevant Originator, pursuant to the relevant Transfer Agreement and the other Transaction Documents (including amounts due in respect of the Interest Accruals pursuant to clause 4.4 of the relevant Transfer Agreement), (b) the relevant Servicer pursuant to the Servicing Agreement, in each case to the extent not already paid under other item of the Order of Priority and (c) to CR Bra, Banca Alpi Marittime or BCC di Pianfei under any role other than the Originator, pursuant to the Transaction Documents, and not expressly set forth in any other items;

*Sixteenth*, to pay the Interest Amount on the Class B Notes (*pro rata* according to the amounts then due), in any case, with respect to each Series of Class B Notes, in an amount equal to the relevant Single Series Class B Notes Interest Amount;

*Seventeenth*, to pay the Single Series Class B Notes Additional Interest Payment Amount due and payable on each Series of Class B Notes, in each case to the extent such interest is due and payable on such Payment Date (*pari passu* and *pro rata* to the extent of the respective

amounts thereof);

*Eighteenth*, following full redemption of the Class A Notes, (i) on each Payment Date, up to (but excluding) the Payment Date falling on April 2013, to credit the relevant Single Series Available Class B Notes Redemption Funds to the Collections and Recoveries Accounts, (ii) on each Payment Date starting from (and including) the Payment Date falling on April 2013, to pay the relevant Single Series Available Class B Notes Redemption Funds to the Class B Noteholders (in no order of priority *inter se* but *pro rata* to the extent of the respective amounts thereof); or (iii) in case of Optional Redemption or Redemption for Taxation, to pay the Principal Amount Outstanding of the Class B Notes on such Payment Date;

*Nineteenth*, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Single Portfolio Detrimental Reserve SubAccount, Cash Reserve Subaccount, Collections and Recoveries Accounts and Principal Amortisation Reserve SubAccount and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account and the Detrimental Reserve SubAccount to each relevant Originator,

provided however that, should the Semi-Annual Servicing Report not be provided by any of the Servicers within the third Business Day following the Semi-Annual Servicing Report Date, the Computation Agent shall instruct the Principal Paying Agent through the Payments Report, to apply on the following Payment Dates, the Issuer Available Funds resulting from (i) the statements of accounts issued with respect to each of the Accounts at the end of the previous Collection Period (ii) in relation to the Eligible Investments the report indicated under last paragraph of clause 8.3 of the Cash Administration and Agency Agreement and (iii) the payments to be made under the Swap Agreement as indicated by the calculation agent under the Swap Agreement, towards payment of item (*First*) to item (*Eighth*) (but excluding items (*Sixth*) and (*Seventh*)) of the Cross Collateral Order of Priority. On the first Payment Date following receipt of all the Semi-Annual Servicing Reports the Computation Agent shall prepare the Payments Report also taking into account those amounts not correctly applied on the preceding Payment Dates.

- 4.7** Before the delivery of a Trigger Notice or a Cross Collateral Notice and until full repayment of the Class A Notes, the Cash Reserve shall provide support with respect to the Portfolios in the event of a shortfall of the Single Portfolio Available Funds (being augmented through the Relevant Cash Reserve) and therefore the Relevant Cash Reserve will be included in the Single Portfolio Available Funds, to meet any shortfall in the Single Portfolio Available Funds (calculated without taking into account the amounts under item (xiii) of such Single Portfolio Available Funds) in respect of payments ranking as items *First* to *Eighth* of the Pre-Acceleration Order of Priority; *provided that* such amounts could be fully utilised if by doing so the Class A Notes will be fully redeemed on that Payment Date.

Each of the Banca Alpi Marittime Cash Reserve, the BCC di Pianfei Cash Reserve and CR Bra Cash Reserve on any Payment Date shall be utilised:

- (i) firstly, respectively, to augment the Single Portfolio Available Funds of the Relevant Portfolio so as to meet the relevant Single Portfolio Shortfall, and
- (ii) thereafter (to the extent not utilised under item (i)), to augment the Single Portfolio Available Funds in respect of the other Portfolios in case any of the other Relevant Cash Reserves is not sufficient to meet its respective Single Portfolio Shortfall.

In the event that any of the Cross Collateral Order of Priority or the Acceleration Order of Priority becomes applicable and until full repayment of the Class A Notes, the Cash Reserve shall provide support with respect to the aggregate of all the Portfolios in case of a shortfall

of the Issuer Available Funds and therefore the Cash Reserve will be included in the Issuer Available Funds to meet any shortfall in the Issuer Available Funds (calculated without taking into account the amounts under item (xiii) of such Issuer Available Funds), in respect of payments ranking as *First* through *Eighth* of the Cross Collateral Order of Priority; *provided that* such amounts could be fully utilised if by doing so the Class A Notes will be fully redeemed on that Payment Date and on any Payment Date on which the Acceleration Order of Priority applies.

If, on any Calculation Date it is verified that the Target Cash Reserve Amount with reference to each of the Cash Reserve SubAccounts is to be reduced to zero due to the Class A Notes being redeemed in full on the immediately following Payment Date, each relevant amount standing to the credit of each Relevant Cash Reserve SubAccount on the Business Day following the immediately preceding Payment Date (less any amount which shall be used at the Payment Date on which the Class A Notes are redeemed in full to make such redemption) (each relevant amount, the "**Banca Alpi Marittime Cash Reserve Excess**", the "**BCC di Pianfei Cash Reserve Excess**", and the "**CR Bra Cash Reserve Excess**" each a "**Cash Reserve Excess**") (if any) shall, on the Payment Date on which the Class A Notes are redeemed in full, form part of the Single Portfolio Available Funds of the Relevant Portfolio.

On any Calculation Date (other than the Calculation Date on which it is verified that the Target Cash Reserve Amount with reference to each of the Cash Reserve SubAccounts is to be reduced to zero due to the Class A Notes being redeemed in full on the immediately following Payment Date), the difference, if positive, between (i) the amount standing to the credit of each Relevant Cash Reserve SubAccount on the Business Day following the immediately preceding Payment Date and (ii) the Target Cash Reserve Amount applicable to the immediately following Payment Date (each relevant amount, the "**Banca Alpi Marittime Cash Reserve Amortisation Amount**", the "**BCC di Pianfei Cash Reserve Amortisation Amount**", and the "**CR Bra Cash Reserve Amortisation Amount**" each a "**Cash Reserve Amortisation Amount**") (if any) shall, on the immediately following Payment Date, form part of the Single Portfolio Available Funds of the Relevant Portfolio.

## 5. INTEREST

### 5.1 Payment Dates and Interest Periods

Subject to Condition 1 (*Form, Denomination, Status*) 5.2 (*Interest Rate*) and 5.3 (*Determination of the Interest Rate, calculation of the Interest Amount, the Single Series Class B Notes Interest Amount and Single Series Class B Notes Additional Interest Payment Amount*), each of the Notes bears interest on its Principal Amount Outstanding from (and including) the Issue Date at an annual rate equal to Six Month EURIBOR (as defined below) (or in the case of the Initial Interest Period, the linear interpolation between the Euribor for three and four month deposits in Euro), plus, in respect of the Class A Notes, the Class A Margin. Save as provided for in Condition 5.8 (*Interest Amount Arrears*) interest in respect of the Notes is payable semi-annually in arrears on each Payment Date in Euro.

Interest in respect of any Interest Period or any other period will be calculated on the basis of the actual number of days elapsed and a 360 day year.

In addition, the Class B Notes bear in each Interest Period an additional interest in the amount of the Single Series Class B Notes Additional Interest Payment Amount.

Interest shall cease to accrue on any part of the Principal Amount Outstanding of the Notes as from (and including) the due date for redemption of such part unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest shall continue

to accrue on such principal (after as well as before judgment) at the rate of interest from time to time applicable to the Notes until the monies in respect thereof have been received by the Representative of the Noteholders and the Principal Paying Agent on behalf of the relevant Noteholders and notice to that effect has been given in accordance with Condition 13 (*Notices*).

## 5.2 Interest Rate

Without prejudice to what provided under Condition 5.3 (*Determination of the Interest Rate, calculation of the Interest Amount, the Single Series Class B Notes Interest Amount and Single Series Class B Notes Additional Interest Payment Amount*), the rate of interest applicable from time to time in respect of the Notes ("**Interest Rate**") will be determined by the Principal Paying Agent, in respect of each Interest Period, on the relevant Interest Determination Date.

There shall be no maximum or minimum Interest Rate. The Interest Rate applicable to each of the Notes for each Interest Period shall be:

5.2.1 in respect of the Class A Notes, the aggregate of:

- (i) (A) EURIBOR for six month deposits in Euro calculated as the arithmetic mean of the offered quotations to leading banks (rounded to three decimal places with the mid-point rounded up) for six month Euro deposits in the Euro-zone inter-bank market which appear on Reuters page "EURIBOR01" (or in the case of the Initial Interest Period, the linear interpolation between the Euribor for three and four month deposits in Euro) or (i) such other page as may replace page EURIBOR01 on that service for the purpose of displaying such information or, (ii) if that service ceases to display such information, such page displaying such information on such equivalent service (or, if more than one, that one for which the Principal Paying Agent receives a prior written approval from the Representative of the Noteholders to replace the Reuters Page) (the "**Screen Rate**"), at or about 11.00 a.m. (Milan time) on the relevant Interest Determination Date; or

(B) if the Screen Rate is unavailable at such time for six month Euro deposits, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded to three decimal places with the mid-point rounded up) of the rates notified to the Principal Paying Agent at its request by each of the Reference Banks (as defined in Condition 5.7 hereof (*References Bank and Principal Paying Agent*)) as the rate at which six month Euro deposits in a representative amount are offered by that Reference Bank to leading banks in the Euro-zone inter-bank market at or about 11.00 a.m. (Milan time) on the relevant Interest Determination Date. If, on any such Interest Determination Date, only two of the Reference Banks provide such quotations to the Principal Paying Agent, the rate for the relevant Interest Period shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provides the Principal Paying Agent with such quotation, the Principal Paying Agent shall forthwith consult with the Representative of the Noteholders and the Issuer for the purpose of agreeing one additional bank (or, where none of the Reference Banks provides such a quotation, two additional banks) to provide such a quotation or quotations to the Principal Paying Agent (which bank or banks is or are in the sole and absolute opinion of the Representative of the Noteholders suitable for such purpose) and the rate for the relevant Interest

Period shall be determined, as aforesaid, on the basis of the offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank (or banks) is (or are) so agreed or such bank (or banks) as agreed does not (or do not) provide such a quotation (or quotations), then the rate for the relevant Interest Period shall be the rate in effect for the last preceding Interest Period to which subparagraph (A) of this Condition 5.2.1 shall have applied ("**Six Month EURIBOR**"); and

- (ii) the Class A Margin; and

5.2.2 in respect of the Class B Notes, the Six Month EURIBOR.

For the purpose of these Conditions, the "**Class A Margin**" shall be equal to 0.70% *per annum*.

### 5.3 **Determination of the Interest Rate, calculation of the Interest Amount, the Single Series Class B Notes Interest Amount and Single Series Class B Notes Additional Interest Payment Amount**

5.3.1 The Principal Paying Agent shall, on each Interest Determination Date:

- (i) determine the Interest Rate applicable to the Interest Period beginning after such Interest Determination Date (or in case of the Initial Interest Period, beginning on and including the Issue Date); and
- (ii) calculate the Euro amount (the "**Interest Amount**") accrued on the Notes in respect of each Interest Period. The Interest Amount in respect of any Interest Period shall be calculated by applying the relevant Interest Rate to the Principal Amount Outstanding of the Notes on the Payment Date at the commencement of such Interest Period (after deducting therefrom any payment of principal due on that Payment Date) or, in the case of the Initial Interest Period, on the Issue Date, and by multiplying the product of such calculation by the actual number of days to elapse in the relevant Interest Period divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up); provided, in any case, that, following delivery of a Cross Collateral Notice or a Trigger Notice, interest on each Series of Class B Notes shall be due a payable in an amount equal to the relevant Single Series Class B Notes Interest Amount.

5.3.2 The Computation Agent shall, on each Calculation Date:

- (i) calculate the Euro amount (the "**Single Series Class B Notes Interest Amount**") accrued on each Series of Class B Notes equal to, on each Payment Date: the lower of: (i) the Interest Amount on such Series of Class B Notes on the relevant Payment Date, and (ii) the Single Portfolio Available Funds of the Relevant Portfolio remaining following payment of any amount due under items from *First* to *Thirteenth* of the Acceleration Order of Priority or under items from *First* to *Fifteenth* of the Cross Collateral Order of Priority, as applicable. and
- (ii) with respect to each Series of Class B Notes, determine the Single Series Class B Notes Additional Interest Payment Amount (if any) applicable on the Payment Date following such Calculation Date.

#### **5.4 Publication of the Interest Rate and the Interest Amount**

The Principal Paying Agent will cause the Interest Rate and the Interest Amount applicable to each Interest Period and the Payment Date in respect of such Interest Amount, to be notified promptly after their determination to the Issuer, the Representative of the Noteholders, the Computation Agent, the Back Up Computation Agent, the Servicers, the Corporate Services Provider, the Swap Counterparty, the Transaction Bank, the Custodian Bank, Monte Titoli, Euroclear, Clearstream, the Security Trustee and the Irish Stock Exchange and will cause the same to be published in accordance with Condition 13 (*Notices*) hereof as soon as possible after the relevant Interest Determination Date, but in no event later than the first Business Day of the next following Interest Period in respect of such relevant Interest Determination Date.

#### **5.5 Determination and Calculation by the Representative of the Noteholders**

If the Principal Paying Agent (or the Issuer or any other agent appointed to this purpose by the Issuer) does not at any time for any reason determine the Interest Rate and/or does not calculate the Interest Amount, or if the Computation Agent (or the Issuer or any other agent appointed to this purpose by the Issuer) does not determine the Single Series Class B Notes Interest Amount or the Single Series Class B Notes Additional Interest Payment Amount, in accordance with Condition 5.3 (*Determination of the Interest Rate, Calculation of the Interest Amount, the Single Series Class B Notes Interest Amount and Single Series Class B Notes Additional Interest Payment Amount*) above, the Representative of the Noteholders shall (but without incurring, in the absence of willful misconduct (*dolo*) or gross default (*colpa grave*), any liability to any person as a result):

- 5.5.1 determine the Interest Rate at such rate as (having regard to the procedure described in Condition 5.2 above (*Interest Rate*)) it shall consider fair and reasonable in all circumstances; and/or (as the case may be),
  - (a) calculate the Interest Amount in the manner specified in Condition 5.3 above (*Determination of the Interest Rate, calculation of the Interest Amount, the Single Series Class B Notes Interest Amount and Single Series Class B Notes Additional Interest Payment Amount*);
  - (b) calculate the Single Series Class B Notes Interest Amount and the Single Series Class B Notes Additional Interest Payment Amount as indicated in Condition 5.3 above (*Determination of the Interest Rate, calculation of the Interest Amount, the Single Series Class B Notes Interest Amount and Single Series Class B Notes Additional Interest Payment Amount*);

and any such determination and/or calculation shall be deemed to have been made by the Principal Paying Agent and/or the Computation Agent as applicable.

#### **5.6 Notification to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Interest*), whether by the Reference Banks (or any of them), the Principal Paying Agent, the Computation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of willful default (*dolo*), gross negligence (*colpa grave*), bad faith and manifest error) be binding on the Reference Banks, the Principal Paying Agent, the Computation Agent, the Issuer, the Representative of the Noteholders and all the Noteholders and (in the absence of willful default (*dolo*) and gross negligence (*colpa grave*)) no liability to the Noteholders shall attach to the Reference Banks, the Principal Paying Agent, the Computation Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or



any of them of their powers, duties and discretions hereunder.

## **5.7 Reference Banks and Principal Paying Agent**

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be three Reference Banks (the "**Reference Banks**") and the Principal Paying Agent. The initial Reference Banks shall be JP Morgan Chase, BNP Paribas S.A. and Unicredit Banca S.p.A., or if any such banks are unable or unwilling to continue to act as such, any other bank as appointed by the Issuer with the prior consent of the Representative of the Noteholders. In the event that any such bank is unable or unwilling to continue to act as a Reference Bank or that any of the Reference Banks merge with another Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Representative of the Noteholders to act as such. The Issuer shall ensure that at all times a principal paying agent is appointed. If a new principal paying agent is appointed, a notice will be published in accordance with Condition 13 (*Notices*).

## **5.8 Interest Amount Arrears**

Without prejudice to Condition 1 (*Form, Denomination, Status*) and to the right of the Representative of the Noteholder to serve to the Issuer a Trigger Notice pursuant to Condition 9.1(a) (*Non Payment*), in the event that the Single Portfolio Available Funds or the Issuer Available Funds available to the Issuer on any Payment Date (in accordance with the Pre-Acceleration Order of Priority, the Cross Collateral Order of Priority or the Acceleration Order of Priority, as applicable) for the payment of interest on any of the Notes on such Payment Date are not sufficient to pay in full the relevant Interest Amount, the amount by which the aggregate amount of interest paid on such Payment Date falls short of the Interest Amount which would otherwise be due, shall be aggregated with the amount of, and treated for the purposes of these Conditions as if it were, Interest Amount accrued on any of the Notes on the immediately following Payment Date. Any such unpaid amount shall not accrue additional interest.

- 5.9** The Principal Paying Agent, based upon the information contained in the Payments Report, shall give notice to Monte Titoli, the Issuer and the Representative of the Noteholders, and will cause notice to that effect to be given to the Noteholders in accordance with Condition 13 (*Notices*), no later than 3 (three) Business Days prior to any Payment Date, of any Payment Date on which the Interest Amount on the Class A Notes will not be paid in full.

## **6. REDEMPTION, PURCHASE AND CANCELLATION**

### **6.1 Final Redemption**

Unless previously redeemed in full as provided for in this Condition 6 (*Redemption, Purchase and Cancellation*), the Issuer shall redeem in full the Notes at their Principal Amount Outstanding, on the Final Maturity Date.

The Issuer may not redeem the Class A Notes in whole or in part prior to the Final Maturity Date except as provided for in Conditions 6.2 (*Redemption for Taxation*), 6.3 (*Mandatory Redemption*) or 6.4 (*Optional Redemption*) below, but without prejudice to Condition 9 (*Trigger Events*).

### **6.2 Redemption for Taxation**

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

from the legal representative of the Issuer, to the effect that the Issuer:

- (a) would be required on the next Payment Date to deduct or withhold (other than in respect of a Law 239 Deduction) from any payment of principal or interest on the Class A Notes, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political or administrative subdivision thereof or any authority thereof or therein (or that amounts payable to the Issuer in respect of the Portfolios and/or the Swap Agreement would be subject to such a withholding or deduction); or
- (b) has become liable to *imposta sul reddito delle società (IRES)* or to *imposta regionale sulle attività produttive (IRAP)* with respect to income arising from any of the Portfolios or the Swap Agreement,

and in each case has the necessary funds (not subject to the interests of any other person) to discharge all of its outstanding liabilities with respect of the Class A Notes and any amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with the Class A Notes, the Issuer may (i) on the first Payment Date on which such necessary funds become available to it, redeem the Class A Notes in whole (but not in part) at their Principal Amount Outstanding (together with any interest accrued and unpaid thereon until the date on which such redemption occurs) and pay any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Class A Notes (together with any additional taxes payable by the Issuer by reason of such early redemption of the Notes), provided that, should eighteen months and one day have not elapsed since the Issue Date, the prior consent of the Class A Noteholders will be required, and (ii) on the first Payment Date on which sufficient funds become available to it, redeem the Class B Notes in whole or in part (together with any interest accrued and unpaid thereon until the date on which such redemption occurs) and pay any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Class B Notes, provided that, following redemption in full of the Class A Notes should eighteen months and one day have not elapsed since the Issue Date, the prior consent of the Class B Noteholders will be required.

### **6.3 Mandatory Redemption**

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

- (a) on the Payment Date falling on April 2013 and on each Payment Date falling thereafter, in a maximum amount equal to their Principal Payment Amount with respect to such Payment Date;
- (b) on any Payment Date: (i) following the delivery of a Trigger Notice pursuant to Condition 9 (*Trigger Events*); (ii) in the case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*); or (iii) in the case of the Issuer exercising the Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*), at their Principal Amount Outstanding;

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

Upon redemption of the Class A Notes, each Series of the Class B Notes will be subject to mandatory redemption in full or in part, on any Payment Date, at their Principal Amount

Outstanding, in a maximum amount equal to the relevant Single Series Class B Available Redemption Funds if, on the Calculation Date preceding such Payment Date, it is determined that there will be sufficient Single Portfolio Available Redemption Funds or Issuer Available Funds which may be applied for this purpose in accordance with the Pre-Acceleration Order of Priority, the Cross Collateral Order of Priority or the Acceleration Order of Priority, as applicable.

#### **6.4 Optional Redemption**

The Issuer may redeem on any Payment Date falling on or after the Clean-Up Date:

- (i) the Notes in whole (but not in part) at their respective Principal Amount Outstanding, together with interest accrued and unpaid thereon up to the date fixed for redemption; or
- (ii) with the prior consent of the Class B Noteholders, the Class A Notes only at their Principal Amount Outstanding, together with interest accrued and unpaid thereon up to the date fixed for redemption.

"**Clean-Up Date**" means the Payment Date falling on or after April 2013 and in relation to which the aggregate principal outstanding amount of the Portfolios is equal to or less than 10% (ten *per cent*) of the aggregate principal outstanding amount of the Portfolios as of the Effective Date.

Such Optional Redemption shall be effected by the Issuer giving not more than 45 (forty-five) nor less than 15 (fifteen) days' prior written notice to the Representative of the Noteholders, the Noteholders and the Swap Counterparty in accordance with Condition 13 (*Notices*) and provided that the Issuer, prior to giving such notice to the Representative of the Noteholders, has produced evidence reasonably acceptable to the Representative of the Noteholders that it will have the necessary funds, not subject to interests of any other Person, to discharge all its outstanding liabilities in respect of the Notes (to be redeemed) and any amounts required under the Intercreditor Agreement and the Conditions to be paid in priority to or *pari passu* with such Class of Notes (to be redeemed) as well as any amount due under the Swap Agreement (including any termination payment) and any amounts required under the Intercreditor Agreement and the Conditions to be paid in priority to or *pari passu* thereto).

#### **6.5 Funding for Optional Redemption and for Redemption for Taxation**

The Issuer is entitled to dispose of the Claims in order to (a) finance the Optional Redemption of the Notes or (b) finance the Redemption for Taxation of the Class A Notes or the Notes, as the case may be. Should the above sale occur, the amounts therefrom will be included in the Single Portfolio Available Funds or in the Issuer Available Funds, as applicable, on the relevant Payment Date.

#### **6.6 Sale of the Portfolios**

In case of sale of the Portfolios pursuant to Conditions 6.5 (*Funding for Optional Redemption and for Redemption for Taxation*) and 9 (*Trigger Events*), the purchase price of the Claims shall be equal to the Outstanding Balance plus interests accrued and unpaid as at such date.

If the Portfolios comprise any Defaulted Claim or any Claim classified as "*incagliato*" pursuant to the regulation issued by the Bank of Italy ("*Istruzioni di Vigilanza*"), the purchase price of such Claims shall be equal to their current value, as determined by one or more third parties chosen between international accounting companies independent from the purchaser and appointed by common consent by the Issuer and the Representative of the Noteholders.

Within the date of payment of the purchase price related to the sale of the Claims above described, the relevant purchaser shall deliver to the Issuer (or to the Representative of the Noteholders, in case of sale of the Portfolios after the service of a Trigger Notice): (i) a certificate of good standing of the Chamber of Commerce (*certificato di vigenza della Camera di Commercio*); (ii) a solvency certificate signed by a legal representative duly authorized by the purchaser; and (iii) a certificate of the bankruptcy court ("*tribunale civile – sezione fallimentare*") confirming that the purchaser is not subject to any insolvency or similar proceedings.

Any cost and expense related to the transfer of the Claims shall be borne by the purchaser.

## **6.7 Notice of Redemption**

Any such notice as is referred to in Condition 6.4 (*Optional Redemption*) and 6.2 (*Redemption for Taxation*) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be obliged to redeem the Notes in accordance with this Condition 6 (*Redemption, Purchase and Cancellation*).

## **6.8 Principal Payments and Principal Amount Outstanding**

On each Calculation Date, the Issuer shall determine or procure that the Computation Agent determines (on the Issuer's behalf), *inter alia*:

- (a) the amount of the Issuer Available Funds, the Available Class A Notes Redemption Funds;
- (b) the Principal Amount Outstanding of each Class of Notes on the next following Payment Date (after deducting any principal payment due to be made on the Notes on that Payment Date);
- (c) with respect to each Series of Class B Notes, the amount of the relevant Single Series Class B Notes Interest Amount;
- (d) with respect to each Series of Class B Notes, the amount of the relevant Single Series Class B Notes Additional Interest Payment Amount;
- (e) with respect to each Portfolio: (i) the relevant Single Portfolio Amortised Principal and Single Portfolio Available Funds (if any); (ii) the relevant Single Portfolio Class A Notes Principal Amount Outstanding, Single Portfolio Class A Notes Principal Payment Amount; (iii) the Single Series Available Class B Notes Redemption Funds;
- (f) the amount of the Principal Amortisation Reserve Amount, the Detrimental Reserve Amount (if any) or the Single Portfolio Detrimental Reserve Amount (if any), the Target Cash Reserve Amounts, each Cash Reserve Amortisation Amount (if any), each Cash Reserve Excess and the amount of each Cash Reserve that shall be utilized to augment the Issuer Available Funds and the Single Portfolio Available Funds;
- (g) all payments due to be done by the Issuer on the immediately following Payment Date and, within the Payments Report Date, deliver to the Issuer, the Corporate Services Provider, the Representative of the Noteholders, the Servicers, the Operating Bank, the Back Up Computation Agent, the Transaction Bank, the Custodian Bank, the Principal Paying Agent, the Swap Counterparty, the Rating Agencies, the Back-Up Servicer Facilitator and the Irish Listing Agent a payments report setting out all such payments and the occurrence of any Cross Collateral Event in the form which shall be agreed by the Parties (the "**Payments Report**"),

provided however that, should the Semi-Annual Servicing Report not be provided by any of the Servicers within the third Business Day following the Semi-Annual Servicing Report Date, the Computation Agent shall instruct the Principal Paying Agent through the Payments Report, to apply on the following Payment Dates, the Single Portfolio Available Funds or the Issuer Available Funds (as the case may be) resulting from (i) the statements of accounts issued with respect to each of the Accounts at the end of the previous Collection Period, (ii) in relation to the Eligible Investments the report indicated under last paragraph of clause 8.3 of the Cash Administration and Agency Agreement, and (iii) the payments to be made under the Swap Agreement as indicated by the calculation agent under the Swap Agreement, towards payment of item (*First*) to item (*Eighth*) (but excluding items (*Sixth*) and (*Seventh*)) of the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority, as the case may be. On the first Payment Date following receipt of all the Semi-Annual Servicing Reports the Computation Agent shall prepare the Payments Report also taking into account those amounts not correctly applied on the preceding Payment Dates. Each determination by or on behalf of the Issuer of any of the item above, the payment of principal on each Note, the Principal Amount Outstanding of each Note and on each Class of Notes shall in each case (in the absence of willful default, gross negligence, bad faith and manifest error) be final and binding on all persons.

The Issuer shall or procure that the Computation Agent shall, no later than each Calculation Date, cause each determination of (i) the amount of Issuer Available Funds or Single Portfolio Available Funds which shall be paid to the Principal Paying Agent on the relevant date for application to repay principal and interest under the Notes; (ii) the amount of principal payment (if any) due to be made on each Class of Notes on the next following Payment Date, (iii) the amount of interest with respect to each Class of Notes to be paid on the following Payment Date, and (iv) the Principal Amount Outstanding of each Class of Notes after deduction of the amounts of principal to be made on the immediately following Payment Date to be notified forthwith by the Computation Agent to the Representative of the Noteholders, the Corporate Services Provider, the Servicers, the Transaction Bank, the Custodian Bank, Euroclear, Clearstream, the Irish Stock Exchange, the Principal Paying Agent and Monte Titoli and shall cause notice of such determination to be given to the Noteholders in accordance with Condition 13 (*Notices*). As long as the Notes are not redeemed in full, if no principal payment is due to be made on the Notes on a Payment Date, notice to this effect shall also be given by the Issuer to the Noteholders in accordance with Condition 13 (*Notices*).

The Computation Agent pursuant to the Cash Administration and Agency Agreement on each Calculation Date, shall verify:

- (a) whether a Disequilibrium Event provided for in Condition 4.2, a Detrimental Event provided for in Condition 4.3 or a Single Portfolio Detrimental Event provided for in Condition 4.4 have occurred as at such Calculation Date;
- (b) that on the following Payment Date and based on the calculations made by it the Trigger Event provided for in Condition 9.1(a)(ii) will not occur; and
- (c) that none of the Cross Collateral Event provided for in Condition 10 (*Cross Collateral Events*) have occurred as at such Calculation Date;
- (d) if the Cash Reserve Release Conditions are met.

The Computation Agent pursuant to the Cash Administration and Agency Agreement shall, in case a Single Portfolio Detrimental Event and/or a Disequilibrium Event with respect to one or more Portfolios has occurred, on the Business Day immediately following each Calculation Date, give the Issuer and the Custodian Bank written notice (anticipated via *facsimile*) of such

occurrence (respectively, the "**Single Portfolio Detrimental Event Notice**" and the "**Disequilibrium Event Notice**"). By the Single Portfolio Detrimental Event Notice and/or the Disequilibrium Event Notice, the Computation Agent shall instruct (in the name and on behalf of the Issuer) the Custodian Bank to open, respectively, the relevant Single Portfolio Detrimental Reserve Account and/or Principal Amortisation Reserve Account.

Pursuant to the Cash Administration and Agency Agreement, should the Back Up Computation Agent not receive the Semi-Annual Servicer Reports within the Semi-Annual Servicing Report Date, the Back Up Computation Agent shall be entitled to provide the Payments Report in order to allow to make payments pursuant to items from (*First*) until (*Eighth*) of the Pre-Acceleration Order of Priority or from (*First*) until (*Eighth*) of the Acceleration Order of Priority or from (*First*) until (*Eighth*) of the Cross Collateral Order of Priority, as the case may be. In relation to any missing information in relation to costs and expenses or other payments to be made by the Issuer on the next Payment Date the Back Up Computation Agent shall assume that such amounts are equal to zero.

If no principal payment or Principal Amount Outstanding of the Notes is determined by or on behalf of the Issuer in accordance with the provisions of this Condition 6.8, such principal payment or Principal Amount Outstanding of the Notes shall be determined by the Representative of Noteholders in accordance with this Condition 6.8 and each such determination shall be deemed to have been made by the Issuer.

In any case, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6 (*Redemption, Purchase and Cancellation*) by the Representative of the Noteholders shall (in the absence of manifest error, willful default (*dolo*) or gross negligence (*colpa grave*)) be binding on the Issuer and all the Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

#### **6.9 No purchase by Issuer**

The Issuer shall not purchase any of the Notes.

#### **6.10 Cancellation**

All Notes redeemed in full will be cancelled upon redemption and may not be re-sold or re-issued.

All Notes shall be in any case cancelled upon the earlier of (i) following the completion of any proceedings for the recovery of all Claims, the date on which such recoveries (if any) are paid in accordance with the applicable Order of Priority, (ii) following the sale of the Portfolios, the date on which the proceeds of such sale (if any) are paid in accordance with the applicable Order of Priority, and (iii) the Final Maturity Date (following application of the Single Portfolio Available Funds or the Issuer Available Funds on such date in accordance with the applicable Order of Priority).

### **7. PAYMENTS**

**7.1** The Principal Paying Agent shall arrange for payment of principal and interest in respect of the Notes to be made through the relevant operators of Monte Titoli, Clearstream and Euroclear to the accounts of the beneficial owners of the Notes with such operators in accordance with the rules and procedures of Monte Titoli, Clearstream and Euroclear, as the case may be.

- 7.2 The Principal Paying Agent shall arrange for payments of principal and interest in respect of the Class B Notes to be made by wire transfer in immediately available funds on each relevant Payment Date to a Euro account maintained by the Class B Noteholder with a bank in Europe, as indicated in the Cash Administration and Agency Agreement, or as subsequently notified by the relevant Class B Noteholder.
- 7.3 Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.
- 7.4 If the due date for any payment of principal and/or interest (or any later date on which any Note could otherwise be presented for payment) is not a Business Day, the Noteholders will not be entitled to payment of the relevant amount until the immediately following Business Day. The Noteholders will not be entitled to any interest or other payment in consequence of any delay in receiving the amount due as a result of the due date not being a Business Day.
- 7.5 The Issuer reserves the right, subject to the prior written approval of the Representative of the Noteholders, at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other paying agents including the Principal Paying Agent.

The Issuer will cause at least 30 (thirty) days prior notice to be given of any change in or addition to the Principal Paying Agent or its registered office in accordance with Condition 13 (*Notices*).

## 8. TAXATION

All payments with respect to the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatever kind other than a Law 239 Deduction or any other withholding or deduction required to be made by any applicable law. Neither the Issuer nor any other Person shall be obliged to pay any additional amount to any Noteholder as a consequence of any such withholding or deduction.

## 9. TRIGGER EVENTS

9.1 If any of the following events (each a "**Trigger Event**") occurs:

- (a) *Non-payment*:
- (i) having enough Single Portfolio Available Funds or Issuer Available Funds available to it to make such payment in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority as applicable, the Issuer defaults in the payment of the amount of principal then due and payable on the Class A Notes, or following redemption of the Class A Notes the amount of principal or interest then due and payable on the Class B Notes, in each case for a period of five Business Days from the due date thereof (provided however that, for the avoidance of doubt, non payment of principal on the Notes, due to any of the Servicers not having provided the Semi-Annual Servicing Report and in accordance with Condition 4.1 (*Pre-Acceleration Order of Priority*) or Condition 4.6 (*Cross Collateral Order of Priority*) shall not constitute a Trigger Event);
  - (ii) irrespective of whether there are Single Portfolio Available Funds or Issuer Available Funds available to it sufficient to make such payment in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority as applicable, on any Payment Date (provided

that a 3 (three) Business Days' grace period shall apply) the amount paid by the Issuer as interest on the Most Senior Class of Notes is lower than the relevant Interest Amount; or

(b) *Breach of other obligations:*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Most Senior Class of Notes or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the Notes) and such default remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially detrimental to the interests of the Noteholders of the Most Senior Class of Notes and requiring the same to be remedied; or

(c) *Breach of representation and warranties:*

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

(d) *Insolvency:*

An Insolvency Event occurs with respect to the Issuer; or

(e) *Unlawfulness:*

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

then the Representative of the Noteholders:

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

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

Upon the service of a Trigger Notice as described in this Condition 9 (*Trigger Events*): (i) the Notes shall become immediately due and repayable at their Principal Amount Outstanding, together with any interest accrued at such date but which has not been paid on any preceding Interest Payment Date, without further action, notice or formality; (ii) if the



Issuer fails to pay any amounts due and payable under item (i), the Deed of Pledge and the Deed of Charge shall become enforceable; and (iii) the Representative of the Noteholders may or shall, subject to Condition 11 (*Enforcement*) and provided that no Bankruptcy Proceedings (other than Bankruptcy Proceedings allowing the disposal of assets by the affected entity) has been commenced against the Issuer, dispose of the Claims in the name and on behalf of the Issuer. Save for the powers attributed to the Security Trustee pursuant to the Deed of Charge, 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 a Trigger 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 from and including the date on which the Notes shall become due and payable.

## 10. CROSS COLLATERAL EVENTS

If any of the following events occurs (each a "**Cross Collateral Event**"):

(a) *Disequilibrium Event*

With respect to two successive Payment Dates, a Disequilibrium Event occurs;

(b) *Default Ratio*

The Default Ratio, as at any Collection Date, is higher than 5.25% (five point twenty-five per cent); or

(c) *Cash Reserve*

On any Calculation Date, with reference to the immediately following Payment Date, the aggregate of the Principal Single Portfolio Shortfall is equal to or exceeds the Cash Reserve;

then the Representative of the Noteholders shall, subject to it being indemnified and/or secured to its satisfaction, serve a written notice (a "**Cross Collateral Notice**") to the Issuer (with a copy to the Servicers) and from the immediately following Payment Date the Cross Collateral Order of Priority shall apply without any further action or formality (provided that a Trigger Notice has not been already served).

## 11. ENFORCEMENT

At any time after the delivery of a Trigger Notice, the Representative of the Noteholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer as it may think fit, to enforce repayment of the Notes and payment of interest accrued thereon, but it shall not be bound to take any such steps and/or institute any such proceedings unless:

- (i) it shall have been so requested in writing by the holders of at least 75% of the Principal Amount Outstanding of the Class A Notes or unless it shall have been so directed by a resolution of the Class A Noteholders or upon the redemption in full of the Class A Notes the Class B Noteholders; and
- (ii) it shall have been fully indemnified and/or secured as to costs, damages and expenses to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Representative of the Noteholders, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

In addition, the Rules of the Organisation of the Noteholders and the Intercreditor Agreement contains (i) provisions limiting the powers of the Noteholders, *inter alia*, to bring individual actions or take other individual remedies to enforce their rights under the Notes and (ii) provisions limiting the powers of the Noteholders, *inter alia*, to institute against or join any person in instituting against, the Issuer, any bankruptcy, insolvency or compulsory liquidation and similar proceedings, that shall be deemed to be included in this Conditions and shall be binding on all the Noteholders.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 9 (*Trigger Events*) or Condition 10 above (*Cross Collateral Events*), by the Representative of the Noteholders shall (in the absence of willful default, gross negligence, bad faith or manifest error) be binding on the Issuer and all Noteholders and (in such absence as aforesaid) the Representative of the Noteholders will have no liability to the Noteholders or the Issuer in connection with the exercise or the non-exercise by it or any of them of their powers, duties and discretion hereunder.

## **12. THE REPRESENTATIVE OF THE NOTEHOLDERS**

- 12.1** The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.
- 12.2** Pursuant to the Rules of the Organisation of the Noteholders (attached hereto as Exhibit 1), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders.
- 12.3** The Representative of the Noteholders is the legal representative (*rappresentante legale*) of the Organisation of the Noteholders. The appointment of the Representative of the Noteholders is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders who is appointed at the time of issue of the Notes pursuant to the Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.
- 12.4** Pursuant to the provisions of the Rules of the Organisation of the Noteholders, the Representative of the Noteholders can be removed by the Noteholders at any time, provided a successor Representative of the Noteholders is appointed and can resign at any time. The Representative of the Noteholders appointed pursuant to the Notes Subscription Agreement is Accounting Partners S.r.l. and any successor as Representative of the Noteholders shall be:
- (a) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch or through a branch situated in a European Union country; or
  - (b) a company or financial institution registered under article 107 of the Consolidated Banking Act (or any other relevant register held from time to time by the Bank of Italy); or
  - (c) any other entity permitted by specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.

- 12.5** The Rules of the Organisation of the Noteholders contain provisions governing, inter alia, the terms of appointment, indemnification and exoneration from responsibility (and relief from responsibility) of the Representative of the Noteholders (including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction and providing for the indemnification of the Representative of the Noteholders in certain other circumstances) and provisions which govern the termination of the appointment of the Representative of the Noteholders and amendments to the terms of such appointment. So long as the Class A Notes are listed on the Irish Stock Exchange, any change in the identity of the Representative of the Noteholders shall be notified to the Irish Stock Exchange.

### **13. NOTICES**

So long as the Notes are held by Monte Titoli on behalf of the authorised financial intermediaries and/or their customers, notices to the Noteholders may be given through the systems of Monte Titoli.

So long as the Class A Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, any notice to Noteholders shall also be published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)) (for the avoidance of doubt, such website does not constitute part of this Prospectus). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in a newspaper as referred to above.

In addition, so long as the Class A Notes are listed on the Irish Stock Exchange, any notice regarding the Class A Notes to the relevant Noteholders shall be given in any other manner as required by the regulation applicable from time to time, including, in particular, 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 opinion, such other method is reasonable having regard to market practices then prevailing and to the rules of the stock exchange on which the Notes of the relevant Class are listed and provided that notice of such other method is given to the Noteholders of the relevant Class in such manner as the Representative of the Noteholders shall require.

### **14. PRESCRIPTION**

Claims against the Issuer for payments in respect of the Notes shall be void unless made within 10 (ten) years (in the case of principal) or 5 (five) years (in the case of interest) from the Relevant Date in respect thereof.

### **15. GOVERNING LAW AND JURISDICTION**

- 15.1** The Notes are governed by Italian law.
- 15.2** All the Transaction Documents are governed by Italian law, with the exception of the Deed of Charge and the Swap Agreement which are governed by English law.
- 15.3** The Courts of Milan shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes.

## EXHIBIT 1

### RULES OF THE ORGANISATION OF THE NOTEHOLDERS

#### TITLE I - GENERAL PROVISIONS

##### **Article 1** (*General*)

The Organisation of the Noteholders is created by the issue and by the subscription of the Notes, and shall remain in force and in effect until full repayment or cancellation of the Class A Notes and the Class B Notes.

The contents of these Rules are considered included in each Note issued by the Issuer.

##### **Article 2** (*Definitions*)

In these Rules, the following expressions have the following meanings:

**"Basic Terms Modification"** means:

1. a modification of the date of maturity of the relevant Class of Notes;
2. a modification which would have the effect of postponing any day for payment of interest or principal on the Notes;
3. a modification which would have the effect of reducing or cancelling the amount of principal payable in respect of a Class of Notes or the rate of interest applicable in respect of a Class of Notes;
4. a modification which would have the effect of altering the majority of votes required to pass a specific resolution or the quorum required at any meeting;
5. a modification which would have the effect of altering the currency of payment of the relevant Class of Notes or any alteration of the date of redemption or priority of a Class of Notes;
6. a modification which would have the effect of altering the authorisation or consent by the Class A Noteholders, as pledgees, to applications of funds as provided for in the Transaction Documents;
7. the appointment and removal of the Representative of the Noteholders;
8. an amendment of this definition.

**"Business"** means, in relation to any Meeting, the matters to be proposed to a vote of the Noteholders at the Meeting including (without limitation) the passing or rejection of any resolution.

**"Chairman"** means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 of these Rules.

**"Class A Noteholders"** means the holders of the Class A Notes.

**"Class B Noteholders"** means the holders of the Class B Notes.

**"Class of Notes"** means the Class A Notes and the Class B Notes.

**"Extraordinary Resolution"** means a resolution of the Meeting of the Relevant Class Noteholders in relation to the matters specified under Article 20 of these Rules, duly convened and held in accordance with the provisions of these Rules.

**"Issuer"** means Dedalo Finance S.r.l.

**"Principal Paying Agent"** means The Bank of New York Mellon (Luxembourg) S.A. Italian Branch in its capacity as Principal Paying Agent pursuant to the Cash Administration and Agency Agreement and its permitted successors or assignees from time to time.

**"Meeting"** means the meeting of the Noteholders or a Class of Noteholders (whether originally convened or resumed following an adjournment).

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

**"Notes"** and **"Noteholders"** mean:

- (a) in connection with a Meeting of Class A Noteholders, Class A Notes and Class A Noteholders respectively;
- (b) in connection with a Meeting of Class B Noteholders, Class B Notes and Class B Noteholders respectively;
- (c) and otherwise, in the case of a joint Meeting of more than one Class, any or all of the Class A Notes and the Class B Notes and any or all of the Class A Noteholders and the Class B Noteholders respectively.

**"Person(s)"** means any natural person, partnership, corporation, company, limited liability company, trust, estate, joint stock partnership, or company, joint venture, governmental entity, unincorporated organisation or other entity or association.

**"Proxy"** means, in relation to any Meeting, a person duly appointed to vote in the name and on behalf of a Noteholder.

**"Relevant Class Noteholders"** means the Class A Noteholders or the Class B Noteholders as the context may require.

**"Relevant Fraction"** means:

- (i) for all Business other than voting on an Extraordinary Resolution, one-tenth of the Principal Amount Outstanding of the 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);
- (ii) for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification, two-thirds of the Principal Amount Outstanding of the 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
- (iii) for voting on any Extraordinary Resolution relating to a Basic Terms Modification, which must be proposed separately to each Class of Noteholders, three-quarters of the Principal Amount Outstanding of the outstanding Notes in that Class;

*provided, however*, that, in the case of a Meeting which has resumed after adjournment for want of a quorum, it means:

- (a) for all Business other than the voting on an Extraordinary Resolution relating to a Basic Terms Modification, the fraction of the Principal Amount Outstanding of the Notes represented at such Meeting or the fraction of the Principal Amount Outstanding of the Notes (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 outstanding Notes in that Class.

**"Representative of the Noteholders"** means Accounting Partners S.r.l., in its capacity as representative of the Noteholders, which expression shall include its successors and any further or other representative of the Noteholders appointed pursuant to the Notes Subscription Agreement and the Rules of the Organisation of the Noteholders.

**"Rules"** means these Rules of the Organisation of the Noteholders.

**"Security Documents"** means the Deed of Pledge and the Deed of Charge.

**"Secured Parties"** means the beneficiaries of the Security Documents.

**"Specified Office"** means the office of (i) the Principal Paying Agent located at Via Carducci, 31, 20123 Milano, Italy, or (ii) the Irish Listing Agent located at 3 George's Dock, ISFC Dublin 1, Ireland, as the case may be.

**"Voter"** means, in relation to any Meeting, any Noteholder or his/her Proxy.

**"Voting Certificate"** means, in relation to any Meeting a certificate issued to the relevant Noteholder by the relevant Monte Titoli Account Holder in accordance with the resolution of 22 February 2008 jointly issued by the Bank of Italy and CONSOB, as subsequently amended, supplemented or restated.

**"Written Resolution"** means a resolution in writing signed by or on behalf of the Relevant Fraction required for an Extraordinary Resolution applicable to the relevant Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such Noteholders.

**"24 hours"** means a period of 24 hours including all or part of a day upon which banks are open for business in both the places where the Meeting is to be held and in each of the places where the Principal Paying Agent has its Specified Office (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid.

**"48 hours"** means 2 consecutive periods of 24 hours.

Other defined terms and expressions shall have the meaning given to them in the Conditions.

### **Article 3 (Organisation purpose)**

Each Class A Noteholder and Class B Noteholder is a member of the Organisation of Noteholders.

The purpose of the Organisation of Noteholders is to coordinate the exercise of the rights of the Noteholders and, more in general, the taking of any action for the protection of their interests.

In these Rules, any reference to Noteholders shall be considered as a reference as the case may be, to the Class A Noteholders and/or the Class B Noteholders or, where the context requires, a reference to the Class A Noteholders and the Class B Noteholders collectively.

## TITLE II - THE MEETING OF NOTEHOLDERS

### Article 4 (General)

Subject to Article 20 below, any resolution passed at a Meeting of the Relevant Class of Noteholders duly convened and held in accordance with these Rules shall be binding upon all the Noteholders of such Class whether present or not present at such Meeting and whether voting or not voting, and

- (1) any resolution passed at a meeting of the Class A Noteholders duly convened and held as aforesaid shall also be binding upon all the Class B Noteholders; and
- (2) in the above case, all the relevant Classes of Noteholders shall be bound to give effect to any such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

Notice of the result of every vote on a resolution duly passed by the Noteholders shall be published, at the expense of the Issuer, in accordance with the Conditions and given to the Principal Paying Agent (with a copy to the Issuer and the Representative of the Noteholders) within 14 (fourteen) days of the conclusion of the Meeting.

Subject to the provisions of these Rules and the Conditions, joint meetings of the Class A Noteholders and the Class B Noteholders may be held to consider the same resolution and/or, as the case may be, the same Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification) and the provisions of these Rules shall apply *mutatis mutandis* thereto.

The following provisions shall apply where outstanding Notes belong to more than one Class:

- (i) Business which in the opinion of the Representative of the Noteholders affects only one Class of Notes shall be transacted at a separate Meeting of the relevant Noteholders;
- (ii) Business which in the opinion of the Representative of the Noteholders affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a single Meeting of Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine at its absolute discretion;
- (iii) Business which in the opinion of the Representative of the Noteholders affects the Noteholders of more than one Class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate Meetings of the Noteholders of each such Class;
- (iv) in case of separate Meetings of the holders of each Class of Notes, these Rules shall be applied as if references to the Notes and the Noteholders are to the Notes of the relevant Class and to the holders of such Notes; and in the case of a joint meeting of the Noteholders of more than one Class, as if references to the Notes and the Noteholders are to the Notes of the relevant Classes and to the holders of the Notes of such Classes.

### **Article 5 (*Voting Certificates*)**

Noteholders may obtain a Voting Certificate from the relevant Monte Titoli Account Holder upon request in accordance with article 21 of the resolution of 22 February 2008 jointly issued by the Bank of Italy and CONSOB.

Subject to the provision of the resolution of 22 February 2008 jointly issued by the Bank of Italy and CONSOB (as subsequently amended and supplemented), a Voting Certificate shall be valid until the conclusion of the Meeting specified (if any) in the Voting Certificate, or any adjournment of such Meeting held prior to the expiration of the relevant Voting Certificate.

So long as a Voting Certificate is valid, the bearer thereof or any Proxy named therein shall be deemed to be the holder of the relevant Notes to which it relates for all purposes in connection with the Meeting.

### **Article 6 (*Validity of Voting Certificates*)**

A Voting Certificate in respect of a Noteholder shall be valid only if it is deposited or sent (also by electronic means) at the Specified Office of the Principal Paying Agent, or at some other place approved by the Principal Paying Agent, at any time prior to the time fixed for a Meeting. If the Principal Paying Agent requires satisfactory proof of the identity of each Proxy named in the relevant Voting Certificate, such proof shall be produced at the Meeting, but the Principal Paying Agent shall not be obliged to investigate the validity of any Voting Certificate or the authority of any Proxy.

### **Article 7 (*Convening of Meeting*)**

The Issuer and the Representative of the Noteholders may convene a Meeting at any time, and shall be obliged to do so upon the request in writing of Noteholders holding not less than one-twentieth of the Principal Amount Outstanding of the outstanding Notes of the Class or Classes in respect of which the Meeting is being convened. If the Issuer fails to take the necessary action to convene a Meeting when obliged to do so, the Meeting may be convened by the Representative of the Noteholders acting solely.

Whenever the Issuer is about to convene any such Meeting, it shall immediately give notice in writing to the Representative of the Noteholders of the day, time and place thereof and of the nature of the Business to be transacted thereat. Every such Meeting shall be held at such place as the Representative of the Noteholders may designate or approve.

### **Article 8 (*Notice*)**

At least 21 (twenty-one) 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 relevant Noteholders, the Principal Paying Agent (with a copy to the Issuer and to the Representative of the Noteholders), and published in accordance with Condition 13 (*Notices*) at least 15 (fifteen) days before the date of the Meeting. The notice shall set forth the full text of any resolutions to be proposed and that Voting Certificates shall be obtained to participate to the Meeting.

The 21 (twenty-one) day's notice of any Meeting shall be deemed to be waived by the Noteholders if:

- a. Noteholders representing 100% (hundred per cent) of the Principal Amount Outstanding of the relevant Class or Classes of Notes attend the relevant Meeting; or
- b. Noteholders representing 100% (hundred per cent) of the Principal Amount Outstanding of the relevant Class or Classes of Notes request the relevant Meeting.



### **Article 9 (*Chairman of the Meeting*)**

An individual (who may, but need not, be a Noteholder) nominated in writing by the Representative of the Noteholders may take the chair at any Meeting but: (i) if no such nomination is made; (ii) if the individual nominated is not present within 15 minutes after the time fixed for the Meeting; or (iii) the Meeting resolves not to approve the appointment made by the Representative of the Noteholders, those present shall elect one of themselves to take the chair failing which the Issuer may appoint a Chairman.

The Chairman of an adjourned Meeting need not be the same person as the Chairman of the original Meeting.

The Chairman verifies that the Meeting is duly held, coordinates matters to be transacted at the Meeting and monitors the fairness of the Meeting's proceedings.

### **Article 10 (*Quorum and passing of resolutions*)**

The quorum at any Meeting shall be at least one or more Voters representing or holding not less than the Relevant Fraction of the aggregate Principal Amount Outstanding of the outstanding Notes of the relevant Class or Classes.

A resolution is validly passed when the majority of the votes cast by the Voters attending the relevant Meeting has been cast in favour of it.

### **Article 11 (*Adjournment for want of quorum*)**

If within 15 (fifteen) minutes after the time fixed for any Meeting a quorum is not present, then it shall be adjourned for such period (which shall be not less than 14 (fourteen) days and not more than 42 (forty-two) days) and at such place as the Chairman determines; provided, however, that no Meeting may be adjourned more than once by resolution of Meeting that represents less than a Relevant Fraction applicable in the case of Meetings which have been resumed after adjournment. Notice shall be published in accordance with Condition 13 (*Notices*) of the relevant Class of Notes not more than 8 (eight) days before the date of the meeting.

### **Article 12 (*Adjourned Meeting*)**

The Chairman may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, *provided that* no Business shall be transacted at any adjourned Meeting except Business which might lawfully have been transacted at the Meeting from which the adjournment took place.

### **Article 13 (*Notice following adjournment*)**

Article 8 shall apply to any Meeting which is to be resumed after adjournment save that:

- a. 8 (eight) days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be sufficient; and
- b. the notice shall specifically set forth the quorum requirements which will apply when the Meeting resumes.

It shall not be necessary to give notice of the resumption of a Meeting which has been adjourned for any other reason.

### **Article 14 (*Participation*)**

The following may attend and speak at a Meeting:

- (a) Voters;
- (b) the Issuer or its representatives and the Principal Paying Agent;
- (c) the statutory auditors (if any) and the financial advisers to the Issuer;
- (d) the Representative of the Noteholders;
- (e) the legal counsel to the Issuer, the Representative of the Noteholders and the Principal Paying Agent; and
- (f) such other person as may be resolved by the Meeting.

#### **Article 15 (*Show of hands*)**

Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution.

#### **Article 16 (*Poll*)**

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less than ten (10) Notes. The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the Meeting for any other Business as the Chairman directs.

#### **Article 17 (*Votes*)**

Every Voter shall have:

- (a) on a show of hands, one vote; and
- (b) on a poll, one vote in respect of each Euro 1,000 in aggregate face amount of the outstanding Note(s) represented or held by him.

In the case of a voting tie the Chairman shall have a casting vote.

Unless the terms of any Voting Certificate state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same manner.

#### **Article 18 (*Vote by Proxies*)**

Any vote by a Proxy in accordance with the relevant Voting Certificate shall be valid even if such Voting Certificate or any instruction pursuant to which it was given has been amended or revoked, *provided that* the Issuer and the Principal Paying Agent or the Corporate Services Provider, as the case may be, has not been notified in writing of such amendment or revocation not less than 24 hours before the time fixed for the Meeting. Unless revoked, any appointment of a Proxy under a Voting Certificate in relation to a Meeting shall remain in force in relation to any Meeting resumed following an adjournment, except for any appointment of a Proxy expiring prior to such adjournment in accordance with the relevant Voting Certificate. Any person appointed to vote at such a Meeting must

be re-appointed under a Proxy to vote at the Meeting when it is resumed.

**Article 19 (*Exclusive Powers of the Meeting*)**

The Meeting shall have exclusive powers:

- (a) to approve any Basic Terms Modification, in accordance with Article 20 below;
- (b) to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of any of the Conditions 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 waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any act or omission which might otherwise constitute a Trigger Event under the Notes;
- (e) to exercise, enforce or dispose of any right and power on payment and application of funds deriving from any claims on which a pledge or other security interest is created in favour of the Noteholders, otherwise than in accordance with the Transaction Documents.

**Article 20 (*Powers exercisable by Extraordinary Resolution*)**

A Meeting shall, in addition to the powers herein given, have the following powers exercisable by Extraordinary Resolution:

- (a) power to sanction any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer or against any of its property or against any other Person whether such rights shall arise under these Rules, the Notes or otherwise;
- (b) power to sanction any scheme or proposal for the exchange or substitution or sale of any of the Notes or any Class of the Notes for, or the conversion of the Notes or any Class into, or the cancellation of any of the Notes or any Class, in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;
- (c) power to assent to any alteration of the provisions contained in these Rules, the Notes or any Class of Notes, the Intercreditor Agreement, the Cash Administration and Agency Agreement or any other Transaction Document which shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto;
- (d) power to discharge or exonerate the Representative of the Noteholders from any liability in respect of any act or omission for which the Representative of the Noteholders may be responsible under or in relation to these Rules, the Notes or any Class of Notes or any other Transaction Document;
- (e) power to give any authority, direction or sanction which under the provisions of these Rules or the Notes or any Class of Notes, is required to be given by Extraordinary Resolution;

- (f) power to authorise and sanction the actions, in compliance with these Rules, of the Representative of the Noteholders under the terms of the Intercreditor Agreement and any other Transaction Documents and in particular power to sanction the release of the Issuer by the Representative of the Noteholders;
- (g) following the service of a Trigger Notice, or in any other circumstance upon request of the Issuer, power to resolve on the sale of one or more Claim(s) comprised in the Portfolio(s);
- (h) power to sanction a Basic Terms Modification;
- (i) power to authorize or direct the Representative of the Noteholders to serve a Trigger Notice under Condition 9 (*Trigger Events*);
- (j) with respect to the Class A Notes, power to provide the Issuer with the prior consent provided for by Condition 6.2 (*Redemption for Taxation*);
- (k) with respect to the Class B Notes, power to provide the Issuer with the prior consents provided for by Condition 6.3 (*Optional Redemption*);
- (l) power to take any other decision to be passed by way of an Extraordinary Resolution in accordance with the Conditions;

*provided that:*

- A. no Extraordinary Resolution involving a Basic Terms Modification passed by the Relevant Class Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Noteholders of each of the other Classes (to the extent that the Notes of each such Class are then outstanding); and
- B. no other Extraordinary Resolution of the Class B Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders (to the extent that the Class A Notes are then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders (to the extent that the Class A Notes are then outstanding).

#### **Article 21 (*Challenge of Resolution*)**

Each Noteholder who was absent and (or) dissenting can challenge resolutions which are not passed in conformity under the provisions of these Rules.

#### **Article 22 (*Minutes*)**

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be *prima facie* evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

#### **Article 23 (*Written Resolution*)**

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

#### **Article 24 (*Individual Actions and Remedies*)**

The right of each Noteholder to bring individual actions or take other individual remedies, that do not

amount to bankruptcy, insolvency or compulsory liquidation proceedings, or other proceedings under any bankruptcy or similar law, to enforce his/her rights under the Notes will be subject to the Meeting not passing a resolution objecting to such individual action or other remedy on the grounds that it is not convenient at the time when the Meeting is held, having regard to the interests of the Noteholders. In this respect, the following provisions shall apply:

- (a) the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders in writing of his/her intention;
- (b) the Representative of the Noteholders will, without delay, call for the Meeting, in accordance with these Rules;
- (c) if the Meeting passes a resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (*provided that* the same matter can be submitted again to a further Meeting of Noteholders after a reasonable period of time has elapsed); and
- (d) if the Meeting passes a resolution not objecting to the enforcement of the individual action or remedy, or if no resolution is taken by the Meeting for want of quorum, the Noteholder will not be prevented from taking such action or remedy.

No individual action or remedy can be taken by a Noteholder to enforce his/her rights under the Notes before the Meeting has been held to resolve on such action or remedy in accordance with the provisions of this Article 24.

The provisions of the Intercreditor Agreement govern the right of the Noteholders to institute against, or join any other Person in instituting against, the Issuer any bankruptcy, insolvency or compulsory liquidation and similar proceedings.

### **TITLE III - THE REPRESENTATIVE OF THE NOTEHOLDERS**

#### **Article 25 (*Appointment, Removal and Remuneration*)**

The appointment of the Representative of the Noteholders takes place at the Meeting in accordance with the provisions of this Article 25, save as in respect of the appointment of the first Representative of the Noteholders that will be Accounting Partners S.r.l.

Any successor of Accounting Partners S.r.l. as Representative of the Noteholders:

- (1) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch or through a branch situated in a European Union country; or
- (2) a company or financial institution registered under article 107 of the Consolidated Banking Act (or any other relevant register held from time to time by the Bank of Italy); or
- (3) any other entity which may be permitted to act in such capacity by any specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.

The Representative of the Noteholders shall be appointed for unlimited term and can be removed by the Meeting at any time.

In the event of a termination of the appointment of the Representative of the Noteholders for any

reason whatsoever, the Representative of the Noteholders shall remain in office until acceptance of appointment by the substitute Representative of the Noteholders designated among the entities indicated in 1), 2) and 3) above; should said acceptance of appointment by the substitute Representative of the Noteholders not occur within thirty days after such termination, the terminated Representative of the Noteholders shall be entitled to appoint its own successor, provided that any such successor shall satisfy all the conditions set out above; and the powers and authority of Representative of the Noteholders whose appointment has been terminated shall be limited to those necessary for the performance of the essential functions which are required to be complied with in connection with the Notes.

The directors, auditors, employees of the Issuer and those who fall within the conditions indicated in article 2382 of the Italian Civil Code in respect of the Issuer cannot be appointed Representative of the Noteholders, and, if appointed, shall be automatically removed from the appointment.

As consideration to the Representative of the Noteholders for the obligations undertaken by the same as from the date hereof under these Rules and the Transaction Documents, the Issuer shall pay to the Representative of the Noteholders an annual fee, such fee being agreed in a separate side letter, plus VAT if applicable. The above fees and remuneration shall accrue from day to day and shall be payable in accordance with the applicable Order of Priority up to (and including) the date when the Notes have been repaid in full or cancelled in accordance with the Conditions.

#### **Article 26 (Duties and Powers)**

The Representative of the Noteholders is the legal representative of the Organisation of Noteholders subject to and in accordance with the Conditions, these Rules, the Intercreditor Agreement and the other Transaction Documents to which it is a party (together, the "**Relevant Provisions**").

Subject to the Relevant Provisions, the Representative of the Noteholders is responsible for implementing the decisions of the Meeting and for protecting the Noteholders' interests *vis-a-vis* the Issuer, in accordance with and following any resolution taken by the Meeting. The Representative of the Noteholders has the right to attend Meetings. The Representative of the Noteholders may convene a Meeting to obtain instructions from the Relevant Class Noteholders on any action to be taken.

All actions taken by the Representative of the Noteholders in the execution and exercise of all its powers and authorities and of discretion vested in it shall be taken by duly authorised officer(s) for the time being of the Representative of the Noteholders.

The Representative of the Noteholders may also, whenever it considers to be expedient and in the interests of the Noteholders, whether by power of attorney or otherwise, delegate to any Person(s) all or any of the powers, authorities and discretion vested in it as aforesaid. Any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Noteholders may think fit, provided that: (a) the Representative of the Noteholders shall use all reasonable care and skill in the selection of the sub-agent, sub-contractor or representative which must fall within one of the categories set forth in Article 25 herein; and (b) the sub-agent, sub-contractor or representative shall undertake to perform the obligations of the Representative of the Noteholders in respect of which it has been appointed.

The Representative of the Noteholders shall in any case be responsible for any loss incurred by the Issuer as a consequence any misconduct or default on the part of such delegate or sub-delegate. The Representative of the Noteholders shall as soon as reasonably practicable give notice to the Issuer of the appointment of any delegate and the renewal, extension and termination of such appointment and shall procure that any delegate shall also as soon as reasonably practicable give notice to the Issuer of any sub-delegate.

The Representative of the Noteholders shall act in accordance with the provisions of article 1176,

second paragraph of the Italian Civil Code.

The Representative of the Noteholders shall be authorised to represent the Organisation of Noteholders in judicial proceedings, including in proceedings involving the Issuer, creditors' agreement (*concordato preventivo*), forced liquidation (*fallimento*) or compulsory administrative liquidation (*liquidazione coatta amministrativa*).

**Article 27 (Resignation of the Representative of the Noteholders)**

The Representative of the Noteholders may resign at any time upon giving not less than three calendar months' notice in writing to the Issuer and the Rating Agencies without giving any reason therefore and without being responsible for any costs occasioned by such resignation. The resignation of the Representative of the Noteholders shall not become effective until the Meeting has appointed a new representative of the Noteholders. If a new representative of the Noteholders is not appointed by the Meeting sixty days after such notice of resignation, the resigning Representative of the Noteholders will be entitled to appoint its own successor, *provided that* any such successor shall satisfy with the conditions of Article 25 herein.

**Article 28 (Exoneration of the Representative of the Noteholders)**

The Representative of the Noteholders shall not assume any other obligations in addition to those expressly provided herein and in the Transaction Documents.

Without limiting the generality of the foregoing, the Representative of the Noteholders shall not be:

- (i) under any obligation to take any steps to ascertain whether a Trigger Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders hereunder or under any of the other Transaction Documents has happened and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that no Trigger Event has occurred;
- (ii) under any obligation to monitor or supervise the observance and performance by the Issuer or any of the other parties to the Transaction Documents of their obligations thereunder and, until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each party to any Transaction Document is observing and performing all the obligations on its part contained herein and therein;
- (iii) under any obligation to give notice to any Person of the execution of these Rules or any of the Transaction Documents or any transaction contemplated hereby or thereby;
- (iv) responsible for or for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or any other document or any obligation or rights created or purported to be created thereby or pursuant thereto;
- (v) responsible for or have any duty to make any investigation in respect of or in any way be liable whatsoever for: (i) the nature, status, creditworthiness or solvency of the Issuer, (ii) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection herewith; (iii) the suitability, adequacy or sufficiency of any collection procedures operated by the Servicers or compliance therewith; (iv) the failure by the Issuer to obtain or comply with any license, consent or other authority in connection with the purchase or administration of the Portfolios; and (v) any accounts, books, records or files maintained by the Issuer, the Servicers, the Principal Paying Agent and the Corporate Services Provider or any other Person in respect of the Portfolios;

- (vi) responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or the distribution of any of such proceeds to the Persons entitled thereto;
- (vii) responsible for the maintenance of any rating of the Class A Notes by the Rating Agencies or any other credit or rating agency or any other Person;
- (viii) responsible for or for investigating any matter which is the subject of, any recitals, statements, warranties or representations of any party other than the Representative of the Noteholders contained herein or any other Transaction Document;
- (ix) bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer to the Portfolios or any part thereof whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry or whether capable of remedy or not;
- (x) liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;
- (xi) under any obligation to insure the Portfolios or any part thereof;
- (xii) obliged to have regard to the consequences of any modification of these Rules or any of the Transaction Documents for the Noteholders or any relevant Persons resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory;
- (xiii) under any obligation to disclose to any Noteholder, any Other Issuer Creditors or any other party any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other Person in connection with these Rules and the Noteholders, the Other Issuer Creditors or any other party shall not be entitled to take any action to obtain from the Representative of the Noteholders any such information (unless and to the extent ordered so to do by a court of competent jurisdiction);
- (xiv) bound to take any steps or institute any proceedings after a Trigger Notice is served upon the Issuer following the occurrence of a Trigger Event, or to take any other action (or direct any action to be taken) to enforce any security interest created by the Security Documents or any rights under the Intercreditor Agreement unless it has been indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing;
- (xv) liable for acting upon any resolution purporting to have been passed at any Meeting of the relevant Class or Classes of Notes in respect whereof minutes have been made and signed, also in the event that, subsequent to its acting it transpires that the Meeting was not duly convened or constituted, such resolution was not duly passed or that the resolution was otherwise not valid or binding upon the Noteholders, in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, and
- (xvi) liable for not having acted in any manner whatsoever for the protection of the Noteholders' interests in all circumstances where, according to these Rules and the Transaction Documents, it was not expressly required to take any such action.

The Representative of the Noteholders may:

- (i) agree (in the name and on behalf of the Noteholders) amendments or modifications to these Rules or to any of the Transaction Documents which in the opinion of the Representative of



the Noteholders it is expedient to make or is to correct a manifest error or is of a formal, minor or technical nature. Any such modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter;

- (ii) agree (in the name and on behalf of the Noteholders) amendments or modifications to these Rules (other than in respect of a Basic Terms Modification or any provision in these Rules referred to in the definition of Basic Terms Modification) or to the other Transaction Documents which, in the opinion the Representative of the Noteholders, it may be proper to make, *provided that* (i) the Representative of the Noteholders is of the opinion that such modification will not be materially prejudicial to the interests of the Class A Noteholders, or, in the event the Class A Notes have been redeemed in full, the Class B Noteholders, and (ii) a prior written notice is given to the Rating Agencies;
- (iii) agree (in the name and on behalf of the Noteholders) amendments or modifications to these Rules (other than in respect of a Basic Terms Modification or any provision in these Rules referred to in the definition of Basic Terms Modification) or to the other Transaction Documents which the Issuer has requested the Representative of the Noteholders to approve in the context of any further securitisation referred to in Condition 3.10 (*Further Securitisation*) and which, in the opinion of the Representative of the Noteholders, will not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes, as long as there are Class A Notes outstanding, and the fact that the execution of the relevant amendment or modification would not adversely affect the current ratings of the Class A Notes shall be conclusive evidence that the requested amendment is not materially prejudicial to the interests of the holders of the Most Senior Class of Notes;
- (iv) act on the advice or a certificate or opinion of or any information obtained from any lawyer, accountant, banker, broker, credit or rating agency or other expert whether obtained by the Issuer, the Representative of the Noteholders or otherwise and shall not, in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss occasioned by so acting. Any such advice, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission, e-mail or cable and, in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, opinion or information contained in or purported to be conveyed by any such letter, telex, telegram, facsimile transmission, e-mail or cable notwithstanding any error contained therein or the non-authenticity of the same;
- (v) call for and accept as sufficient evidence of any fact or matter, unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice to the contrary, a certificate duly signed by or on behalf of the Issuer, and the Representative of the Noteholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be occasioned by the Representative of the Noteholders acting on such certificate;
- (vi) have absolute discretion as to the exercise, non exercise or refraining from exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules or by operation of law, save as expressly otherwise provided herein, and the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or inconveniences that may result from the exercise, non-exercise or refraining from exercise thereof except insofar as the same are incurred as a result of its fraud (*frode*), gross negligence (*colpa grave*) or willful misconduct (*dolo*);
- (vii) hold or leave in custody these Rules, the Transaction Documents and any other documents

relating hereto in any part of the world with any bank officer or financial institution or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Representative of the Noteholders to be of good repute, and the Representative of the Noteholders shall not be responsible for or required to insure against any loss incurred in connection with any such custody and may pay all sums required to be paid on account of or in respect of any such custody;

- (viii) call for, accept and place full reliance on and as sufficient evidence of the facts stated therein, a certificate or letter of confirmation certified as true and accurate and signed on behalf of any common depository as the Representative of the Noteholders considers appropriate, or any form of record made by any such depository to the effect that at any particular time or throughout any particular period, any particular Person is, was, or will be, shown in its records as entitled to a particular number of Notes;
- (ix) certify whether or not a Trigger Event is in its opinion materially prejudicial to the interests of the Noteholders and if any proceedings referred to under Condition 9(1)(d) (*Insolvency*) are disputed in good faith, and any such certificate or opinion shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other relevant Person and if the Representative of the Noteholders so certifies and serves a Trigger Notice pursuant to Condition 9 (*Trigger Events*), it shall, in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on its part, be fully indemnified by the Issuer against all fees, costs, expenses, liabilities, losses and charges which it may incur as a result.
- (x) determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules or contained in the Notes or any of the other Transaction Documents is capable of remedy and, if the Representative of the Noteholders shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders and any relevant Person and the Representative of the Noteholders shall not be responsible for or required to insure against any cost and loss incurred in connections with any such certificate;
- (xi) assume without enquiry that no Notes are for the time being held by or for the benefit of the Issuer;

The Representative of the Noteholders shall be entitled to:

- (a) call for and to rely upon a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine, of any party to the Intercreditor Agreement or any other of the Other Issuer Creditors in respect of every matter and circumstance for which a certificate is expressly provided for hereunder or any other Transaction Document and it shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be occasioned by its failing so to do;
- (b) for the purposes of exercising any right, power, trust, authority, duty or discretion under or in relation to the Transaction Documents or the Notes, in considering whether that such exercise would not be materially prejudicial to the interests of the Noteholders and the Other Issuer Creditors, take into account, among the other things, any confirmation from the Rating Agencies that the then current ratings of the Notes would not be adversely affected by such exercise;
- (c) convene a Meeting of the Noteholders of the relevant Class or Classes of Notes, in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, in order to obtain from them instructions upon how the Representative of the Noteholders should exercise such discretion *provided that* nothing herein shall be construed so as to oblige the Representative of the Noteholders to convene

such a Meeting. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request at the Meeting to be indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by taking such action.

Any consent or approval given by the Representative of the Noteholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders deems appropriate and notwithstanding anything to the contrary contained herein, or in other Transaction Document, such consent or approval may be given retroactively.

No provision of these Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulation or expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if the Representative of the Noteholders shall have reasonable grounds for believing that it will not be reimbursed for any amounts, or that it will not be indemnified against any loss or liability, which it may incur as a result of such action.

#### **Article 29 (Security Documents)**

The Representative of the Noteholders is entitled to exercise all rights granted by the Issuer in favour of the Noteholders and the Other Issuer Creditors under the Deed of Pledge. The Security Trustee is entitled to exercise all rights granted by the Issuer to it in its capacity as trustee for the Other Issuer Creditors under the Deed of Charge.

The Representative of the Noteholders, acting on behalf of the Secured Parties, may:

- (a) appoint and entrust the Issuer to collect, in the Secured Parties' interest and on their behalf, any amounts deriving from the pledged claims and rights and may instruct, jointly with the Issuer, the relevant debtors of the pledged claims to make any payments to be made thereunder to an Account of the Issuer;
- (b) acknowledge that the account(s) to which payments have been made in respect of the pledged claims shall be deposit accounts for the purpose of article 2803 of the Italian Civil Code and agrees that such account(s) shall be operated in compliance with the provisions of the Cash Administration and Agency Agreement and the Intercreditor Agreement;
- (c) agree that all funds credited to the relevant Accounts from time to time shall be applied in accordance with the Cash Administration and Agency Agreement and the Intercreditor Agreement and that available funds standing to the credit of the Accounts (except the Quota Capital Account and the Payments Account) may be used for investments in Eligible Investments;
- (d) agree that cash deriving from time to time from the pledged claims and the amounts standing to the credit of the relevant Accounts shall be applied in and towards satisfaction of amounts due to the Secured Parties according to the applicable Order of Priority.

The Secured Parties have irrevocably waived any right which they may have hereunder in respect of cash deriving from time to time from the pledged claims and amounts standing to the credit of the Accounts which is not in accordance with the foregoing. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under the Security Documents except in accordance with the foregoing and the Intercreditor Agreement.

### **Article 30 (*Indemnity*)**

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Notes Subscription Agreement to reimburse, pay or discharge (on a full indemnity basis) on demand, to the extent not already reimbursed, paid or discharged by any Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and 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 Persons appointed by it to whom any power, authority or discretion may be delegated by it, in relation to the preparation and execution of, the exercise, non exercise or purported exercise of its powers and performance of its duties under, and in any other manner in relation to, these Rules or the Transaction Documents, including but not limited to legal and travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant the Transaction Documents, or against the Issuer or any other Person for enforcing any obligations hereunder, the Notes or the Transaction Documents, except insofar as the same are incurred because of the fraud, negligence or wilful misconduct of the Representative of the Noteholders.

## **TITLE IV - THE ORGANISATION OF NOTEHOLDERS UPON A SERVICE OF A TRIGGER NOTICE**

### **Article 31 (*Powers*)**

It is hereby acknowledged that, upon service of a Trigger Notice, the Representative of the Noteholders shall, pursuant to the Intercreditor Agreement, be entitled to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, all and any of the Issuer's Rights, including the right to give directions and instructions to the relevant parties to the Transaction Documents. In connection with any proposed sale of one or more Claims comprised in the Portfolios, the Representative of the Noteholders may, but shall not be obliged to, convene a Meeting in accordance with the provisions set forth in these Rules to resolve on the proposed sale.

In addition, it is hereby acknowledged that the Representative of the Noteholders, pursuant to the Intercreditor Agreement, (i) upon service of a Trigger Notice, shall be entitled to receive, in the name and on behalf of the Noteholders and the Other Issuer Creditors, any and all monies payable by the Issuer to the Noteholders and the Other Issuer Creditors, and (ii) upon the security created under the Deed of Charge and the pledge created under the Deed of Pledge becoming enforceable in accordance with their terms, shall be entitled, *inter alia*, to collect, in the interest and for the benefit of the Noteholders and the Other Issuer Creditors, all cash deriving from time to time from the Deed of Charge and the Deed of Pledge as well as all proceeds from the enforcement thereof.

## **TITLE V - DISPUTES RESOLUTIONS**

### **Article 32 (*Law and Jurisdiction*)**

These Rules are governed by, and will be construed in accordance with, the laws of Italy.

Any disputes arising out of or in connection with the present Rules, including those concerning its validity, interpretation, performance and termination shall be submitted to the exclusive jurisdiction of the courts of Milan, Italy.



## SELECTED ASPECTS OF ITALIAN LAW

*The following is a summary only of certain aspects of Italian Law that are relevant to the transactions described in this Prospectus and of which prospective Noteholders should be aware. It is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Prospectus.*

### THE SECURITISATION LAW

Law 130 was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy.

It applies to securitisation transactions involving a "true" sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with article 3 of Law 130 and all amounts paid by the debtors in respect of the receivables are to be used by the relevant company exclusively to meet its obligations under the notes issued to fund the purchase of such receivables and all costs and expenses associated with the securitisation transaction.

### RING-FENCING OF THE ASSETS

By operation of Law 130, the receivables relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company which purchases the receivables (including for the avoidance of doubt, any other portfolio purchased by the company pursuant to Law 130). Prior to and on a winding up of such a company, such assets will only be available to holders of the notes issued to finance the acquisition of the relevant 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.

### THE ASSIGNMENT

The assignment of the claims under Law 130 is governed by article 58, paragraphs 2, 3 and 4, of the Consolidated Banking Act and by article 4 of Law 130. According to the prevailing interpretation of such provisions, the assignment can be perfected against the originator, assigned debtors and third party creditors by way of publication in the Official Gazette and registration in the companies' register where the Issuer is enrolled, so avoiding the need for notification to be served on each assigned debtor. Furthermore, the Bank of Italy could require further formalities.

As of the date in which the formalities set forth by Law 130 have been complied with, the assignment becomes enforceable against:

- (a) the assigned debtors and any creditors of the originator who have not prior to the date of publication of the notice in the Official Gazette and registration of the assignment in the register of companies where the assignee is enrolled commenced enforcement proceedings in respect of the relevant receivables;
- (b) 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

- (c) other permitted assignees of the originator who have not perfected their assignment prior to the date of publication in the Official Gazette and the registration of the assignment in the register of companies where the assignee is enrolled.

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned receivables will automatically be transferred to and perfected with the same priority in favour of the company which has purchased the receivables, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Official Gazette and registration of the assignment in the register of companies where the assignee is enrolled, no legal action may be brought against the 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 receivables pursuant to the Transfer Agreements has been published in the Official Gazette No. 76 on 5 July 2011, and filed for publication in the companies' register of Turin on 6 July 2011.

### **CLAW-BACK OF THE SALE OF THE PORTFOLIOS**

The sale of the Portfolios by the Originator to the Issuer may be clawed back by a receiver of the Originator under article 67, paragraphs 1(4) and 2 of the Bankruptcy Law but only in the event that the Originator was insolvent when the assignment was entered into and was executed within three months of the admission of the Originator to compulsory liquidation (*liquidazione coatta amministrativa*) pursuant to Title IV, Heading I, Section III of the Consolidated Banking Act or in cases where paragraph 1(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 Originator has represented and warranted that it was solvent as of the Transfer Date and on the Issue Date.

### **CLAW-BACK ACTION AGAINST THE PAYMENTS MADE TO COMPANIES INCORPORATED UNDER LAW 130**

According to article 4 of Law 130, the payments made by an assigned debtor to the Issuer may not be subject to any claw-back action according to article 67 of the Bankruptcy Law.

All other payments made to the Issuer by any party under a Transaction Document in the six months or one year suspected period prior to the date on which such party has been declared bankrupt or has been admitted to the compulsory liquidation may be subject to claw-back action according to article 67 of the Bankruptcy Law.

### **INEFFECTIVENESS OF PREPAYMENTS BY BORROWERS**

Pursuant to article 65 of the Bankruptcy Law, in the event that a Borrower (to the extent the same is subject to the Bankruptcy Law) is declared bankrupt, any payment made by the Borrower during the two-year period prior to the declaration of bankruptcy in respect of any amount which falls due and payable on or after the date of declaration of bankruptcy (including accordingly, any prepayments made under the relevant Mortgage Loan Agreements) are ineffective *vis-à-vis* the Issuer. In this regard, it has to be noted that a recent case from the Italian Supreme Court (*Corte di Cassazione*, judgement No. 19978 of July 18th 2008) stated that article 65 of the Bankruptcy Law does not apply in case the right of prepayment and the related right to obtain the cancellation of the mortgage securing the prepaid loan are directly and imperatively attributed to the Borrower by specific provisions of law.

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 of the Bankruptcy Law, because the ultimate consequence of the declaration of ineffectiveness of payments under article 65 of the Bankruptcy Law 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*".

## **MUTUI FONDIARI**

The Mortgage Loans include *inter alia* mortgage loans qualifying as *mutui fondiari*. In addition to the general legislation commonly applicable to mortgage lending, mortgage loans which qualify as *mutui fondiari* are regulated by specific legislation which provides for a number of rights in favour of the mortgage lender that are not provided for by general legislation.

Agreements relating to *mutui fondiari* executed before 1 January 1994 are regulated by the Italian legislation on *credito fondiario* in force prior to that date, which permitted only credit institutions having special license to grant *mutui fondiari*. All other credit institutions were not permitted to conduct mortgage lending business. As of 1 January 1994, under the new legislative framework under the Consolidated Banking Act, all banks having a general banking license became qualified to enter into *mutui fondiari* agreements. The new legislation applies only to *mutui fondiari* agreements executed, and foreclosure proceedings commenced, on or after 1 January 1994.

With respect to the legislative framework under the Consolidated Banking Act, certain provisions under the *mutuo fondiario*'s legislation entitle the lender to commence or continue foreclosure proceedings also after the declaration of insolvency (*fallimento*) of the affected debtor, to receive repayment from the price paid for a mortgaged property at auction up to the price corresponding to the *mutui fondiari* debt directly from the purchaser (without having to await disbursement by the court) and to an assignment of any rentals earned by the mortgaged property, net of administration expenses and taxes.

With respect to the borrowers, such *mutuo fondiario*'s legislation provides that: (a) the borrower is entitled to a thirty calendar day grace period on payments of instalments; delays in payment of instalments of not over one hundred and eighty days may justify termination of the Mortgage Loan only starting from the eighth (also non consecutive) unpaid instalment; and (b) each time the borrower has repaid one fifth of its original debt, it is entitled to a corresponding reduction of the amount covered by the mortgage; to the extent that a Mortgage Loan is secured by mortgages on more than one asset, the borrower is entitled to the release of one or more assets from the mortgage to the extent it is able to prove that the remaining assets would be sufficient to ensure a loan to value of at least 120% (or, according to an interpretation, the original loan to value, if higher).

## **ORDINARY ENFORCEMENT PROCEEDINGS**

A mortgage lender (whose debt is secured by a mortgage) may commence enforcement proceedings by seeking a court order or injunction for payment in the form of an enforcement order (*titolo esecutivo*) from the court in whose jurisdiction the mortgaged property is located. This court order or injunction must be served on the debtor.



If the mortgage loan was executed in the form of a public deed, a mortgage lender can serve a copy of the mortgage loan agreement, stamped by a notary public with an order for the execution thereof (*formula esecutiva*) directly on the debtor without the need to obtain an enforcement order (*titolo esecutivo*) from the court. A writ of execution (*atto di precetto*) is notified to the debtor together with either the enforcement order (*titolo esecutivo*) or the loan agreement, as the case may be.

Within (10) ten days of filing, but not later than (90) ninety days from the date on which notice of the writ of execution (*atto di precetto*) is served, the mortgage lender may request the attachment of the mortgaged property. The property will be attached by a court order, which must then be filed with the appropriate land registry (Conservatoria dei Registri Immobiliari). The court will, at the request of the mortgage lender, appoint a custodian to manage the mortgaged property in the interest of the mortgage lender. If the mortgage lender does not make such a request, the debtor will automatically become the custodian of such property.

The mortgage lender is required to search the land registry to ascertain the identity of the current owner of the property and must then serve notice of the request for attachment on the current owner, even if no transfer of the property from the original borrower or mortgagor to a third party purchaser has been previously notified to the mortgage lender. Not earlier than ten days and not later than ninety days after serving the attachment order, the mortgage lender may request the court to sell the mortgaged property. The court may delay its decision in respect of the mortgage lender's request in order to hear any challenge by the debtor to the attachment.

Technical delays may be caused by the need to append to the mortgage lender's request for attachment copies of the relevant mortgage and cadastral (i.e. land registry) certificates (*certificati catastali*), which usually take some time to obtain. Law No. 302 should reduce the duration of the enforcement proceedings by allowing the mortgage lender to substitute such cadastral certificates with certificates obtained from public notaries and by allowing public notaries to conduct various activities which were before exclusively within the powers of the courts.

If the court decides to proceed with an auction (*vendita con incanto*) of the mortgaged property, it will usually appoint an expert to value the property. The court will then order the sale by auction. The court determines on the basis of the expert's appraisal the minimum bid price for the property at the auction

If an auction fails to result in the sale of the property, the court will arrange a new auction with a lower minimum bid price. The courts have discretion to decide whether, and to what extent, the bid price should be reduced (the maximum permitted reduction being one-fifth of the minimum bid price of the previous auction). In practice, the courts tend to apply the one-fifth reduction. In the event that no offer is made during an auction, the mortgage lender may apply to the court for a direct assignment of the mortgaged property to the mortgage lender itself. In practice, however, the courts tend to hold auctions until the mortgaged property is sold.

The sale proceeds, after deduction of the expenses of the enforcement proceedings and any expenses for the deregistration of the mortgages, will be applied in satisfaction of the claims of the mortgage lender in priority to the claims of any other creditor of the debtor (except for the claims for taxes due in relation to the mortgaged property and for which the collector of taxes participates in the enforcement proceedings).

Upon payment in full of the purchase price by the purchaser within the specified time period, title to the property will be transferred after the court issues an official decree ordering the transfer. In the event that proceedings have been commenced by creditors other than the mortgage lender, the mortgage lender will have priority over such other creditors in having recourse to the assets of the borrower during such proceedings, such recourse being limited to the value of the mortgaged property.

The average length of enforcement proceedings from the court order or injunction of payment to the final sharing out is between six and seven years. In the medium-sized central and northern Italian cities, it can be significantly less whereas in major cities or in southern Italy, the duration of the procedure can significantly exceed the average. Law No. 302 has been passed with the aim of reducing the duration of enforcement proceedings.

### **MUTUI FONDIARI ENFORCEMENT PROCEEDINGS**

All the Mortgage Loans comprised in the Portfolios are *mutui fondiari* or *mutui ipotecari*. Enforcement proceedings in respect of *mutui fondiari* commenced after 1 January 1994 are currently regulated by article 38 *et seq.* of the Consolidated Banking Act in which several exceptions to the rules applying to enforcement proceedings in general are provided for. In particular, there is no requirement to serve a copy of the loan agreement directly on the borrower and the mortgage lender of *mutui fondiari* is entitled to commence or continue enforcement proceedings after the debtor is declared insolvent or insolvency proceedings have been commenced.

Moreover, the custodian appointed to manage the mortgaged property in the interest of the *fondionario* lender pays directly to the lender the revenues recovered on the mortgaged property (net of administration expenses and taxes). After the sale of the mortgaged property, the court orders the purchaser (or the assignee in the case of an assignment) to pay that part of the price corresponding to the *mutui fondiari* lender's debt directly to the lender.

Pursuant to article 58 of the Consolidated Banking Act, as amended by article 12 of Decree No. 342, the Issuer will be entitled to benefit from such procedural advantages which apply in favour of a lender of a *mutuo fondiario* loan.

Enforcement proceedings for *mutui fondiari* commenced on or before 31 December 1993 are regulated by the Royal Decree No. 646 of 16 July 1905, which confers on the *mutuo fondiario* lender rights and privileges that are not provided for by the Consolidated Banking Act with respect to enforcement proceedings on *mutui fondiari* commenced on or after 1 January 1994. Such additional rights and privileges include the right of the bank to commence enforcement proceedings against the borrower even after the real estate has been sold to a third party who has taken the place of the borrower as debtor under the *mutuo fondiario* provided that the name of such third party has not been notified to the lender. Further rights include the right of the bank to apply for the real estate to be valued by the court after commencement of enforcement proceedings, at the value indicated in the *mutuo fondiario* agreement without having to have a further expert appraisal.

### **PRIORITY OF INTEREST CLAIMS**

Pursuant to article 2855 of the Italian Civil Code, the claims of a mortgage lender in respect of interest may be satisfied in priority to the claims of all other unsecured creditors in an amount equal to the aggregate of (i) the interest accrued at the contractual rate in the calendar year in which the initial stage of the enforcement proceedings are taken and in the two preceding calendar years; and (ii) the interest accrued at the legal rate (currently three *per cent.* (3%)) from the end of the calendar year in which the initial stage of the enforcement proceeding is commenced to the date on which the mortgaged property is sold. Any amount recovered in excess of this will be applied to satisfy the claims of any other creditor participating in the enforcement proceedings. The mortgage lender will be entitled to participate in the distribution of any such excess as an unsecured creditor. The balance, if any, will then be paid to the debtor.

### **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.

## **BERSANI DECREE**

Law decree N. 7 of 31 January 2007 (the "**Bersani Decree**") as converted into law by Law No. 10 of 2 April 2007, moreover includes other miscellaneous provisions relating to mortgage loans which include, *inter alia*, simplified procedures meant to allow a more prompt cancellation of mortgages securing loans granted by banks or financial intermediaries in the event of a documented repayment in full by the debtors of the amounts due under the loans. While such provisions do not impact on the monetary rights of the lenders under the loans (lenders retain the right to oppose the cancellation of a mortgage), the impact on the servicing procedures in relation to the applicable loan agreements cannot be entirely assessed at this time.

## **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.

#### **CONVENTION BETWEEN THE MINISTRY OF ECONOMY AND FINANCE, THE ITALIAN BANKING ASSOCIATION AND ASSOCIATIONS OF THE REPRESENTATIVE OF THE COMPANIES**

On the 3rd of August 2009, the Ministry of Economy and Finance, the ABI (*Associazione Bancaria Italiana*) and the associations of the representative of the companies signed a convention about the temporary suspension of small and middle-sized companies debts to the banking system in order to help companies stricken by the financial crisis (the "**PMI Convention**").

The Convention provides, *inter alia*, the possibility of a 12 (twelve) months suspension for the payment of the principal component of the mortgage loan's instalments (the "**Suspension**") and the postponement of the payment of such instalments at the end of the original amortization plan of the relevant mortgage loan.

All the small and middle-sized companies which (i) on the 30th of September 2008 were solvent (*in bonis*), and (ii) at the moment of the submission of the request, had no financings classified as "*restructured*" (*ristrutturato*) or as "*non-performing*" (*in sofferenza*) and were not subject to

enforcement proceedings, are allowed to request the Suspension. The request for Suspension must be submitted within the 31 of July 2011.

Only the instalments not yet expired or expired (not paid or paid in part) from not more than 180 days before the date of submission of the request for Suspension may be suspended.

ABI has clarified on one hand that securitised claims have not been expressly excluded from the object of the Convention and that assigning banks have to do any reasonable effort to satisfy the requests for Suspension also in respect of securitized claims.

## **THE FAMILIES PLAN**

On 18 December 2009, the Italian Banking Association ("**ABI**") and the consumers associations signed a convention 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.

The Suspension can be requested between 1 February 2010 and 31 July 2011 by all families in which, between the period of 1 January 2009 and 30 June 2010, 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).

## **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, 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, as otherwise agreed between the parties.

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 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.

## TAXATION

*The following is a general summary of current Italian law and practice relating to certain Italian tax considerations concerning the subscription, purchase, ownership and disposition of the Class A Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to your decision to subscribe, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of the Notes, some of which may be subject to special rules. The following summary does not discuss the treatment of the Notes that are held in connection with a permanent establishment or fixed base through which a non Italian resident beneficial owner carries on business or performs professional services in Italy.*

This summary is based upon tax laws and practice of Italy in effect on the date of this Offering Circular which are however subject to a potential retroactive change. Prospective noteholders should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Prospective noteholders should in any event seek their own professional advice regarding the Italian or other jurisdictions tax consequences of the subscription, purchase, ownership and disposition of the Notes, including the effect of Italian or other jurisdictions' tax rules on residence of individuals and entities.

### INCOME TAX

Under the current legislation, pursuant to the combined provision of Article 6, paragraph 1 of Law 130 and Article 2 of Legislative Decree No. 239 of 1 April 1996, as amended and restated ("**Law 239**"), payments of interest and other proceeds in respect of the Class A Notes:

- (a) will be subject to *imposta sostitutiva* at the rate of 12.5 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 12.5 per cent *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;

- (b) will be subject to *imposta sostitutiva* at the rate of 12.5 per cent. 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;
- (c) will not be subject to the *imposta sostitutiva* at the rate of 12.5 per cent if made to beneficial owners who are: (i) Italian resident corporations, commercial partnerships or permanent establishments in Italy of non resident corporations to which the Class A Notes are effectively connected; (ii) Italian resident collective investment funds, SICAVs, Italian resident pension

funds referred to in Legislative Decree No. 124 of 21 April 1993, as further superseded by Legislative Decree 5 December 2005, No. 252 and Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of February 24, 1998 and Article 14-*bis* of Law No. 86 of January 25, 1994; (iii) Italian resident individuals who have entrusted the management of their financial assets, including the Class A Notes, to an Italian authorised financial intermediary and have opted for the so-called *risparmio gestito regime* according to Article 7 of Legislative Decree No. 461 of 21 November 1997 - the "**Asset Management Option**" and (iv) non Italian resident with no permanent establishment in Italy to which the Class A Notes are effectively connected, *provided that*:

- (a) they are (i) resident of a country which allows an adequate exchange of information with Italy, which are those countries listed in a ministerial decree to be issued under article 168-bis of Presidential Decree No. 917 of 22 December 1986 and, until the year of enactment of the new decree, in the ministerial decree of 4 September 1996, as amended from time to time, or, in the case of qualifying institutional investors not subject to tax, they are established in such a country, (ii) supranational entities set up in accordance with an international treaty executed by Italy, or (iii) central banks of foreign countries, or other entities also managing the official reserves of such countries; and
- (b) the Class A Notes are deposited directly or indirectly: (i) with a bank or an Italian securities dealing firm ("SIM") resident in Italy; (ii) with the Italian permanent establishment of a non-resident bank or brokerage company which is electronically connected with the Italian Ministry of Economy and Finance; or (iii) with a non-resident entity or company which has an account with a centralised clearance and settlement system which has a direct relationship with the Italian Ministry of Economy and Finance; and
- (c) as for recipients characterizing under category (a)(i) above, the banks or brokers mentioned in (b) above receive a self-declaration from the beneficial owner of the interest which states that the beneficial owner is a resident of that country. The self-declaration must be in conformity with the model approved by the Ministry of Economy and Finance (approved with Decree of the Ministry of Economy and Finance 12 December 2001, published on the Ordinary Supplement No. 287 to the Official Journal No. 301 of 29 December 2001) and its further amendments and is valid until revoked by the investor. A self-statement does not have to be filed if an equivalent self-declaration (including Form 116/IMP) has already been submitted to the same intermediary for the same or different purposes; in the case of institutional investors not subject to tax, the institutional investor shall be regarded as the beneficial owner and the relevant self-declaration shall be produced by the management company; and
- (d) the banks or brokers mentioned in (b) and (c) above receive all necessary information to identify the non-resident beneficial owner of the deposited Class A Notes and all necessary information in order to determine the amount of interest that such beneficial owner is entitled to receive.

Non-resident holders are subject to the 12.5 per cent. tax (*imposta sostitutiva*) on interest and other proceeds on the Class A Notes if any or all of the above conditions (a), (b), (c) and (d) are not satisfied. In this case, *imposta sostitutiva* may be reduced under double taxation treaties, where applicable.

Italian resident individuals holding Class A Notes not in connection with an entrepreneurial activity who have opted for the Asset Management Option are subject to a 12.5 per cent annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of



each tax year (which increase would include interest 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, interest payments relating to the Class A Notes are not subject to *imposta sostitutiva*. Under the tax regime applicable until June, 30th 2011, Italian resident investment funds are subject to a 12.5 per cent annual substitute tax on the year-end accrued appreciation of the managed assets. A new legislation affecting the taxation of the Italian resident investment funds has been enacted by Law Decree No. 225 of 29 December 2010 as converted, with amendments, into Law No. 10 of 26 February 2011 coming into force as of July, 1st 2011. The new regime is based on incomes being taxed at the time they are realized by the investors and no longer on the year-end management result. Such reform has not affected the taxation regime of the interest payments relating to the Class A Notes which continues not to be subject to *imposta sostitutiva*.

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.

The tax regime of interest in respect of the Class A Notes received by real estate funds depends on the funds status and the applicable legislation. Under the regime provided by Law Decree No. 351 of September 25, 2001 converted into law with amendments by Law No. 410 of November 23, 2001, payments of interest in respect of the Notes made to 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 1, 1994, are not subject to the 12.5 per cent substitute tax. The taxation of the real estate funds is currently under review. New taxation regime has been enacted by Law Decree No. 70 of 13 May 2011 to be converted into law within sixty days from the date of the publication in the Italian Official Gazette. The proposed reform should not affect the taxation regime of the Class A Notes as described above.

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 taxpayers not engaged in entrepreneurial activities.

According to Article 26, paragraph 1 of Presidential Decree No. 600 of September 29, 1973, in the event that the Class A Notes are redeemed in full or in part prior to the end of the eighteen month period starting from the date of issuance, the Issuer will be obliged to pay an additional amount equal to twenty per cent. (20%) of interest and other proceeds accrued on the Class A Notes up to the time of the early redemption.

## **CAPITAL GAINS**

Any capital gain realised upon the sale for consideration or redemption of Class A Notes would be treated for the purpose of corporate income tax and of individual income tax as part of the taxable

business income of Noteholders (and, in certain cases, depending on the status of the 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 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* currently at the rate of 12.5 per cent. Under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by Italian resident individual noteholders holding Class A Notes not in connection with an entrepreneurial activity pursuant to all disposals on Class A Notes carried out during any given fiscal year. These individuals must report the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authority for such year and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding Class A Notes not in connection with an entrepreneurial activity may elect to pay *imposta sostitutiva* separately on the capital gains realised upon each sale or redemption of the Class A Notes (the "**Risparmio Amministrato**" regime). Such separate taxation of capital gains is permitted subject to: (i) the Class A Notes being deposited with Italian banks, *società di intermediazione mobiliare* (SIM) or certain authorised financial intermediaries; and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Noteholder. The financial intermediary, on the basis of the information provided by the taxpayer, accounts for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of Class A Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authority on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Noteholder. Under the *Risparmio Amministrato* regime, where a sale or redemption of Class A Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised in the same tax year or in the following tax years up to the fourth. Under the *Risparmio Amministrato* regime, the Noteholder is not required to report capital gains in its annual tax declaration.

Any capital gains realised by Italian resident individuals holding Class A Notes not in connection with an entrepreneurial activity who have elected for the Asset Management Option will be included in the computation of the annual increase in net value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against an increase in the net value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the Noteholder is not required to report capital gains realised in its annual tax declaration.

Under the tax regime applicable until June 30th, 2011, any capital gains realised by a Class A Noteholder who is an Italian resident investment fund must be included in the management result of the relevant portfolio and subject to the 12.5 per cent. substitute tax. A new legislation affecting the taxation of the investment funds has been enacted by Law Decree No. 225 of 29 December 2010 as converted, with amendments, into Law No. 10 of February 2011 coming into force as of July, 1st 2011. The new regime is based on incomes being taxed at the time they are realized by the investors and no longer on the year-end management result.

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 12.5 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 files in due course with the authorized financial intermediary an appropriate self declaration (*auto certificazione*) stating that the investor is not resident in Italy for tax purposes.

In case the Class A Notes are not listed on a regulated market in Italy or abroad:

- (1) non Italian resident beneficial owners of the Class A Notes with no permanent establishment in Italy to which the Class A Notes are effectively connected are exempt from *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Class A Notes if they are resident, for tax purposes, in a country which allows an adequate exchange of information with Italy, which are those countries listed in a ministerial decree to be issued under article 168-bis of Presidential Decree No. 917 of December 22, 1986 and, until the year of enactment of the new decree, in the ministerial decree of 4 September 1996, as amended from time to time, or, in the case of qualifying institutional investors not subject to tax, they are established in such a country (see Article 5, paragraph 5 letter a) of Italian Legislative Decree No. 461 of 21 November 1997); in this case, if non Italian residents without a permanent establishment in Italy to which the Class A Notes are effectively connected have opted for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in due course with the authorised financial intermediary an appropriate self-declaration (*auto certificazione*) stating that they meet the requirements indicated above; and
- (2) in any event, non Italian resident persons or entities without a permanent establishment in Italy to which the Class A Notes are effectively connected that may benefit from a double taxation treaty with the Republic of Italy, providing that capital gains realised upon the sale or redemption of the Class A Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of Class A Notes; in this case, if non Italian residents without a permanent establishment in Italy to which the Class A Notes are effectively connected have opted for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon the condition that they file in due course with the authorised financial intermediary appropriate documents which include, *inter alia*, a statement issued by the competent tax authorities of the country of residence of the non Italian residents.

## **ANTI-ABUSE PROVISIONS AND GENERAL ABUSE OF LAW DOCTRINE**

As recently 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 avoidance 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.

## **INHERITANCE AND GIFT TAXES**

Italian inheritance and gift taxes were first abolished by Law No. 383 of 18 October, 2001 in respect of gifts made or succession proceedings started after 25 October, 2001 and then reintroduced by Law Decree No. 262 of 3 October 2006, converted with amendments into Law No. 286 of 24 November 2006, entered in force on 29 November 2006 and further modified by Law No. 296 of 27 December 2006, effective as of 1 January 2007.

Further to the above amendments to the legislation in force, the transfer by inheritance of the Notes is currently subject to inheritance tax at the following rates:

- (i) when the beneficiary is the spouse or a relative in direct lineage, the value of the Notes transferred to each beneficiary exceeding Euro 1,000,000 is subject to a 4 per cent rate;
- (ii) when the beneficiary is a brother or a sister, the value of the Notes exceeding Euro 100,000 for each beneficiary is subject to a 6 per cent rate;
- (iii) when the beneficiary is a relative within the fourth degree or is a relative-in-law in direct and collateral lineage within the third degree, the value of the Notes transferred to each beneficiary is subject to a 6 per cent rate;
- (iv) in any other case, the value of the Notes transferred to each beneficiary is subject to an 8 per cent rate.

The transfer of the Notes by donation is subject to gift tax at the same rates as in case of inheritance.

## **EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME**

On June 3, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income under which Member States are required starting from July 1, 2005, to provide to the tax authorities of another Member State the details of payments of interest (or similar income) paid by a person within its jurisdiction, qualifying as paying agent under the Directive, to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg, Austria and five European Third Countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) and certain Member States' relevant dependent or associated territories (the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean) will instead be 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). Belgium, Luxembourg or Austria may however elect to introduce automatic exchange of information during the transitional period, in which case they will no longer apply the withholding tax. Based on the available information, Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

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.

## SUBSCRIPTION AND SALE

Pursuant to the Notes Subscription Agreement to be entered into on or before the Issue Date between the Issuer, the Subscribers and the Representative of the Noteholders, (i) the Subscribers shall subscribe and pay the Issuer for the Class A Notes; and (ii) Banca Alpi Marittime shall subscribe and pay for the Class B1 Notes, BCC di Pianfei shall subscribe and pay for the Class B2 Notes and CR Bra shall subscribe and pay for the Class B3 Notes. Furthermore, each of the Originators shall appoint the Representative of the Noteholders to act as the representative of the Noteholders.

The Notes Subscription Agreement will be subject to a number of conditions and may be terminated in certain circumstances prior to the payment of the Issue Price to the Issuer.

### UNITED STATES OF AMERICA

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act.

### REPUBLIC OF ITALY

Each of the Issuer and the Originators, under the Notes Subscription Agreement, has acknowledged that no action has or will be taken by it, its affiliates or any other person acting on its behalf which would allow an offering (or an "*offerta al pubblico di prodotti finanziari*") of the Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Individual sales of the Notes to any Persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations.

Each of the Issuer and the Originators, under the Notes Subscription Agreement, has acknowledged that no application has been made by it to obtain an authorisation from CONSOB for the public offering of the Notes in the Republic of Italy.

Accordingly, each of the Issuer and the Originators, has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy the Notes, this Prospectus nor any other offering material relating to Notes other than to professional investors ("*investitori qualificati*"), as defined on the basis of the Directive 2003/71/EC (Directive of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading), pursuant to article 100, paragraph 1, letter (a), of Italian legislative decree No. 58 of 24 February 1998 (the "**Consolidated Financial Act**") or in other circumstances where an express exemption from compliance with the restrictions to the offerings to the public applies, as provided under the Consolidated Financial Act or CONSOB regulation No. 11971/1999, and in accordance with applicable Italian laws and regulations. In any case the Class B Notes may not be offered to individuals or entities not being professional investors in accordance with the Securitisation Law. Additionally the Class B Notes may not be offered to any investor qualifying as "*cliente al dettaglio*" pursuant to CONSOB regulation No. 16190/2007.

Any offer of the Notes of the relevant Class or Classes in the Republic of Italy shall be made only by banks, investment firms or financial companies permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended, Decree No. 58, CONSOB Regulation No. 16190 of 31 October 2007 and any other applicable laws and regulations and in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

In connection with the subsequent distribution of the Notes in the Republic of Italy, article 100-*bis* of the Consolidated Financial Act requires to comply also on the secondary market with the public offering rules and disclosure requirements set forth under the Consolidated Financial Act and relevant CONSOB implementing regulations, unless the above subsequent distribution is exempted from those rules and requirements according to the Consolidated Financial Act and relevant CONSOB implementing regulations.

## FRANCE

This Prospectus has not been prepared in the context of a public offering in France within the meaning of article L.411-1 of the *Code monétaire et financier* and Title I of Book II of the *Règlement Général of the Autorité des marchés financiers* (the "AMF") and therefore has not been approved by, or registered or filed with the AMF. Consequently, neither this Prospectus nor any other offering material relating to the Notes has been and will be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of notes to the public in France.

It has also been represented and agreed in connection with the initial distribution of the Notes that:

- (b) there has been and there will be no offer or sale, directly or indirectly, of the Notes to the public in the Republic of France (*an appel public à l'épargne* as defined in article L. 411-1 of the French Code monétaire et financier);
- (c) offers and sales of Notes in the Republic of France will be made in compliance with applicable laws and regulations and only to (i) qualified investors (*investisseurs qualifiés*) as defined in articles L. 411-2 and D. 411-1 to D. 411-3 of the French Code monétaire et financier; or (ii) a restricted circle of investors (*cercle restreint d'investisseurs*) as defined in article L. 411-2 acting for their own account; or (iii) providers of investment services relating to portfolio management for the account of third parties as mentioned in article L. 411-2 of the *Code monétaire et financier* (together the "**Investors**").

Offers and sales of the Notes in the Republic of France will be made on the condition that (i) this Prospectus shall not be circulated or reproduced (in whole or in part) by the Investors and (ii) the Investors undertake not to transfer the Notes, directly or indirectly, to the public in France, other than in compliance with applicable laws and regulations pertaining to a public offering (and in particular articles L.411-1, L.411-2, L.412-1 and L.621-8 of the *Code monétaire et financier*).

## UNITED KINGDOM

It has been represented and agreed under the Notes Subscription Agreement, that:

- (i) financial promotion: any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of such Notes has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (ii) general compliance: there has been and there will be compliance with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

## **CAPITAL REQUIREMENTS DIRECTIVE**

Each Originator has undertaken to the Issuer and the Noteholders for the benefit of each subsequent financial institution investing in one or more Notes, that it will (i) retain, on an ongoing basis, a material net economic interest of not less than 5% in the Transaction (calculated for each Originator with respect to the Claims comprised in the relevant Portfolios which have been transferred to the Issuer) 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 (which does not take into account any implementing rules of such Directives) (hereinafter 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 and (b) provide (or cause to be provided) all information to Noteholders that is required to enable Noteholders to comply with Article 122a of the Capital Requirements Directive.

As at the Issue Date, such retention requirement will be satisfied by the Originators holding the first loss tranche as required by Article 122a (comprising the Class B Notes). Any change to the manner in which such interest is held will be notified to the Noteholders in accordance with the Conditions.

## **GENERAL RESTRICTIONS**

The Issuer and the Noteholders (including the Originators as initial holders of the Notes) shall comply with all applicable laws and regulations in each jurisdiction in or which it may offer or sell Notes. Furthermore, there will not be, directly or indirectly, offer, sell or deliver of any Notes or distribution or publication of any prospectus, form of application, prospectus (including this Prospectus), advertisement or other offering material in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Unless otherwise herein provided, no action will be taken to obtain permission for public offering of the Notes in any country where action would be required for such purpose.

## **EEA STANDARD SELLING RESTRICTION**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), there has not been and there will not be an offer of the Notes to the public in that Relevant Member State other than on the basis of an approved prospectus in conformity with the Prospectus Directive or:

1. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
2. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
3. in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus



Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Any purchase, sale, offer and delivery of all or part of the Notes shall be made in compliance with Article 122a of the Capital Requirements Directive.

## GENERAL INFORMATION

### AUTHORISATION

Since the date of its incorporation, the Issuer has not entered into any agreement or effected any transaction other than those related to the purchase of the Claims. The execution by the Issuer of the Transaction Documents and the issue of the Notes were authorised by a quotaholders' resolutions of the Issuer which took place on 27 June 2011. 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 collections made in respect of the Claims thereunder.

### LISTING

Application has been made to list the Class A Notes on the Irish Stock Exchange.

### CLEARING SYSTEMS

The Class A Notes have been accepted for clearance through Monte Titoli by Euroclear and Clearstream, Luxembourg. Monte Titoli will act as depository for Euroclear and Clearstream, Luxembourg. The ISIN and the Common Code for Notes are as follows:

	<b>Common Code</b>	<b>ISIN</b>
Class A Notes	064718975	IT0004746464
Class B1 Notes		IT0004746472
Class B2 Notes		IT0004746480
Class B3 Notes		IT0004746498

### NO SIGNIFICANT CHANGE

Save as disclosed in this Prospectus, there has been no material adverse change in the financial position, trading and prospects of the Issuer since the date of its incorporation.

### LITIGATION

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 the date of its incorporation, a significant effect on the financial position or profitability of the Issuer.

### ACCOUNTS

The Issuer will produce, and will make available at its registered office, proper accounts (*ordinata contabilità interna*) and audited (to the extent required by applicable law or regulation) financial statements in respect of each financial year (commencing on 1 January and ending on 31 December, the next such accounts to be prepared being those in respect of the financial year ending on 31 December 2011) but will not produce interim financial statements.

## **POST ISSUANCE REPORTING**

The Issuer does not intend to provide *post* issuance transaction information regarding securities to be admitted to trading and the performance of the underlying collateral.

## **BORROWINGS**

Save as disclosed in this Prospectus, after the issue of the Notes, the Issuer will have no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor will the Issuer create any mortgages or charges or given any guarantees.

## **DOCUMENTS**

Copies of the following documents in electronic form may be inspected during usual office hours on any weekday at the registered office of the Issuer, the Representative of the Noteholders and at the Specified Office of the Irish Listing Agent, at any time after the Issue Date and so long as any of the Notes remain listed on the Irish Stock Exchange:

- (a) the by-laws (*statuto*) and the deed of incorporation (*atto costitutivo*) of the Issuer;
- (b) the annual audited (to the extent required by applicable law or regulation) financial statement of the Issuer (once available). The next annual financial reports will be those related to the financial year ending on 31 December 2011. No interim financial statements will be produced by the Issuer;
- (c) the Servicers' Report, which has a semi-annual frequency, setting forth the performance of the Claims and the Collections made in respect of the Claims prepared by the Servicers;
- (d) the Investors Report, which has a semi-annual frequency, setting forth the performance of the Portfolio and amounts paid, payable and/or unpaid on the Notes in respect to each Payment Date prepared by the Computation Agent;
- (e) copies of the following documents:
  - (i) the Notes Subscription Agreement;
  - (ii) the Intercreditor Agreement;
  - (iii) the Cash Administration and Agency Agreement;
  - (iv) the Corporate Services Agreement;
  - (v) the Agreement between the Issuer and the Quotaholder;
  - (vi) the Transfer Agreements;
  - (vii) the Servicing Agreement;

- (viii) the Warranty and Indemnity Agreement;
- (ix) the Deed of Charge;
- (x) the Swap Agreement;
- (xi) the Deed of Pledge;
- (xii) the Back-up Servicing Agreement;
- (xiii) the Stichting Corporate Services Agreement; and
- (xiv) this Offering Circular.

#### **ANNUAL FEES**

The proceeds arising out of the Notes amount to Euro 200,637,000. The Issuer estimates that its aggregate ongoing expenses in relation to the Transaction amount to approximately Euro 105,000 per annum. The upfront expenses for admission to trading of the Class A Notes will amount to Euro 5,000.

#### **HOME MEMBER STATE FOR THE PURPOSE OF THE TRANSPARENCY DIRECTIVE**

The Issuer has elected Italy 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**").

<p><b>The ISSUER</b>  <b>Dedalo Finance S.r.l.</b>  Corso Re Umberto, 8  10121 Torino  Italy</p>		
<p><b>ORIGINATORS, SERVICERS AND BACK-UP SERVICERS</b></p>		
<p><b>Banca Alpi Marittime Credito Cooperativo Carrù Società Cooperativa per Azioni</b>  Via Stazione, 10  12061 Carrù (CN)  Italy</p>	<p><b>Banca di Credito Cooperativo di Pianfei e Rocca de' Baldi – Società Cooperativa</b>  Via Villanova, 23  12080 Pianfei (CN)  Italy</p>	<p><b>Cassa di Risparmio di Bra S.p.A.</b>  Via Principe di Piemonte, 12  12042 Bra (CN)  Italy</p>
<p><b>CUSTODIAN BANK and BACK UP COMPUTATION AGENT</b>  <b>The Bank of New York Mellon, London Branch</b>  One Canada Square, Canary Wharf, London  E14 5AL, United Kingdom</p>		
<p><b>PRINCIPAL PAYING AGENT, OPERATING BANK and TRANSACTION BANK</b>  <b>The Bank of New York Mellon (Luxembourg) S.A. Italian Branch</b>  Via Carducci, 31  20123 Milan  Italy</p>	<p><b>BACK-UP SERVICER FACILITATOR</b>  <b>Zenith Service S.p.A.</b>  Via Guidubaldo Del Monte 61,  00197 Rome  Italy</p>	
<p><b>REPRESENTATIVE OF THE NOTEHOLDERS, SECURITY TRUSTEE, CORPORATE SERVICE PROVIDER and COMPUTATION AGENT</b>  <b>Accounting Partners S.r.l.</b>  Corso Re Umberto 8  10121 Torino  Italy</p>		
<p><b>STICHTING CORPORATE SERVICES PROVIDER</b>  <b>Wilmington Trust SP Services (London) Limited</b>  3rd Floor - 1 King's Arms Yard  London EC2R 7AF  United Kingdom</p>	<p><b>IRISH LISTING AGENT</b>  <b>NCB Stockbrokers Limited</b>  3 George's Dock  ISFC Dublin 1, Ireland</p>	
<p><b>SWAP COUNTERPARTY</b>  <b>Banca IMI S.p.A.</b>  Largo Mattioli 3  20121 Milan, Italy,</p>	<p><b>ARRANGER</b>  <b>Advisory &amp; Finance S.A.</b>  370, Route de Longwy, L-1940 Luxembourg – GD  Luxembourg</p>	
<p><b>LEGAL ADVISERS</b></p>		
<p><b>TO THE ISSUER AND THE ARRANGER AS TO ITALIAN LAW</b>  <b>Orrick, Herrington &amp; Sutcliffe</b>  Piazza della Croce Rossa, 2  00161 Rome  (Italy)</p>	<p><b>TO THE ISSUER AND THE ARRANGER AS TO ENGLISH LAW</b>  <b>Orrick, Herrington &amp; Sutcliffe</b>  107 Cheapside  London, EC2V 6DN  DX: 557 London/City  (United Kingdom)</p>	