

BPL Mortgages S.r.l.

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

€ 1,077,400,000 Class A - 2014 Asset Backed Floating Rate Notes due November 2054

€ 269,300,000 Class B - 2014 Asset Backed Floating Rate Notes due November 2054

€ 448,898,000 Class C - 2014 Asset Backed Notes due November 2054

Issue price: 100 per cent.

This prospectus (the "**Prospectus**") contains information relating to the issue by BPL Mortgages S.r.l. (the "**Issuer**") of the € 1,077,400,000 Class A - 2014 Asset Backed Floating Rate Notes due November 2054 (the "**Class A Notes**") and the 269,300,000 Class B - 2014 Asset Backed Floating Rate Notes due November 2054 (the "**Class B Notes**") and together with the Class A Notes, the "**Rated Notes**"). In connection with the issue of the Rated Notes, the Issuer will also issue the € 448,898,000 Class C - 2014 Asset Backed Notes due November 2054 (the "**Junior Notes**") and, together with the Rated Notes, the "**Notes**"). The Junior Notes will be subscribed by Banco Popolare – Società Cooperativa, having its registered office at Piazza Nogara, 2, 37121 Verona, Italy ("**Banco Popolare**" or the "**Originator**").

The Issuer is a limited liability company incorporated under the laws of the Republic of Italy under article 3 of Italian law No. 130 of 30 April 1999 (Disposizioni sulla cartolarizzazione dei crediti), as amended from time to time (the "**Securitisation Law**") having its registered office at via Alfieri, 1, 31015 Conegliano (Treviso), Italy and registered pursuant to register of the special purpose vehicles held by Bank of Italy pursuant to the Bank of Italy's regulation dated 29 April 2011.

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

The proceeds of the issue of the Notes will be applied by the Issuer to fund the purchase of two portfolios of secured and unsecured loans disbursed to entities that are small and medium enterprises as defined in the European Commission Recommendation of the 6 May 2003 No. 2003/361/CE ("**SMEs**") in various technical forms (such as mutui fondiari, mutui ipotecari, mutui agrari or "altri prestiti") owed to Banco Popolare and Credito Bergamasco S.p.A. (before the merger into Banco Popolare) (the "**Claims**"). The Claims have been transferred to the Issuer pursuant to the terms of two transfer agreements dated 27 May 2014, between the Issuer and Banco Popolare and Credito Bergamasco S.p.A. (before the merger into Banco Popolare). The principal source of funds available to the Issuer for the payment of interest on and the repayment of principal of the Notes will be collections received in respect of the Claims.

In the context of a reorganisation plan of the Gruppo Bancario Banco Popolare, effective from 1st June 2014, Credito Bergamasco S.p.A. ("**Creberg**") was merged into Banco Popolare and therefore Creberg was extinguished and, as expressly acknowledged and agreed between Banco Popolare and the Issuer in the Transaction Documents Banco Popolare has assumed all the obligations and rights of Creberg arising from the agreements signed in the context of the Securitisation as of the date of such merger.

Interest on the Notes is payable by reference to successive interest periods (each an "**Interest Period**"). Interest on the Notes will accrue on a daily basis and will be payable in euro quarterly in arrear on the 25 of February, May, August and November in each year (in each case, subject to adjustment for non-business days as set out in Condition 6 (Interest), the first Interest Payment Date (as defined below) being 26 August 2014). Prior to the service of an Issuer Acceleration Notice, the rate of interest applicable to the Rated Notes for each Interest Period shall be the rate offered in the euro-zone inter-bank market ("**EURIBOR**") for three-month deposits in euro (save that, for the first Interest Period, the rate will be obtained upon linear interpolation of EURIBOR for one and two-month deposits in euro) (as determined in accordance with Condition 6 (Interest)), plus (i) a margin equal to 0,30 per cent per annum in respect to the Class A Notes and (ii) a margin equal to 0,80 per cent per annum in respect to the Class B Notes.

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

The Class A Notes are expected, on issue, to be rated, respectively, "A2(sf)" by Moody's Investors Service Limited ("**Moody's**", which expression shall include any successors) and "A(sf)" by DBRS Ratings Limited ("**DBRS**", which expression shall include any successors and, together with Moody's, the "**Rating Agencies**") and the Class B Notes are expected, on issue, to be rated, respectively, "Baa2(sf)" by Moody's and "BBB-(sf)" by DBRS. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any one of the Rating Agencies. The Junior Notes will not be assigned a rating. The credit ratings applicable to the Rated Notes included or referred to in this Prospectus have been issued by Moody's or DBRS whilst other credit ratings included or referred to in this Prospectus have been issued by Moody's, DBRS, S&P and Fitch. Each of DBRS and Moody's is established in the European Union and registered on 31 October 2011 in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of 11 May 2011 (the "**CRA Regulation**") and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority (currently located at the following website address <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>, for the avoidance of doubt, such website does not constitute part of this Prospectus (the "**ESMA Website**"). 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.

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 limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, the Representative of the Noteholders, the Paying Agent, the Agent Bank, the Interim Account Bank, the Transaction Bank, the Cash Account Bank, the Corporate Servicer, the Administrative Servicer, the Computation Agent, the Servicer, the Back-up Servicer Facilitator (each as defined in “Key features – The principal parties”), Banco Popolare (in any capacity), the Notes Subscribers or the quotaholder of the Issuer. Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

*The Notes will be issued in dematerialised form (emesse in forma dematerializzata) on the terms of, and subject to, the Conditions and will be held in such form on behalf of the beneficial owners, until redemption and cancellation thereof, by Monte Titoli S.p.A. with registered office at Piazza degli Affari, 6, 20123 Milan, Italy (“**Monte Titoli**”) for the account of the relevant Monte Titoli Account Holders. The expression “Monte Titoli Account Holders” means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds an account with Monte Titoli or any depository banks appointed by the Relevant Clearstream System), Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V. (“**Euroclear**”). The Notes will be deposited by the Issuer with Monte Titoli on 30 June 2014 (the “**Issue Date**”) and, will at all times be in book entry form, and title to the Notes will be evidenced by book entry in accordance with the provisions of article 83-bis of Italian legislative decree No. 58 of 24 February 1998 and with the regulation issued by the Bank of Italy and the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) on 22 February 2008, as subsequently amended. No physical document of title will be issued in respect of the Notes.*

*The Notes will mature on the Interest Payment Date (as defined below) which falls in November 2054 (the “**Maturity Date**”), subject as provided in Condition 8 (Payments). Before the Maturity Date, the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 7 (Redemption, purchase and cancellation)).*

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

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

For a discussion of certain risks and other factors that should be considered in connection with an investment in the Rated Notes, see the section entitled “Risk factors” beginning on page 7.

The date of this Prospectus is 30 June 2014.

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

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

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

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

*Banco Popolare has provided the information under the sections headed “**The Portfolio**”, “**The Originator and Servicer**”, “**The credit and collection policies**” and any other information contained in this Prospectus relating to itself, the collection and underwriting procedures relating to the Portfolio, the Claims, the Loans and the Mortgages (each as defined below) and accepts responsibility for the information contained in those sections. Banco Popolare has also provided the historical data used as assumptions to make the calculations contained in the section headed “**Estimated weighted average life of the Rated Notes and assumptions**” on the basis of which the information and assumptions contained in the same section have been extrapolated and accepts responsibility for such historical data. The Issuer accepts responsibility for the other information and assumptions contained in such section as described above. To the best of the knowledge of Banco Popolare (having taken all reasonable care to ensure that such is the case) the information and data in relation to which it is responsible as described above are in accordance with the facts and do not contain any omission likely to affect the import of such information and data.*

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

No person has been authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of Banco Popolare (in any capacity), the Representative of the Noteholders, the Issuer, the Corporate Servicer, the Administrative Servicer, the Back-up Servicer Facilitator, the Subordinated Loan Provider, the Transaction Bank, the Cash Account Bank, the Quotaholder of the Issuer, or any other person. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or imply that there has been no change in the affairs of the Issuer or the Originator or in the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof.

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

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

The Notes constitute limited recourse obligations of the Issuer. Each Note will be secured, in each case, over certain of the assets of the Issuer pursuant to and as more fully described in the section entitled “**The other Transaction Documents**”. Furthermore, by operation of Italian law, the Issuer’s right, title and interest in and to the Claims will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding-up of the Issuer, to satisfy the obligations of the Issuer to the holders of the Notes, to pay any costs, fees, expenses and other amounts required to be paid to the Representative of the Noteholders, the Paying Agent, the Agent Bank, the Interim Account Bank, the Transaction Bank, the Cash Account Bank, the Corporate Servicer, the Back-up Servicer Facilitator, the Subordinated Loan Provider, the Administrative Servicer, the Computation Agent, the Servicer, Banco Popolare (in any capacity), the Notes Subscribers or the Quotaholder of the Issuer and to any third-party creditor in respect of any costs, fees, expenses or liabilities incurred by the Issuer to such third-party creditor in relation to the securitisation of the Claims contemplated by this Prospectus (the “**Securitisation**”). Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes. Amounts derived from the Claims will not be available to any other creditors of the Issuer and will be applied by the Issuer in accordance with the applicable order of priority for the application of Issuer Available Funds (as defined below).

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

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

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

Act). For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Prospectus, see “**Subscription and sale**”.

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

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

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

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

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

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RISK FACTORS

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

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may, exclusively or concurrently, occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations. Words and expressions defined in the Conditions or elsewhere in this Prospectus have the same meanings in this section.

Risk factors in relation to the Notes

Securitisation Law

As at the date of this Prospectus, limited interpretation of the application of the Securitisation Law has been issued by any Italian governmental or regulatory authority. Consequently, it is possible that such authorities may issue further regulations relating to the Securitisation Law or to the interpretation thereof, the impact of which cannot be predicted by the Issuer or any other party as at the date of this Prospectus. It should be noted that Law Decree No. 145 of 23 December 2013 (“*Interventi urgenti di avvio del piano “Destinazione Italia”, per il contenimento delle tariffe elettriche e del gas, per la riduzione dei premi RC-auto, per l'internazionalizzazione, lo sviluppo e la digitalizzazione delle imprese, nonché misure per la realizzazione di opere pubbliche ed EXPO 2015*”) converted with amendments into Law No. 9 of 21 February 2014 (“**Law 9/2014**”), introduced certain amendments to the Securitisation Law. For further details with respect to the Law 9/2014, please see the section headed “*Rights of set-off*”, “*Co-mingling risk*” and “*Prepayments by Borrowers*”.

Suitability

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

Investment in the Notes is only suitable for investors who:

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

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

Prospective investors in the Notes should not rely on or construe any communication (written or oral)

of the Issuer, the Originator or the Notes Subscribers as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the Conditions shall not be considered to be investment advice or a recommendation to invest in the Notes.

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

Performance of the Portfolio

The Portfolio comprises secured and unsecured loans disbursed to SMEs in various technical forms (such as *mutui fondiari*, *mutui ipotecari*, *mutui agrari* or *altri prestiti*) which were classified as performing (*crediti in bonis*) by Banco Popolare and Creberg (before the merger into Banco Popolare) in accordance with the Bank of Italy's supervisory regulations as at the Valuation Date. There can be no guarantee that the Borrowers will not default under such Loans or that they will continue to perform thereunder. It should be noted that adverse changes in economic conditions may affect the ability of the Borrowers to repay the Loans.

The recovery of overdue amounts in respect of the Loans will be affected by the length of enforcement proceedings in respect of the Portfolio, which in the Republic of Italy can take a considerable amount of time depending on the type of action required and where such action is taken. Factors which can have a significant effect on the length of the proceedings include the following: (i) certain courts may take longer than the national average to enforce the Loans and the collateral security interests related thereto; (ii) obtaining title deeds from land registries which are in the process of digitising their records can take up to two or three years; and (iii) further time is required for the proceedings if it is necessary first to obtain a payment injunction (*decreto ingiuntivo*) and if the Borrower raises a defence or counterclaim to the proceedings. In the Republic of Italy, it takes an average of six to seven years from the time lawyers commence enforcement proceedings to the time an auction date is set for the forced sale of any assets.

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

No independent investigation in relation to the Portfolio

None of the Issuer, the Notes Subscribers or any other party to the Transaction Documents (other than Banco Popolare) has undertaken or will undertake any loan file review, searches or other actions to verify the details of the Claims and the Portfolio, nor has any of such persons undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Borrowers or any other debtor thereunder. There can be no assurance that the assumptions used in modelling the cash flows of the Claims and the Portfolio accurately reflect the status of the underlying Loans.

The Issuer will rely instead on the representations and warranties given by Banco Popolare 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 Originator indemnifies the Issuer for the damage deriving therefrom or repurchases the relevant Claim. See "*The Warranty and Indemnity Agreement*". There can be no assurance that the Originator will have the financial resources to honour such obligations.

The parties to the Warranty and Indemnity Agreement have expressly agreed, pursuant to clause 8.5 thereof, that the Warranty and Indemnity Agreement will expire, save as otherwise provided therein, on the day falling on one year and one day after the earlier of (i) the day on which the Notes have been paid in full and (ii) the Cancellation Date and, therefore, claims for a breach of representation or

warranty given by Banco Popolare may be pursued against the latter until that term. However, there is a possibility that legal actions initiated for breach of some representations or warranties are nonetheless subject to a one year statutory limitation period if article 1495 of the Italian civil code (which regulates ordinary sales contracts (*contratti di compravendita*)) is held to apply to the Warranty and Indemnity Agreement.

Liquidity and credit risk

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

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

In each case the performance by the Issuer of its obligations thereunder is dependent on the solvency of the Servicer (or any permitted successors or assignees appointed under the Servicing Agreement) as well as the timely receipt of any amount required to be paid to the Issuer by the various agents and counterparts of the Issuer pursuant to the terms of the Transaction Documents. It is not certain that the Servicer will duly perform at all times its obligations under the Servicing Agreement and that a suitable alternative Servicer could be available to service the Portfolio. In addition, the Issuer is subject to the risk that, in the event of insolvency of the Servicer, the collections then held by the Servicer are lost or temporarily unavailable to the Issuer (in relation to the recent amendments made to the Securitisation Law on the possibility for the Servicer to open and manage segregated accounts please see paragraph “*Co-mingling risk*” below).

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

Interest rate risk

The Issuer expects to meet its obligations under the Rated Notes primarily from Collections in respect of the Claims. Such Collections may have no correlation to Euribor (as defined in the Conditions).

However, prospective investors’ attention is drawn to the fact that, in such circumstances, if the Issuer is not able to make payments due on the Rated Notes, such non-payment could constitute an Event of Default and cause the Representative of the Noteholders to serve to the Issuer an Issuer Acceleration Notice in respect of the Notes.

Noteholders’ directions and resolutions in respect of early redemption of the Notes

In a number of circumstances, the Notes may become subject to early redemption. Early redemption of the Notes as a result of some circumstances may be dependent upon receipt by the Representative of the Noteholders of a direction from, or a resolution passed by, a certain majority of the Noteholders. If the economic interest of a Noteholder represents a relatively small proportion of the majority and its individual vote is contrary to the majority vote, its direction or vote may be ignored and, if a determination is made by certain of the Noteholders to redeem the Notes, such minority Noteholders may face early redemption of the Notes held by them.

Limited nature of credit ratings assigned to the Rated Notes

The credit rating assigned to the Rated Notes reflects the Rating Agencies’ assessment only of the expectation of default risk, where default risk is defined as the failure to make payment of principal and/or interest under the contractual terms of the rated obligations. These ratings are based, among other things, on the Rating Agencies’ determination of the Portfolio, the reliability of the payments on the Portfolio and the availability of credit enhancement.

The ratings do not address the following:

- the adequacy of market price for the Rated Notes; or
- whether an investment in the Rated Notes is a suitable investment for a Noteholder (including without limitation, any accounting and/or regulatory treatment); or
- the tax-exempt nature or taxability of payments made in respect of the Rated Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any one of the Rating Agencies. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Rating Agencies as a result of changes in or unavailability of information or if, in the sole judgement of the Rating Agencies, the credit quality of the Rated Notes has declined or is in question. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Rated Notes.

Agencies other than the Rating Agencies could seek to rate the Notes and, if such unsolicited ratings are lower than the comparable ratings assigned to the Rated Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the Notes. For the avoidance of doubt and unless the context otherwise requires, any references to “ratings” or “rating” in this Prospectus are to ratings assigned by the specified Rating Agencies only.

Subordination

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

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

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

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

Limited enforcement rights

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

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

Relationship among Noteholders and between Noteholders and Other Issuer Creditors

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

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

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

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

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

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

Absence of secondary market and limited liquidity

There is not, at present, a secondary market for the Rated Notes, nor can there be any assurance that a secondary market for the Rated Notes will develop. Even if a secondary market does develop, it may not continue for the life of the Rated Notes or it may leave Senior Noteholders with illiquidity of investment. Illiquidity means that a Senior Noteholder may not be able to find a buyer to buy its Rated Notes readily or at prices that will enable the Senior Noteholder to realise a desired yield. Illiquidity can have a severe adverse effect on the market value of the Rated Notes. Consequently, any sale of Rated Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Rated Notes. Any Class of Notes may experience illiquidity, although generally illiquidity is more likely to occur in respect of Classes that are especially sensitive to prepayment, credit or interest rate risk or that have been structured to meet the investment requirements of limited categories of Noteholders.

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

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

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

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

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

Following issuance of the Class A Notes application may be made to a central bank in the Eurozone to record the Class A Notes as eligible collateral. The relevant central bank will ultimately assess and confirm whether the Class A Notes qualifies as eligible collateral for liquidity and/or open market operations in accordance with its policies and it will not confirm their eligibility prior to their issuance. However, following admission of the Class A Notes as eligible collateral for liquidity and/or open market operations, the relevant central bank may at any time amend or withdraw any such approval. None of the Issuer, the Originator or the Notes Subscribers gives any representation or warranty as to whether the relevant central bank will ultimately confirm the eligibility of the Class A Notes and none of the Issuer, the Originator or the Notes Subscribers will have any liability or obligation in relation thereto if the Class A Notes are deemed ineligible for such purposes.

Rights of set-off

Under general principles of Italian law, the debtors under the Loans are entitled to exercise rights of set-off in respect of amounts due under any Loan to the Issuer against any amounts payable by the Originator to the relevant Borrower which came into existence (were *crediti esistenti*) prior to the later of: (i) the publication of the notice of assignment of the Claims in the Italian Official Gazette (*Gazzetta Ufficiale della Repubblica Italiana*) and (ii) the registration of such notice in the companies' register where the Issuer is enrolled (and provided that the relevant Borrower has not accepted the assignment of its debt with an express qualification to maintain a right to set-off, as indicated in certain law cases by the Italian Supreme Court ("*Corte di Cassazione*") (i.e. judgement 5 March 1980, No. 1484 and 16 January 1979, No. 310)); therefore the Borrowers shall not be entitled to exercise any set-off right against their claims against the Originator which arises after the date of such publication and registration.

In addition, the Italian consumer legislation set forth in the 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, Banco Popolare and Creberg (before the merger into Banco Popolare) have represented under the Warranty and Indemnity Agreement there are no Loans subject to the Italian consumer legislation. There can be no assurance that the Originator will have the financial resources to meet their respective obligations to indemnify the Issuer in the event that any such reduction arises. In any case, Law 9/2014 expressly provides that assigned debtors in securitisation transactions shall not be entitled to exercise any set-off between the amounts due by them under the assigned receivables and their claims arisen after the date of publication in the Italian Official Gazette of the notice of transfer of the relevant portfolio or the date

certain at law (“*data certa*”) on which the relevant purchase price has been paid.

Under the terms of the Warranty and Indemnity Agreement, Banco Popolare has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the Portfolio as a result of the exercise by any Borrower of a right of set-off.

Servicing of the Portfolio

Each of the Banco Popolare Portfolio and the Creberg Portfolio has been serviced by, respectively, Banco Popolare and Creberg (before the merger into Banco Popolare) up to the transfer of the Claims as the owner of the relevant Claims and, following the transfer of the Claims to the Issuer, as a servicer pursuant to the Servicing Agreement.

Consequently, the net cash flows from the Portfolio may be affected by decisions made, actions taken and collection procedures adopted by the Servicer pursuant to the provisions of the Servicing Agreement.

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

Co-mingling risk

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

It should be noted that Law 9/2014 introduced certain amendments to the Securitisation Law. In particular, Law 9/2014 provides, among others, that companies incorporated as special purpose vehicles pursuant to article 3 of Law 130 are entitled to open segregated accounts (“*conti correnti segregati*”) with the servicers or with the depositary bank of securitisation transactions, on which the amounts paid by the assigned debtors as well as any other amount due to the relevant special purpose vehicle under the securitisation may be credited. The amounts credited into such accounts will be segregated from the assets of the servicer or the depositary bank with which they have been opened and may be utilized only to fulfil the obligations of the relevant special purpose vehicle against the noteholders and the other creditors under the securitisation, and to pay the expenses to be borne in connection with the securitisation. Should any proceeding under Title IV of the Banking Act, or any other insolvency procedure or restructuring agreement (“*accordi di ristrutturazione dei debiti*”) apply to the relevant servicer or depositary bank, the amounts credited on such segregated accounts (i) will be deemed as being outside of the servicer or depositary bank’s estate, (ii) will not be subject to the suspension of payments; and (iii) will be returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and in any case prior to any distribution to be made thereunder. In addition, pursuant to Law 9/2014, the servicers and the sub-servicers are entitled to open segregated accounts (“*conti correnti segregati*”) with banks into which the amounts received from the assigned debtors on behalf of the special purpose vehicle may be credited. The creditors of the relevant servicer or sub-servicer may exercise claims only in respect of the amounts credited on such accounts that exceed the amounts due to the relevant special purpose vehicle. Should any insolvency procedure or restructuring agreement (“*accordo di ristrutturazione dei debiti*”) apply to the relevant servicer or sub-servicer, the amounts credited on such segregated accounts will be deemed as being outside of the servicer’s or sub-servicer’s estate and will be returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and in any case prior to any distribution to be made thereunder. However, given the recent conversion of Law Decree No. 145 of 23 December 2013 into Law 9/2014 and in the absence of official interpretations and/or implementing rules, as of the date of this Prospectus, it is not clear if and which particular modalities are required to be performed in order to open and manage segregated accounts and it is not possible to assess precisely whether the Issuer would be exempted from any risk that, in case of insolvency of the Servicer, the Collections held by the Servicer are lost or frozen.

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

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

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

Yield and repayment considerations

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

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

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

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

Administration and reliance on third parties

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

In the event of the termination of the appointment of the Servicer under the Servicing Agreement, it would be necessary for the Issuer to appoint one or more substitute servicer(s) (acceptable to the Representative of the Noteholders). Such substitute servicer(s) would be required to assume

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

Italian Usury law

The interest payments and other remuneration paid by the Borrowers under the Loans are subject to Italian law No. 108 of 7 March 1996 (the “**Usury Law**”), which introduced legislation preventing lenders from applying interest rates equal to, or higher than, rates (the “**Usury Rates**”) set every three months on the basis of a decree issued by the Italian Treasury (the last such decree having been issued on 24 March 2014). In addition, even where the applicable Usury Rates are not exceeded, interest and other benefits and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific situations of the transaction and the average rate usually applied for similar transactions); and (ii) the person who paid or agreed to pay them was in financial and economic difficulties. The provision of usurious interest, benefits or remuneration has the same consequences as non-compliance with the Usury Rates.

The Italian Government, with law decree No. 394 of 29 December 2000 (the “**Usury Law Decree**” and, together with the Usury Law, the “**Usury Regulations**”), converted into law by law No. 24 of 28 February 2001, has established, *inter alia*, that interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is reached. The Usury Law Decree also provides that, as an extraordinary measure due to the exceptional fall in interest rates in the years 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on loans already entered into on the date on which the Usury Law Decree came into force (such date being 31 December 2000) are to be substituted with a lower interest rate fixed in accordance with parameters determined by the Usury Law Decree.

No official or judicial interpretation of the Usury Law Decree is yet available. However, the Italian Constitutional Court has rejected, with decision No. 29/2002 (deposited on 25 February 2002), a constitutional exception raised by the Court of Benevento (2 January 2001) concerning article 1, paragraph 1, of the Usury Law Decree (now reflected in article 1, paragraph 1 of the above-mentioned conversion law No. 24 of 28 February 2001). In so doing, it has confirmed the constitutional validity of the provisions of the Usury Law Decree which hold that interest rates may be deemed to be void due to usury only if they infringe Usury Regulations at the time they are agreed between the borrower and the lender and not at the time such rates are actually paid by the borrower.

Pursuant to the Warranty and Indemnity Agreement, Banco Popolare and Creberg (before the merger into Banco Popolare) 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 loss or reduction on any interest accrued prior to the Signing Date. If a Loan is found to contravene the Usury Regulations, the relevant Borrower might be able to claim relief on any interest previously paid and to oblige the Issuer to accept a reduced rate of interest, or potentially no interest on such Loan. In such cases, the ability of the Issuer to maintain scheduled payments of interest and principal on the Notes may be adversely affected. For a description of the terms of the Loans, see “*The Portfolio*”.

Compounding of interest (*anatocismo*)

Pursuant to article 1283 of the Italian civil code, accrued interest in respect of a monetary claim or receivable may be capitalised after a period of not less than six months only (i) under an agreement subsequent to such accrual or (ii) from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this

provision in the event that there are recognised customary practices (*usi*) to the contrary. Banks and financial companies in the Republic of Italy have traditionally capitalised accrued interest on a three-monthly basis on the grounds that such practice could be characterised as a customary practice (*uso normativo*). However, a number of recent judgments from Italian courts (including the judgments from the Italian Supreme Court (*Corte di Cassazione*) No. 2374/1999, No 2594/2003 and No. 21095/2004) have held that such practices are not *uso normativo*. As a result, if customers of the Originator were to challenge this practice and such interpretation of the Italian civil code were to be upheld before other courts in the Republic of Italy, there could be a negative effect on the returns generated from the Loans.

In this respect, it should be noted that Article 25, paragraph 2, of the Decree No. 342 of 4 August 1999 (the “**Decree 342**”) has delegated to the Interministerial Committee of Credit and Saving (the “**CICR**”) powers to fix the conditions for the capitalisation 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 342 provides that the provisions relating to the capitalisation 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 342 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 342 has been declared unconstitutional by decision No. 425 of 9/17 October 2000 issued by the Italian Constitutional Court. On the basis of the foregoing, it cannot be excluded that borrowers may, where appropriate, challenge the practice of capitalising interest by banks on the grounds set forth by the Italian Supreme Court in the above mentioned decision and, therefore, that a negative effect on the returns generated from the residential and commercial mortgage loan could derive.

With respect to this matter, a 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 borrowers 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 borrowers.

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

Pursuant to the Warranty and Indemnity Agreement, Banco Popolare and Creberg (before the merger into Banco Popolare) 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 non-compliance of one or more of the Claim(s) with the provisions of Article 1283 of the Italian Civil Code or the Resolution.

Legal proceedings

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

Prepayments by Borrowers

The Borrowers may fall within the scope of application of the Italian Royal Decree No. 267 of 16 March 1942 (*Disciplina del fallimento, del concordato preventivo e della liquidazione coatta amministrativa*), as subsequently amended and supplemented (the “**Bankruptcy Law**”) and as such may be subject to insolvency proceedings (*procedure concorsuali*) under the Bankruptcy Law.

Pursuant to article 65 (“**Article 65**”) of the Bankruptcy Law, payments made by a debtor with respect to debts that fall due on or after the date on which the relevant debtor is declared bankrupt are ineffective against the creditors of the relevant debtor, if such payments are made within the two years prior to the declaration of bankruptcy. Any such ineffective payment may therefore be clawed- back by the bankruptcy receiver of the payor regardless of whether the debtor was insolvent at the time when the payment was made.

In this respect, it should be noted that the Securitisation Law, as amended by Law 9/2014, provides that (i) the claw-back provisions set forth in Article 67 of the Bankruptcy Law do not apply to payments made by Borrowers to the Issuer in respect of the securitised Claims and (ii) payments made by Borrowers under securitised Claims are not subject to the declaration of ineffectiveness pursuant to Article 65.

Article 120-ter of the Banking Act

Article 120-ter of the 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.

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%.

Prospective Noteholders' attention is drawn to the fact that, as a result of the above-mentioned provision and the entering into force of the Prepayment Penalty Agreement, the rate of prepayment in respect of Loans qualifying as *mutui fondiari*, *mutui ipotecari* and/or *mutui agrari* can be higher than the one traditionally experienced by the Originator for mortgage loans and that the Issuer may not be able to recover the prepayment fees in the amount originally agreed with the Borrowers.

Article 120-quater of the Banking Act

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

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

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

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 struck 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 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 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.

On 28 February 2012 the ABI and the Ministry of Economy and Finance entered into a new convention (the “**New PMI Convention**”) providing for, *inter alia*: (i) a 12-month suspension of payments of instalments in respect of the principal of medium-and long-term loans, which did not benefit from the Suspension. The suspension applies on the condition that the instalments (A) are timely paid or (B) in case of late payments, the relevant instalment has not been outstanding for more than 90 days from the date of request of the suspension; and (ii) the possibility for small and middle-sized companies that have not already requested a Suspension to request an extension of the duration of the relevant loans for a period equal to the residual duration of the relevant loans and in any case for a maximum period of two years for unsecured loans and of three years for mortgage loans.

On 20 March 2013, the terms within which the request for the Suspension according to the New PMI Convention could be requested has been extended until 30 June 2013.

On 1 July 2013, ABI and the associations of the representative of the companies signed a new further convention (the “**July 2013 PMI Convention**”). The July 2013 PMI Convention provides for, *inter alia*: (i) a 12-month suspension of payments of instalments in respect of the principal of medium-and long-term loans, which did not benefit from the suspension under the New PMI Convention. The suspension applies on the condition that the instalments (A) are timely paid or (B) in case of late payments, the relevant instalment has not been outstanding for more than 90 days from the date of request of the suspension; and (ii) the option for small and middle-sized companies that have not already requested a suspension under the New PMI Convention to request an extension of the duration of the relevant loans for a period equal to the residual duration of the relevant loans and in any case for a maximum period of three years for unsecured loans and of four years for mortgage loans. Any requests under item (i) and (ii) above to be submitted by 30 June 2014. However, in respect of loans that still benefit from the above suspension at 30 June 2014, the requests for the extension of the duration of such loans may be submitted within 31 December 2014.

Pending the implementation of the above measures of the July 2013 PMI Convention, the date within which the request for the Suspension pursuant to the New PMI Convention could be submitted has been further extended to 30 September 2013.

On 8 August 2013 further clarifications with respect to the implementation of the July 2013 PMI Convention have been issued by the ABI. In particular, ABI (*Associazione Bancaria Italiana*) has clarified that the securitised claims are not expressly excluded from the object of the July 2013 PMI Convention. The assigning banks shall autonomously evaluate the possibility to grant the suspension or the extension under the July 2013 PMI Convention in respect of securitised claims. In any case ABI (*Associazione Bancaria Italiana*) has further clarified that in case a suspension or extension under the July 2013 PMI Convention is granted by the assigning bank, such suspension or extension shall not result in additional expenses in relation to such bank (also considering the costs that the assigning bank would have incurred in case the suspension or extension had been granted with respect to the original loan).

Prospective investors' attention is drawn to the fact that the potential effects of the suspension schemes, the impact on the cash flows deriving from the Loans and, consequently, on the amortisation of the Notes, cannot be predicted.

In this respect, it should be considered that Banco Popolare and Creberg have acceded to the New PMI Convention and the list of the banks which have acceded (both as of 10 September 2013) to the July 2013 PMI Convention is available on the ABI website.

However, prospective investors should also note that, in order to mitigate the above risk, there have been excluded from the assigned Claims, the claims deriving from loans in relation to which (a) it has been imposed the suspension of the payment of the installments pursuant to mandatory provisions of law or to an order by supervisory authorities or (b) the relevant borrower has obtained the suspension of the payment of the installments pursuant to mandatory provisions of law or to an order by supervisory authorities and, in both cases, (c) such suspension is in force as at 12 May 2014.

Claw-back of the transfer of the Claims

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

Mutui fondiari

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

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

Moreover, in relation to *mutui fondiari*, special enforcement and foreclosure provisions apply. Pursuant to article 40, paragraph 2 of the Banking Act, a mortgage lender is entitled to terminate a loan agreement and accelerate the loan (*diritto di risoluzione contrattuale*) if the borrower has delayed an instalment payment at least seven times whether consecutively or otherwise. For this purpose, a payment is considered delayed if it is made between 30 and 180 days after the payment due date. Accordingly, the commencement of enforcement proceedings in relation to *mutui fondiari* may take longer than usual. Article 40 of the Banking Act, therefore, prevents the Servicer from commencing proceedings to recover amounts in relation to *mutui fondiari* until the relevant Borrowers have defaulted on at least seven payments.

Substitute tax under the Notes

Payments of interest and other proceeds under the Notes may in certain circumstances, described in the section headed “*Taxation in the Republic of Italy*” of this Prospectus, be subject to a Law 239 Deduction. In such circumstance, any beneficial owner of an interest payment relating to the Notes of any Class will receive amounts of interest payable on the Notes net of a Law 239 Deduction. Law 239 Deduction, if applicable, is levied at the rate of 20 per cent. (rising to 26 per cent. as of 1 July 2014 according to Law Decree No. 66/2014 (“**Decree 66/2014**”) converted into Law on 18 June 2014 and published in the Official Gazette on 23 June 2014) or such lower rate as may be applicable under the relevant double taxation treaty.

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

EU Directive on the taxation of savings income

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

measures. Luxembourg and Austria may however elect to introduce automatic exchange of information during the transitional period, in which case they will no longer apply the withholding tax. Based on the available information, Luxembourg announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Council Directive. On March 24, 2014, the European Council adopted a revised version of the Council Directive. National rules for transposing the revised Council Directive should be adopted by the Member States by January 1, 2016.

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

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

Change of law

The structure of the transaction and, inter alia, the issue of the Notes and the rating assigned to the Rated Notes are based on Italian and English law, on tax and administrative practice in effect at the date hereof and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to any possible change to Italian or English law, tax or administrative practice after the Issue Date.

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 English Deed of Charge and Assignment governed by English law could take effect as floating charges as the description given to them as fixed charges is not determinative.

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

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

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

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

occupational pension schemes, employee remuneration and levies on coal and steel production.

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

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

Projections, forecasts and estimates

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

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

Regulatory capital framework

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

The Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as "**Basel III**"), including new capital and liquidity requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**"). Member countries will be required to implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measures will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018.

(A) Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. The Basel Committee has also published certain proposed revisions to the securitisation framework, including proposed new hierarchies of approaches to calculating risk weights and a new risk weight floor of 15%.

Implementation of the Basel framework and any changes as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing

measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

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

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Rated Notes are responsible for analysing their own regulatory position and none of the Issuer, the Notes Subscribers, nor any other party to the Transaction Documents makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future.

Prospective investors should be aware that certain EU regulations provide for certain retention and due diligence requirements which shall be applied, or are expected to be applied in the future, with respect to regulated investors (including, *inter alia*, authorised alternative investment fund managers, insurance and reinsurance companies and UCITS funds, credit institutions, investment firms or other financial institutions) which intend to invest in a securitisation transaction. Among other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that relevant investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 (five) per cent in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. Such requirements are provided, *inter alia*, by the following EU regulations (without prejudice to any other applicable EU regulations):

(a) The CRR

The European Parliament and the EU Council adopted on 26 June 2013 Regulation (EU) No. 575/2013 and Directive 2013/36/EU (the so-called “CRD IV”). In particular, Directive 2013/36/EU governs the access to deposit-taking activities while Regulation No. 575/2013 (the “CRR” or the “Capital Requirement Regulation”) establishes the prudential requirements institutions need to respect. The CRD IV has replaced and re-casted, in general, with effect from 1 January 2014, Directives 2006/48/EC and 2006/49/EC, as amended by Directive 2009/111/EC. In particular, pursuant to Article 163 of Directive 2013/36/EU, Directive 2006/48/EC has been repealed with effect from 1 January 2014 and references to such repealed Directive shall be construed as references to Directive 2013/36/EU and to Regulation (EU) No 575/2013 and shall be read in accordance with the correlation tables set out respectively in the abovementioned Directive and Regulation.

The main role of CRD IV is to implement in the EU the key Basel III reforms agreed in December 2010. These include, *inter alios*, amendments to the definition of capital and counterparty credit risk and the introduction of a leverage ratio and liquidity requirements. In particular, in the context of this new European regulatory capital framework, the provisions of Article 122-*bis* of Directive 2006/48/EC, as amended by Directive 2009/111/EC have been re-casted by the new provisions of articles 404 to 409 of CRR (which includes, *inter alios*, the extension of the applications of the requirements also to regulated investment firms). In addition, the current guidelines on the abovementioned Article 122-*bis* will be replaced by new and potentially different regulatory technical standards in relation to which, the European Banking Authority published on 17 December 2013 the final draft regulatory technical standards (“RTS”) on securitisation retention rules and related requirements, as well as the final draft implementing technical standards (“ITS”) on the convergence of supervisory practices related to the implementation of additional risk weights in the case of non-

compliance with the retention rules consultation paper. These RTS and ITS have been developed respectively in accordance with article 410(2) and 410(3) of the CRR. On 17 December 2013, the final standards have been submitted by the European Banking Authority to the European Commission for their adoption as EU Regulations, that will be directly applicable throughout the European Union. In this respect, it has to be noted that (i) on 16 April 2014, the European Commission has adopted the final version of the ITS, which will enter into force following its publication in the Official Journal of the European Union; and (ii) on 13 June 2014, it has been published in the Official Journal of the European Union the Commission Delegated Regulation (EU) No. 625/2014 (which will enter into force the twentieth day following the date of such publication), supplementing the CRR by way of regulatory technical standards specifying the requirements for investor, sponsor, original lenders and originator institutions relating to exposures to transferred credit risk. It is uncertain how any such changes to the current regime will affect transactions entered into previously. No assurance can be provided that any changes made or that will be made in connection with CRD IV and/or CRR (including through the corresponding regulatory technical standards) will not affect the requirements applying to relevant investors.

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

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

(b) *The AIFMD Level 2 Regulation*

On 22 July 2013, Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers (“**AIFMD**”) became effective. Article 17 of AIFMD required the EU Commission to adopt level 2 measures similar to those set out in CRR, permitting EU managers of alternative investment funds (“**AIFMs**”) to invest in a securitisations transaction on behalf of the alternative investment funds (“**AIFs**”) they manage only if the originator, sponsor or original lender has explicitly disclosed that it will retain on an ongoing basis, a material net economic interest of not less than 5 (five) per cent in respect of certain specified credit risk tranches or asset exposures and also to undertake certain due diligence requirements. Commission Delegated Regulation (EU) no. 231/2013 (the “**AIFMD Level 2 Regulation**”) included those level 2 measures. Although certain requirements in the AIFMD Level 2 Regulation are similar to those which apply under the CRR, they are not identical. In particular, the AIFMD Level 2 Regulation requires AIFMs to ensure that the sponsor or originator of a securitisation transaction meets certain underwriting and originating criteria in granting credit, and imposes more extensive due diligence requirements on AIFMs investing in securitisations than the ones are imposed on prospective investors under the CRR. Furthermore, AIFMs who discover after the assumption of a securitisation exposure that the retained interest does not meet the requirements, or subsequently falls below 5 (five) per cent of the economic risk, are required to take such corrective action as is in the best interests of investors. It is unclear how this last requirement is expected to be addressed by AIFMs should those circumstances arise. The requirements of the AIFMD Level 2 Regulation apply to new securitisations issued on or after 1 January 2011.

Legislative Decree no. 44 of 4 March 2014 implementing AIFMD has been published in the Official Gazette of the Republic of Italy on 25 March 2014;

(c) *The Solvency II Directive*

Directive 2009/138/EU (the “**Solvency II Directive**”) requires the adoption by the European Commission of implementing measures laying down the requirements that will need to be met by originators of asset-backed securities in order for EU insurance and reinsurance companies to be allowed to invest in such instruments following implementation of the Solvency II Directive. In particular, in order to ensure cross-sector consistency and to remove misalignment between the interests of the originators and the interests of insurance or reinsurance companies that invest in securitisation positions, the Solvency II Directive specifically provide that the European Commission shall adopt implementing measures laying down:

- (i) the requirements that need to be met by the originator in order for an insurance or reinsurance companies to be allowed to invest in asset back securities issued after 1 January 2011, including requirements that ensure that the originator retains a net economic interest in such instruments of no less than 5 (five) per cent; and
- (ii) qualitative requirements that must be met by insurance or reinsurance companies that invest in such securities in respect of certain specified credit risk tranches or asset exposures.

The terms of the implementing measures which will be adopted by the European Commission are not yet finalised, but it is expected such measures will require insurance and reinsurance companies to carry out due diligence prior to investing in asset backed securities and that failure to comply with the requirements set out in the implementing measures will result in a penal capital charge to the insurance or reinsurance company.

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

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

With respect to the commitment of the Originator to retain a material net economic interest in the securitisation in accordance with option (1)(d) of Article 405 of the CRR and option (1)(d) of Article 51 of the AIFMD Level 2 Regulation and with respect to the information made available to the Noteholders and prospective investors in accordance with Article 405 and following of the CRR, please refer to section headed “*Compliance with articles 404 to 409 of the CRR and with article 51 of the AIFMD Level 2 Regulation*”.

Prospective Noteholders are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any and all relevant requirements applicable to it and none of the Issuer, the Subscriber nor any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes. Prospective Noteholders who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the applicable provisions and any implementing rules in a relevant jurisdiction should seek guidance from their regulator.

The EU risk retention and due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the

regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Political and economic developments in the Republic of Italy and in the European Union

The financial condition, results of operations and prospects of the Republic of Italy and companies incorporated in the Republic of Italy may be adversely affected by events outside their control, namely European law generally, any conflicts in the region or taxation and other political, economic or social developments in or affecting the Republic of Italy generally.

U.S. Foreign Account Tax Compliance Withholding

The U.S. Foreign Account Tax Compliance Act (“**FATCA**”) generally imposes a new reporting regime and potentially a 30.00 per cent withholding tax with respect to certain payments to certain non-U.S. financial institutions (including entities such as the Issuer) that do not (i) enter into and comply with an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide certain information about the holders of its debt or equity or (ii) comply with any law implementing an intergovernmental agreement, if any, between the United States and the applicable residence jurisdiction (an “**IGA**”). The new withholding regime will be phased in beginning on 1 July 2014, with respect to certain U.S. source payments, but FATCA withholding on debt obligations generating non-U.S. source interest (such as the Notes) will not begin to apply at the earliest until 2017. Furthermore, in accordance with a grandfathering rule, even if the payments on the Notes are otherwise potentially subject to FATCA withholding, the Notes, so long as they are characterised as indebtedness for U.S. federal income tax purposes, should only become subject to the FATCA regime if the Notes are issued (or materially modified) after the date that is six months after the date final regulations defining the term “foreign passthru payment” are published. No such final regulations have been published yet. In particular, a FATCA withholding tax may be triggered if (i) the issuer is a foreign financial institution (“**FFI**”) (as defined by FATCA), which enters into and complies with an agreement with the IRS to provide certain information on its account holders (a term which includes the holders of its debt or equity interests that are not regularly traded on an established securities market) (making the issuer a “**participating FFI**”), (ii) any payment by the issuer is considered to be attributable to any U.S. source “withholdable payment” to the issuer, and (iii) (a) an investor does not provide information sufficient for the participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States account” of such issuer, or (b) any FFI through which payment on the notes or other payments are made is not a participating FFI.

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

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

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

Risk factors in relation to the Issuer

Source of payments to Noteholders

The Notes will be limited recourse obligations solely of the Issuer and will not be the responsibility of, or be guaranteed by, any other entity. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, Banco Popolare (in any capacity), the Representative of the Noteholders, the Paying Agent, the Agent Bank, the Interim Account Bank, the Transaction Bank, the Cash Account Bank, the Corporate Servicer, the Administrative Servicer, the Computation Agent, the Servicer, the Back-Up Servicer Facilitator, the Notes Subscribers, the shareholder(s) of the Issuer or any other person. None of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

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

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

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

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

The Notes will be limited recourse obligations solely of the Issuer. If there are not sufficient funds available to the Issuer to pay in full all principal and interest and other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. Following the service of an Issuer Acceleration Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of the Noteholders of the Issuer's Rights.

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

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

Claims of unsecured creditors of the Issuer

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

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

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

Notwithstanding the above, there can be no assurance that, if any bankruptcy proceedings were to be commenced against the Issuer, the Issuer would be able to meet all of its obligations under the Notes.

Previous Securitisations and Further Securitisations

The Issuer's principal assets are the Claims and the previous portfolios (the "Previous Portfolios") acquired in the context of the Previous Securitisations.

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

The Issuer may, by way of a separate transaction, purchase (or finance pursuant to article 7 of the Securitisation Law) and securitise further portfolios of monetary claims in addition to the Claims (each, a "**Further Securitisation**"). Before entering into any Further Securitisation, the Issuer is required to obtain the written consent of the Representative of the Noteholders and to notify in writing the Rating Agencies of its intention to carry out such Further Securitisation.

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction carried out by a company are stated to be segregated from all other assets of the company and from those related to each other securitisation transaction, and, therefore, on a winding-up of such a company, such assets will only be available to holders of the notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation. Accordingly, the right, title and interest of the Issuer in

and to the Claims should be segregated from all other assets of the Issuer (including, for the avoidance of doubt, any other portfolio purchased by the Issuer pursuant to any Further Securitisation) and amounts deriving therefrom should be available on a winding-up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and the payment of any amounts due and payable to the other Issuer Creditors.

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

Tax treatment of the Issuer

Taxable income of the Issuer is determined 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 the Italian tax authority (*Agenzia delle Entrate*) on 6 February 2003) on the grounds that the net proceeds generated by the securitised assets may not be considered as legally available to an issuer insofar as any and all amounts deriving from the underlying assets are specifically destined to satisfy the obligations of such issuer to the noteholders, the originator and any other creditors of the issuer in respect of the securitisation of the underlying assets in compliance with applicable laws.

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

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

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

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

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

KEY FEATURES

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

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

1. THE PRINCIPAL PARTIES

Issuer BPL Mortgages S.r.l., a limited liability company incorporated in the Republic of Italy under article 3 of Italian law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the “**Securitisation Law**”), having its registered office at via Alfieri, 1, 31015 Conegliano (Treviso), Italy, enrolled in the companies’ register of Treviso under number 04078130269, fiscal code and VAT number 04078130269, enrolled in the register of the special purpose vehicles held by the Bank of Italy (*albo delle società veicolo tenuto dalla Banca d’Italia ai sensi del Provvedimento del Governatore della Banca d’Italia del 29 aprile 2011*) under number 33259.3 (the “**Issuer**”). The issued equity capital of the Issuer is entirely held by SVM Securitisation Vehicles Management S.r.l.

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

In accordance with the Securitisation Law, the Issuer is a multi-purpose vehicle and it has already engaged two securitisation transactions carried out in accordance with the Securitisation Law, completed (i) the first, in December 2012 and involving the issue of partially paid asset-backed notes in an aggregate amount of € 3,588,855,000 (as increased on 28th March 2013) and (ii) the second, in March 2013 and involving the issue of asset-backed notes in an aggregate amount of € 5,249,780,000 (the “**Previous Securitisations**” and the “**Previous Securitisations Notes**”). See “*The Issuer*”, below.

Shareholder SVM Securitisation Vehicles Management S.r.l. is an Italian limited liability company (*società a responsabilità limitata*), having its registered office at via Alfieri, 1, 31015 Conegliano (Treviso), Italy, registered with the companies’ register held in Treviso, Italy, under number 03546650262, fiscal code and vat number 03546650262.

Originator Banco Popolare - Società Cooperativa, a bank incorporated as a co-operative company (*società cooperativa*) organised under the laws of the Republic of Italy, registered with the companies’ register held in Verona, Italy, under number 03700430238, fiscal code and VAT number 03700430238, registered with the register of banks (*albo delle banche*) held by the Bank of Italy pursuant to article 13 of the Italian legislative decree No. 385 of 1 September

1993 (the “**Banking Act**”) under number 5668, parent company of the “*Gruppo Bancario Banco Popolare*” registered with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Banking Act, having its registered office at Piazza Nogara, 2, 37121 Verona, Italy (“**Banco Popolare**”). See “*The Originator; the Servicer; the Interim Account Bank, the Cash Account Bank and the Administrative Servicer*”, below.

In the context of a reorganisation plan of the Gruppo Bancario Banco Popolare, effective from 1st June 2014, Credito Bergamasco S.p.A. (“**Creberg**”) was merged into Banco Popolare and therefore Creberg was extinguished and, as expressly acknowledged and agreed between Banco Popolare and the Issuer in the Transaction Documents Banco Popolare has assumed all the obligations and rights of Creberg arising from the agreements signed in the context of the Securitisation as of the date of such merger and, in particular, the rights and obligations of Creberg (as originator and servicer) deriving from (i) the Creberg Transfer Agreement (as defined below); (ii) the Warranty and Indemnity Agreement (as defined below); and (iii) the Servicing Agreement (as defined below).

As a consequence, as used in this Prospectus, “Originator” or “Servicer” means Banco Popolare, in relation to the whole Portfolio (as defined below).

Servicer

Banco Popolare (in such capacity, the “**Servicer**”) will administer the Portfolio on behalf of the Issuer pursuant to the terms of a servicing agreement executed on the Signing Date by and between the Issuer, Banco Popolare and Creberg (before the merger into Banco Popolare) (the “**Servicing Agreement**”).

Representative of the Noteholders

BNP Paribas Securities Services, a French *société en commandite par actions* with capital stock of € 172,332,111, having its registered office at 3, Rue d’Antin, Paris, France, operating for the purpose hereof through its Milan branch offices at Via Ansperto, 5, 20123 Milan, Italy, registered with the companies’ register held in Milan, at number 13449250151, fiscal code and VAT number 13449250151, enrolled in register of banks held by the Bank of Italy at number 5483 (“**BNPSS Milan Branch**”), or any other person for the time being acting as such, is the representative of the holders of the Notes (the “**Representative of the Noteholders**”) pursuant to the Intercreditor Agreement (as defined below) dated on or about the Issue Date.

Administrative Servicer

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

Corporate Servicer

Securitisation Services S.p.A., a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy,

registered with the companies' register of Treviso under number 03546510268, fiscal code and VAT number 03546510268, registered with the register pursuant to article 106 of the Banking Act under number 31816 and with the register pursuant to article 107 of the Banking Act, directed and co-ordinated (soggetta all'attività di direzione e coordinamento) by Finanziaria Internazionale Holding S.p.A. and having its registered office at via Alfieri, 1, 31015 Conegliano (Treviso), Italy, ("**Securitisation Services**"), or any other person for the time being acting as such, is the corporate services provider to the Issuer (in such capacity, the "**Corporate Servicer**"). Pursuant to the terms of a corporate services agreement dated on or about the Issue Date (the "**Corporate Services Agreement**"), the Corporate Servicer has agreed to provide certain secretarial services to the Issuer.

Computation Agent

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

Cash Account Bank

Banco Popolare, operating for the purpose hereof through its London branch at 1 - 5 Moorgate, EC2R 6HJ London, United Kingdom ("**Banco Popolare London Branch**") or any other person for the time being acting as such, is the transaction bank to the Issuer in respect of Cash Reserve Account of the Issuer (in such capacity, the "**Cash Account Bank**") pursuant to the terms of the Agency and Accounts Agreement. The Cash Account Bank has opened, and will maintain, the Cash Reserve Account in the name of the Issuer and will operate such account in the name and on behalf of the Issuer.

Interim Account Bank

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

Transaction Bank

BNP Paribas Securities Services, London Branch, a French société en commandite par actions with capital stock of €172,332,111 having its registered office at 3, Rue d'Antin, 75002, Paris, France acting through its London Branch, with offices at 55 Moorgate, EC2R 6PA London, United Kingdom, or any other person for the time being acting as such, will be the transaction bank (in such capacity, the "**Transaction Bank**") pursuant to the terms of the Agency and Accounts Agreement.

Paying Agent

BNPSS Milan Branch, or any other person for the time being acting as such, will be the paying agent (in such capacity, the

“**Paying Agent**”) pursuant to the terms of the Agency and Accounts Agreement.

Agent Bank

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

Subordinated Loan Provider

Banco Popolare will be the subordinated loan provider (in such capacity, the “**Subordinated Loan Provider**”) pursuant to the terms of a subordinated loan agreement dated on or about the Issue Date (the “**Subordinated Loan Agreement**”) between the Issuer and the Subordinated Loan Provider.

Back-up Servicer Facilitator

Securitisation Services, or any other person for the time being acting as such, is the back-up servicer facilitator (in such capacity, the “**Back Up Servicer Facilitator**”).

2. SUMMARY OF THE NOTES

The Notes

On 30 June 2014 (the “**Issue Date**”), the Issuer will issue:

- (a) € 1,077,400,000 Class A-2014 Asset-Backed Floating Rate Notes due November 2054 (the “**Class A Notes**”);
- (b) € 269,300,000 Class B-2014 Asset-Backed Floating Rate Notes due November 2054 (the “**Class B Notes**” and, together with the Class A Notes, the “**Rated Notes**”); and
- (c) € 448,898,000 Class C-2014 Asset-Backed Notes due November 2054 (the “**Junior Notes**” and, together with the Rated Notes, the “**Notes**”).

The Notes will constitute direct, secured, limited recourse obligations of the Issuer. It is not anticipated that the Issuer will make any profits from this transaction. The Notes will be governed by Italian law.

Form and denomination of the Notes

The authorised denomination of the Rated Notes will be € 100,000. The authorised denomination of the Junior Notes will be € 100,000 and integral multiples of € 1,000 in excess thereof.

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. for the account of the relevant Monte Titoli Account Holder. Monte Titoli S.p.A. shall act as depository for Clearstream and Euroclear. Title to the Notes will be evidenced by book entries in accordance with the provisions of article 83-bis of Italian legislative decree No. 58 of 24 February 1998 and regulation of 22 February 2008 jointly issued by the Bank of Italy and CONSOB, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes. The Issuer elects Ireland as Home Member State for the purpose of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004

(the “**Transparency Directive**”).

Ranking

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

- (i) in respect of the obligations of the Issuer to pay interest on the Notes prior to the service of an Issuer Acceleration Notice:
 - (A) the Class A Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Class B Notes and the Junior Notes;
 - (B) the Class B Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Junior Notes and subordinated to payment of interest in respect of the Class A Notes;
 - (C) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to the Rated Notes.
- (ii) In respect of the obligations of the Issuer to repay principal on the Notes prior to the service of an Issuer Acceleration Notice:
 - (A) the Class A Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to payment of interest in respect of the Rated Notes and in priority to repayment of principal on the Class B Notes and in priority to the Junior Notes;
 - (B) the Class B Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Junior Notes and subordinated to the Class A Notes;
 - (C) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to the Rated Notes.
- (iii) In respect of the obligations of the Issuer (a) to pay interest and (b) to repay principal on the Notes following the service of an Issuer Acceleration Notice or, in the event that the Issuer opts for the early redemption of the Notes under Condition 7(e) (*Optional redemption*) or Condition 7(f) (*Optional redemption for taxation, legal or regulatory reasons*):
 - (A) the Class A Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Class B Notes

and the Junior Notes;

- (B) the Class B Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Junior Notes and subordinated to the Class A Notes;
- (C) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to the Rated Notes.

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

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

Costs

The costs of the transaction (with the exception of certain initial costs of setting up the transaction which will be paid by the Originator pursuant to the Subscription Agreement) including the amounts payable to the various agents of the Issuer appointed in connection with the issue of the Notes, will be funded from the Issuer Available Funds and will therefore be included in the Priority of Payments.

Interest on the Notes

The Rated Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to EURIBOR (as determined by the Agent Bank in accordance with the Conditions) plus

- (i) in relation to the Class A Notes, a margin of 0,30 per cent. per annum;
- (ii) in relation to the Class B Notes, a margin of 0,80 per cent. per annum (each of such interest rate, the "**Interest Rate**").

The Junior Notes will bear interest in accordance with Conditions 6(d) (*Interest on the Junior Notes*).

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

"**Interest Payment Date**" means (a) prior to the service of an Issuer Acceleration Notice, the 25 of February, May, August and November in each year (or, if any such date is not a Business Day, that date will be the first following day that is a Business Day, the first Interest Payment Date being 26 August 2014) and (b) following the service of an Issuer Acceleration Notice, the day falling 10 Business Days after the Accumulation Date (if any) or any other day on which any payment is due to be made in accordance with the Post-Enforcement Priority of Payments, the Conditions and the Intercreditor Agreement.

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

“**Principal Amount Outstanding**” means, on any day and in relation to each Class, the aggregate principal amount outstanding upon issue, minus the aggregate amount of all Principal Payments in respect of that Class of Notes which have become due and payable (and which have actually been paid) on or prior to that day.

“**Principal Payment**” has the meaning given in Condition 7(d) (*Principal Payments*).

Legal maturity date of the Notes

Save as described below and unless previously redeemed in full and cancelled as provided in the Conditions, the Issuer shall redeem the Notes in full at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Interest Payment Date falling in November 2054 (the “**Maturity Date**”).

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

Taxation

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

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

Security for the Notes

By operation of Italian law, the Issuer’s right, title and interest in and to the Claims will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding-up of the Issuer, to satisfy the obligations of the Issuer to the holders of the Class A Notes (the “**Class A Noteholders**”), the holders of the Class B Notes (the “**Class B Noteholders**” and together with the Class A Noteholders, the “**Senior Noteholders**”) and the holders of the Junior Notes (the “**Junior Noteholders**” and, together with the Senior Noteholders, the “**Noteholders**”) each of the Other Issuer Creditors and any third-party creditor to whom the Issuer has incurred costs, fees, expenses or liabilities in relation to the securitisation of the Claims (together, the “**Issuer Creditors**”).

The Issuer will grant the following security:

- (a) an Italian law deed of pledge to be executed on or around the Issue Date (the “**Italian Deed of Pledge**”) pursuant to which the Issuer will create in favour of the

Representative of the Noteholders for itself and on behalf of the Noteholders and the other Issuer Secured Creditors, concurrently with the issue of the Notes, an Italian law pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled from time to time pursuant to the Italian Law Transaction Documents (other than the Conditions, the Rules of the Organisation of Noteholders, the Italian Deed of Pledge, the provisions of the Agency and Accounts Agreement which are governed by English law and the Mandate Agreement); and

- (b) an English law deed of charge and assignment to be executed on or around the Issue Date (the “**English Deed of Charge and Assignment**” and the security created thereunder, together with the security created under the Italian Deed of Pledge, the “**Note Security**”) pursuant to which the Issuer will grant in favour of the Representative of the Noteholders for itself and as trustee for the Noteholders and the other Issuer Secured Creditors, *inter alia*, (i) an English law charge over the Collection Account, the Cash Reserve Account and the Eligible Investments Account and any credit balance from time to time on each such account and any Eligible Investment made from funds standing to the credit of the Eligible Investments Account; (ii) an English law assignment by way of security of all the Issuer’s rights under the provisions of the Agency and Accounts Agreement which are governed by English law and all other present and future contracts, agreements, deeds and documents governed by English law to which the Issuer is or may become a party in relation to the Notes, the Claims and the Portfolio; and (iii) a floating charge over all of the Issuer’s assets which are subject to the assignments or charges described under (i) and (ii) above and not effectively assigned or charged thereunder.

Intercreditor Agreement

On or about the Issue Date, the Issuer, the Representative of the Noteholders on its own behalf and on behalf of the Noteholders, the Paying Agent, the Agent Bank, the Computation Agent, the Interim Account Bank, the Transaction Bank, the Cash Account Bank, Banco Popolare (in any capacity), the Corporate Servicer, the Administrative Servicer, the Servicer and the Back-up Servicer Facilitator (with the exception of the Issuer and the Noteholders, but including any other entity which will be a party to the Intercreditor Agreement, the “**Other Issuer Creditors**”) have entered into an intercreditor agreement (the “**Intercreditor Agreement**”) pursuant to which the Other Issuer Creditors have agreed to the limited recourse nature of the obligations of the Issuer and to the Priority of Payments described below. The Intercreditor Agreement is governed by Italian law.

Mandate Agreement

Pursuant to the terms of a mandate agreement dated on or about the Issue Date (the “**Mandate Agreement**”), the Representative of

the Noteholders is empowered to take such action in the name of the Issuer, following the delivery of an Issuer Acceleration Notice, as the Representative of the Noteholders may deem necessary to protect the interests of the Noteholders and the Other Issuer Creditors. The Mandate Agreement is governed by Italian law.

Purchase of the Notes

The Issuer may not purchase any Notes at any time.

Listing of the Notes

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

Ratings

The Class A Notes are expected, on issue, to be rated “A2(sf)” by Moody's Investors Service Limited (“**Moody's**” which expression shall include any successors) and “A(sf)” by DBRS Ratings Limited (“**DBRS**”, which expression shall include any successors and, together with Moody's, the “**Rating Agencies**”). The Class B Notes are expected, on issue, to be rated “BBB-(sf)” by DBRS and “Baa2(sf)” by Moody's.

As of the date hereof, each of Moody's Investors Service Limited and DBRS Ratings Limited is established in the European Union, registered on 31 October 2011 in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of 11 May 2011 (the “**CRA Regulation**”) and included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority (currently located at the following website address <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>, for the avoidance of doubt, such website does not constitute part of this Prospectus (the “**ESMA Website**”). In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

A credit rating has not been sought for the Junior Notes.

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

Selling restrictions

There are restrictions on the sale of the Notes and on the distribution of information in respect thereof. See “*Subscription and sale*” below.

Governing law

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

3. THE PORTFOLIO

Transfer of the Claims

On the Signing Date, the Issuer acquired from Banco Popolare and Creberg (before the merger into Banco Popolare) without recourse (*pro soluto*):

- (a) the monetary claims (the “**Banco Popolare Claims**”) and other connected rights arising out of a portfolio consisting of secured and unsecured loans disbursed to entities that are small and medium enterprises as defined in the European Commission Recommendation of the 6 May 2003 No. 2003/361/CE (“**SMEs**”) in various technical forms (such as *mutui fondiari*, *mutui ipotecari*, *mutui agrari* or *altri prestiti*) (the “**Banco Popolare Loans**”) owed to Banco Popolare (the “**Banco Popolare Portfolio**”); and
- (b) the monetary claims (the “**Creberg Claims**”) and other connected rights arising out of a portfolio consisting of secured and unsecured loans disbursed to SMEs in various technical forms (such as *mutui fondiari*, *mutui ipotecari*, *mutui agrari* or *altri prestiti*) (the “**Creberg Loans**”) owed to Creberg (before the merger into Banco Popolare) (the “**Creberg Portfolio**”).

The Banco Popolare Claims and the Creberg Claims are collectively referred to as the “**Claims**” and the Banco Popolare Portfolio and the Creberg Portfolio are collectively referred to as the “**Portfolio**” and the Banco Popolare Loans and the Creberg Loans are collectively referred to as the “**Loans**”. See “*The Portfolio*” and “*The Transfer Agreements*” below.

The payment of the purchase price of the Claims to Banco Popolare will be financed by, and will be limited recourse to, the net proceeds of the issue of the Notes on the Issue Date.

Warranties in relation to the Portfolios

On the Signing Date, the Issuer, Banco Popolare and Creberg (before the merger into Banco Popolare) entered into a warranty and indemnity agreement (the “**Warranty and Indemnity Agreement**”), pursuant to which Banco Popolare and Creberg (before the merger into Banco Popolare) have given certain representations and warranties in favour of the Issuer in relation to, respectively, the Banco Popolare Portfolio and the Creberg Portfolio and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Claims.

Pursuant to the Warranty and Indemnity Agreement, the Issuer may, in specific limited circumstances relating to a breach of representations in relation to the Loans, require Banco Popolare (following the merger of Creberg into Banco Popolare, as Originator of the Banco Popolare Portfolio and the Creberg Portfolio) to repurchase certain Claims. The Warranty and Indemnity Agreement is governed by Italian law.

Servicing and collection procedures

Pursuant to the terms of the Servicing Agreement, Banco Popolare and Creberg (before the merger into Banco Popolare) have agreed

to administer and service, respectively, the Banco Popolare Portfolio and the Creberg Portfolio on behalf of the Issuer and, in particular, to:

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

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

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

“**Collection Period**” (a) prior to the service of an Issuer Acceleration Notice, each quarterly period commencing on (and including) the first calendar day of February, May, August and November in each year and ending on, respectively, the last calendar day of April, July, October and January (included) in each year until redemption in full of the Notes; being the first Collection Period, the period commencing on the Valuation Date (included) and ending on 31 July 2014 (included); and (b) following the service of an Issuer Acceleration Notice, each period commencing on (but excluding) the last day of the preceding Collection Period and ending on (and including) the immediately following Accumulation Date.

The Servicer has undertaken to prepare and submit to the Computation Agent, the Rating Agencies, the Corporate Servicer, the Representative of the Noteholders and the Issuer, by no later than seven Business Days immediately following the end of each preceding Collection Period (each such date, a “**Reporting Date**”), quarterly reports (each, a “**Servicer Report**”) in the form set out in the Servicing Agreement and containing information as to the Portfolio, the Claims and the Collections in respect of the preceding Collection Period. The first Reporting Date will be the 11 of August 2014.

Servicing fees

In return for the services provided by the Servicer in relation to the ongoing management of the Portfolio, on each Interest Payment Date and in accordance with the Priority of Payments, the Issuer

will pay to the Servicer the following amounts, as better specified in the Servicing Agreement:

- (a) in connection with the collection of the Claims (other than the Defaulted Claims), an amount equal to 0,50 per cent. (on a yearly basis calculated according to the Act/360 method) of the Collections in respect of the Claims (other than the Defaulted Claims) in the immediately preceding Collection Period (including VAT where applicable);
- (b) in connection with the management of the Claims (other than the activities indicated under paragraphs (a), (c) and (d) below), an annual fee of € 10,000 (including VAT where applicable) payable by the Issuer *pro quota* on each Interest Payment Date;
- (c) in connection with the recovery of the Defaulted Claims, 0,25 per cent. of the recoveries in respect of the Defaulted Claims collected in the immediately preceding Collection Period, according to the information contained in the relevant Servicer Report (excluding VAT where applicable); and
- (d) in connection with certain compliance and consultancy services provided by the Servicer pursuant to the Servicing Agreement, an annual fee of € 7,500 plus value added tax (to the extent applicable) payable by the Issuer *pro quota* on each Interest Payment Date.

“**Crediti ad Incaglio**” means those Claims (A)(i) under which there are at least (I) 6 (six) Unpaid Instalments (in case of monthly payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (II) 3 (three) Unpaid Instalments (in case of two-monthly payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (III) 2 (two) Unpaid Instalments (in case of quarterly payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (IV) 1 (one) Unpaid Instalment (in case of semi-annual payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (V) 1 (one) Unpaid Instalment (in case of annual payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (ii) which are classified as delinquent (*crediti ad incaglio*) by the Servicer on behalf of the Issuer in accordance with the Bank of Italy’s supervisory regulations and the relevant collection policies and (B) which are not yet classified as Defaulted Claims.

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

“**Defaulted Claims**” means those Claims (A) under which there are at least (i) 7 (seven) Unpaid Instalments whether consecutive

or otherwise (in case of monthly payment) or (ii) 4 (four) Unpaid Instalments whether consecutive or otherwise (in case of two-monthly payment) or (iii) 3 (three) Unpaid Instalments whether consecutive or otherwise (in case of quarterly payment) or (iv) 2 (two) Unpaid Instalments (in case of semi-annual payment) or (v) 1 (one) Unpaid Instalment (in case of annual payment) and 180 days have elapsed since the due date of the first Instalment became an Unpaid Instalment or (B) are classified as *Crediti in Sofferenza* by the Servicer.

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

4. THE ACCOUNTS OF THE ISSUER

Accounts held with the Interim Account Bank

(A) Pursuant to the terms of the Agency and Accounts Agreement, the Issuer has opened with the Interim Account Bank:

(a) a euro-denominated current account into which, *inter alia*, the Servicer will be required to deposit all the Collections as they are collected in accordance with the Servicing Agreement (the “**Interim Account**”); and

(b) a euro-denominated current account into which the Issuer will deposit € 50,000 (the “**Retention Amount**”) on the Issue Date (the “**Expenses Account**”) and, together with the Interim Account, the “**Italian Accounts**”). The Expenses Account will then be replenished on each Interest Payment Date, in accordance with the Pre-Enforcement Priority of Payments and subject to the availability of sufficient Issuer Available Funds, up to the Retention Amount and such amount will be applied by the Issuer to pay all fees, costs, expenses and taxes required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation.

Account held with the Paying Agent

(B) Pursuant to the terms of the Agency and Accounts Agreement, the Issuer has opened with the Paying Agent a euro-denominated current account into which, *inter alia*, on the Business Day immediately preceding each Interest Payment Date the Issuer will be required to transfer from the other Transaction Accounts the amounts necessary to make the payments due in accordance with the applicable Priority of Payments (the “**Payments Account**”).

Account held with the Transaction Bank

(C) Pursuant to the terms of the Agency and Accounts Agreement, the Issuer has opened with the Transaction Bank

(a) a euro-denominated account into which, on a daily basis, the balance standing to the credit of the Interim Account will be transferred (the “**Collection Account**”);

(b) a securities account into which the Issuer will deposit all securities constituting Eligible Investments from time to time owned by it (the “**Eligible Investments Account**”).

Accounts held with the Cash Account Bank

(D) Pursuant to the terms of the Agency and Accounts Agreement, the Issuer has opened with the Cash Account Bank a euro-denominated current account into which will be deposited, *inter alia*,

(i) on the Issue Date, (A) € 76,900,000, being the amount to be drawn down by the Issuer under the Subordinated Loan Agreement, and (B) € 3,902,000, being equal to a portion of the aggregate amounts collected under the Loans between the Valuation Date (included) and the Closing Date (but excluding those collections constituting repayment of principal and prepayments); and

(ii) on each Interest Payment Date, in accordance with the Pre-Enforcement Priority of Payments and subject to the availability of sufficient Issuer Available Funds, the amount (if any) necessary to replenish it so that the balance of the Cash Reserve Account equals the Target Cash Reserve Amount (the “**Cash Reserve Account**” and together with the Italian Accounts, the Payments Account and the Collection Account, the “**Accounts**” and any one of them, the “**Account**”).

“**Closing Date**” means 27 June 2014.

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

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

Provisions relating to the Transaction Bank

Pursuant to the Agency and Accounts Agreement, the Transaction Bank has agreed to provide the Issuer with certain services in

connection with account handling and reporting requirements in relation to the monies and securities, as applicable, from time to time standing to the credit of the Collection Account, including the preparation of statements of account on each Reporting Date (the “**Statement of the Transaction Account**”).

Pursuant to the Agency and Accounts Agreement, amounts standing to the credit of the Collection Account during a Collection Period may be invested by the Issuer or by the Transaction Bank on behalf of the Issuer in Eligible Investments.

Pursuant to the Agency and Accounts Agreement, the Transaction Bank, upon instructions from the Issuer (with the cooperation of the Originator) (or, upon service of an Issuer Acceleration Notice, by the Representative of the Noteholders) detailing the Eligible Investments to be made on behalf of the Issuer

(a) shall, in the name and on behalf of the Issuer, withdraw the balance of the Collection Account or portion thereof, on a weekly basis on the last Business Day of each week or, if different, in accordance with the investment instructions given by the Issuer (with the cooperation of the Originator) pursuant to clause 6.10 and clause 16 of the Agency and Accounts Agreement (each such date, an “**Investment Date**”), that are necessary to execute the above mentioned instructions, to invest in the above mentioned Eligible Investments and to execute the purchase of the same Eligible Investments in the name and on behalf of the Issuer; and

(b) shall, in the name and on behalf of the Issuer, credit or deposit, as applicable, the debt securities or other debt instrument thus purchased for the account of the Issuer to the Eligible Investments Account (if any).

Pursuant to the Agency and Accounts Agreement, the Transaction Bank will deliver the report showing the amounts (detailing the amounts invested and profits thereon) that will derive from the disposal or liquidation of the Eligible Investments made in respect of the immediately preceding Collection Period (the “**Statement of the Eligible Investments Account**”).

If the Transaction Bank ceases to be an Eligible Institution,

- (a) the Transaction Bank will notify the Issuer, the Representative of the Noteholders and the Rating Agencies thereof and use, by no later than 30 (thirty) calendar days’ from the date on which the relevant downgrading occurs, its best efforts to select a leading bank:
 - (i) approved by the Representative of the Noteholders and by the Issuer; and
 - (ii) which is an Eligible Institution, willing to act as successor Transaction Bank thereunder; and
- (b) the Issuer will, by no later than 30 (thirty) calendar days’ from the date on which the relevant downgrading occurs,
 - (i) appoint that bank specified above as successor Transaction Bank (and will notify in advance the Representative of the Noteholders and the Rating

Agencies thereof also in accordance with the Intercreditor Agreement) which, on or before the replacement of the Transaction Bank, shall agree to become bound by the provisions of the Agency and Accounts Agreement, the Intercreditor Agreement and of any other agreement providing for, mutatis mutandis, the same obligations contained in the Agency and Accounts Agreement for the Transaction Bank and any other relevant Transaction Documents the outgoing Transaction Bank was party to;

- (ii) open a replacement Collection Account and a replacement Eligible Investments Account with the successor Transaction Bank specified in (a) above;
- (iii) transfer the balance standing to the credit of the Collection Account, to the credit the replacement account set out above;
- (iv) transfer the debt securities and the other debt instruments purchased from time to time on behalf of the Issuer and all other assets or monies held in the existing Eligible Investments Account to the replacement Eligible Investments Account in accordance with this Clause;
- (v) close the Collection Account, once the steps under (i) (ii) (iii) and (iv) are completed; and
- (vi) terminate the appointment of the Transaction Bank (and will notify the Representative of the Noteholders and the Rating Agencies thereof also in accordance with the Intercreditor Agreement) once the steps under (i), (ii), (iii) (iv) and (v) are completed,

provided that:

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

Provisions relating to the Cash Account Bank

If the Cash Account Bank ceases to be an Eligible Institution,

- (a) the Cash Account Bank will notify the Issuer, the Representative of the Noteholders and the Rating Agencies thereof; and

- (b) the Issuer will, by no later than 30 (thirty) calendar days' from the date on which the relevant downgrading occurs,
 - (i) appoint the entity being the Transaction Bank where the replacement Collection Account and the replacement Expenses Account (if opened in accordance with this Agreement) are (or will be) held (and will notify in advance the Representative of the Noteholders and the Rating Agencies thereof also in accordance with the Intercreditor Agreement);
 - (ii) open a replacement Cash Reserve Account with the successor Cash Account Bank specified in (b)(i) above;
 - (iii) transfer the balance standing to the credit of the Cash Reserve Account, to the credit of each of the replacement account set out above;
 - (iv) close the Cash Reserve Account, once the steps under (i) (ii) and (iii) are completed; and
 - (v) terminate the appointment of the Cash Account Bank (and will notify the Representative of the Noteholders and the Rating Agencies thereof also in accordance with the Intercreditor Agreement) once the steps under (i), (ii) (iii) and (iv) are completed,

provided that the administrative costs incurred with respect to the transfer of funds referred under (b) above shall be borne by the outgoing Cash Account Bank.

Provisions relating to the Paying Agent

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

If the Paying Agent ceases to be an Eligible Institution,

- (a) the Paying Agent will notify the Issuer, the Representative of the Noteholders and the Rating Agencies thereof and use, by no later than 30 (thirty) calendar days' from the date on which the relevant downgrading occurs, its best efforts to select a leading bank:
 - (i) approved by the Representative of the Noteholders and by the Issuer; and
 - (ii) which is an Eligible Institution, willing to act as successor Paying Agent thereunder; and
- (b) the Issuer will, by no later than 30 (thirty) calendar days' from the date on which the relevant downgrading occurs,
 - (i) appoint that bank specified above as successor Paying Agent (and will notify in advance the

Representative of the Noteholders and the Rating Agencies thereof also in accordance with the Intercreditor Agreement) which, on or before the replacement of the Paying Agent, shall agree to become bound by the provisions of the Agency and Accounts Agreement, the Intercreditor Agreement and of any other agreement providing for, mutatis mutandis, the same obligations contained in the Agency and Accounts Agreement for the Paying Agent and any other relevant Transaction Documents the outgoing Paying Agent was party to;

- (ii) open a replacement Payments Account with the successor Paying Agent specified in (a) above;
- (iii) transfer the balance standing to the credit of the Payments Account, to the credit of the replacement account set out above;
- (iv) close the Payments Account, once the steps under (i),(ii) and (iii) are completed; and
- (v) terminate the appointment of the Paying Agent (and will notify the Representative of the Noteholders and the Rating Agencies thereof also in accordance with the Intercreditor Agreement) once the steps under (i),(ii),(iii) and (iv) are completed,

provided that:

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

See “*The Agency and Accounts Agreement*” below.

“**Eligible Institution**” means:

- (I) with respect to any entity (other than BP acting as Cash Account Bank),
 - (A) any depository institution organised under the laws of any state which is a member of the European Union or of the United States of America whose long-term unsecured and unsubordinated debt obligations are rated at least:
 - (i) “A2” by Moody’s; and
 - (ii) “A” by DBRS (either by way of a public rating or, in its absence, by way of a private rating supplied by DBRS) or, in the absence of any

rating supplied by DBRS, "A" or "A2" by at least two of Fitch, S&P or Moody's (provided that if such public rating is under credit watch negative, or equivalent, then such rating will be considered one notch below);

(B) whose obligations under the Transaction Documents to which it is a party are fully and unconditionally guaranteed on an unsubordinated basis by a depository institution organised under the laws of any state which is a member of the European Union or of the United States of America whose long-term unsecured and unsubordinated debt obligations are rated at least:

(iii) "A2" by Moody's; and

(iv) "A" by DBRS (either by way of a public rating or, in its absence, by way of a private rating supplied by DBRS) or, in the absence of any rating supplied by DBRS, "A" or "A2" by at least two of Fitch, S&P or Moody's (provided that if such public rating is under credit watch negative, or equivalent, then such rating will be considered one notch below);

(II) with respect to BP acting as Cash Account Bank, BP for so long as its long-term, unsecured and unsubordinated debt obligations are rated at least:

(i) "B1" by Moody's; and

(ii) "BBB" by DBRS (either by way of a public rating or, in its absence, by way of a private rating supplied by DBRS).

Eligible Investments

Eligible Investments means:

(i) any euro-denominated senior, unsubordinated dematerialised debt securities, bank account deposit (including for the avoidance of doubt time deposit) or other debt instruments (but excluding for avoidance of any doubt, the money market funds) provided that the relevant investments are issued or held by, or unlimited and irrevocably guaranteed on an unsubordinated basis by, an institution whose unsecured and unsubordinated debt obligations are rated at least:

(1) (A) either "Baa3" by Moody's in respect of long-term debt or "P-3" by Moody's in respect of short-term debt, with regard to investments having a maturity of less than one month, or such other lower rating being compliant with the criteria established by Moody's from time to time; (B) either "Baa2" by Moody's in respect of long-term debt or "P-2" by Moody's in respect of short-term debt, with regard to investments having a maturity between one and three months, or such other lower rating being compliant with the criteria established by Moody's from time to time; (C) "A3" 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 between three and six months, or such other lower rating being compliant with the

criteria established by Moody's from time to time; or (D) "A2" 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 longer than six months, or such other lower rating being compliant with the criteria established by Moody's from time to time; and

- (2) if such debt securities or other debt instruments are rated by DBRS (A) "R-2 (middle)" by DBRS in respect of short-term debt or "BBB" by DBRS in respect of long-term debt, with regard to investments having a maturity of less than one month; (B) "R-1 (low)" by DBRS in respect of short-term debt or "A (low)" by DBRS in respect of long-term debt, with regard to investments having a maturity between one and three months; (C) "R-1 (low)" by DBRS in respect of short-term debt or "A" by DBRS in respect of long-term debt, with regard to investments having a maturity between three and six months; or (D) "R-1 (middle)" by DBRS in respect of short-term debt and "A (high)" by DBRS in respect of long-term debt, with regard to investments having a maturity longer than six months, or such other lower rating being compliant with the criteria established by DBRS from time to time; such DBRS ratings by way of a public rating or, in the absence of any public rating supplied by DBRS, the DBRS Equivalent Rating by at least two of Fitch, S&P or Moody's (provided that if such public rating is under credit watch negative, or equivalent, then such rating will be considered one notch below);

provided that (a) such investments are immediately repayable on demand, disposable without penalty or loss or have a maturity date falling on or before the next following Liquidation Date; (b) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and (c) in the case of bank account or deposit (including for the avoidance of doubt time deposit), such bank account or deposit are held in England or Wales with an Eligible Institution in the name of the Issuer,

provided that (i) a legal, valid and binding guarantee substantially in the form of the Deed of Charge (which shall be compliant with the Rating Agencies' published criteria applicable from time to time) is created thereon and (ii) a legal opinion is provided to the Issuer (and disclosed to the Rating Agencies) confirming the validity and the enforceability of the security created thereon;

- (ii) any other investment that, upon prior written notice to DBRS and Moody's, does not adversely affect the current ratings of the Rated Notes;

provided further that, in any event, none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of (i) credit linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such

instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities or any other instrument from time to time specified in the European Central Bank monetary policy regulations applicable from time to time.

DBRS Equivalent Rating

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

DBRS	Moody’s	S&P	Fitch
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	D

Computation Agency

Pursuant to the Agency and Accounts Agreement, the Computation Agent has agreed to provide the Issuer with certain calculation, notification and reporting services in relation to the Claims and the Notes. By no later than 3 (three) Business Days prior to each Interest Payment Date (each such date, a “**Calculation Date**”) or, upon request by the Representative of the Noteholders, following the delivery of an Issuer Acceleration Notice, the Computation Agent will calculate the amounts to be disbursed on the following Interest Payment Date pursuant to the priority of payments as set forth in Condition 3(d) (*Pre-Enforcement Priority of Payments*) and will compile a payments report (the “**Payments Report**”) and will distribute by electronic means and/or fax the Payments Report to the Issuer, the Servicer, the Corporate Servicer, the Rating

Agencies, the Paying Agent, the Interim Account Bank, the Transaction Bank, the Cash Account Bank, the Corporate Servicer and the Representative of the Noteholders by no later than 6.00 p.m. (Milan time) on each Calculation Date.

In addition, the Computation Agent will prepare and deliver by no later than five Business Days following each Interest Payment Date to, *inter alios*, the Issuer, the Servicer, the Corporate Servicer, the Rating Agencies, the Paying Agent, the Interim Account Bank, the Transaction Bank, the Cash Account Bank, the Representative of the Noteholders, any stock exchange on which the Class A Notes are listed, a report containing details of, *inter alia*, the Notes (and any amounts paid thereunder on the immediately preceding Interest Payment Date), the Claims, amounts received by the Issuer from any source during the preceding Collection Period and amounts paid by the Issuer during such Collection Period as well as on the immediately preceding Interest Payment Date (the “**Investor Report**”). The Investor Report will be also made available to the Noteholders and the Issuer Secured Creditors on a quarterly basis via the Computation Agent’s internet website currently located at <https://gctabsreporting.bnpparibas.com/index.jsp>. The Computation Agent’s internet website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted with respect to the information posted thereon.

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

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

5. PRIORITY OF PAYMENTS

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

“**Issuer Available Funds**” means:

- (i) as of each Calculation Date prior to the service of an Issuer Acceleration Notice, an amount equal to the sum of:
 - (a) the amount standing to the credit of the Collection Account and of the Payments Account as at the end of the Collection Period immediately preceding the relevant Calculation Date consisting

of, *inter alia*:

- (I) payment of interest and repayment of principal under the Loans,
 - (II) any collections and/or recovery in respect of Defaulted Claims including any disposal proceeds deriving from the sale of any Defaulted Claims,
 - (III) any amount received by the Issuer under any of the Transaction Documents during the preceding Collection Period, and
 - (IV) all amounts of interest accrued in respect of any of the Accounts and paid during the Collection Period immediately preceding such Calculation Date;
- (b) the Cash Reserve as at the relevant Calculation Date;
 - (c) any refund or repayment obtained by the Issuer from any tax authority in respect of the Claims, the Transaction Documents or, otherwise, the Securitisation during the immediately preceding Collection Period; and
 - (d) without duplication of (a) above, on the Calculation Date immediately preceding the Final Redemption Date and on any Calculation Date thereafter, the amount standing to the balance of the Expenses Account;
 - (e) without duplication of (a) above, any amount invested in Eligible Investments (if any) during the immediately preceding Collection Period from the Collection Account, following liquidation thereof on the preceding Liquidation Date;
 - (f) the Revenue Eligible Investments Amount realised on the preceding Liquidation Date, if any;
- (ii) as of each Calculation Date following the service of an Issuer Acceleration Notice, the aggregate of the amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims, the Note Security and the Issuer's Rights under the Transaction Documents.

“Insurance Premia” means the insurance premia paid by Banco Popolare and Creberg (before the merger into Banco Popolare) and which are due to Banco Popolare (following the merger of Creberg into Banco Popolare) by the Issuer in accordance with the Transfer Agreements.

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

aggregate of the Rateo Amount of each Transfer Agreement;

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

“**Servicer’s Advance**” means those amounts due to the relevant Servicer under clauses 3.9 and 12.5.4 of the Servicing Agreement.

Pre-Enforcement Priority of Payments

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

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

- (ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
 - (A) any and all outstanding fees, costs and expenses of and all other amounts due and payable to the Representative of the Noteholders, or any appointee thereof; and
 - (B) the amount necessary to replenish the Expenses Account up to the Retention Amount;
- (iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses due and payable to, the Paying Agent, the Agent Bank, the Computation Agent, the Back-up Servicer Facilitator, the Servicer, the Corporate Servicer, the Administrative Servicer, the Interim Account Bank, the Cash Account Bank and the Transaction Bank, each, under the Transaction Document(s) to which it is a party;
- (iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class A Notes;
- (v) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class B Notes;
- (vi) *sixth*, for so long as there are Rated Notes outstanding, to credit the Cash Reserve Account with the amount required, if any, such that the Cash Reserve equals the Target Cash Reserve Amount;
- (vii) *seventh*, for so long as there are Rated Notes outstanding and following the occurrence of a Servicer Report Delivery Failure Event, but only if on such Interest Payment Date the Servicer Report Delivery Failure Event is still outstanding, to credit the remainder to the Payments Account;
- (viii) *eighth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class A Notes;
- (ix) *ninth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes;
- (x) *tenth*, in or towards satisfaction of all amounts due and payable to the Originator in respect of the Rateo Amounts (if any) under the terms of the Transaction Documents;
- (xi) *eleventh*, in or towards satisfaction of all amounts of interest and principal due and payable to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;

- (xii) *twelfth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
 - (A) all amounts due and payable to the Originator in respect of the Originator's Claims (if any) under the terms of the Transaction Documents, to the extent not already paid under item (*tenth*) above;
 - (B) all amounts due and payable to the Servicer as Servicer's Advance (if any) under the terms of the Servicing Agreement; and
 - (C) all amounts due and payable to Banco Popolare in connection with the granting of the limited recourse loan under the Letter of Undertaking;
- (xiii) *thirteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any Other Issuer Creditor incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Pre-Enforcement Priority of Payments);
- (xiv) *fourteenth*, upon repayment in full of the Rated Notes, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of the Junior Notes is equal to € 50,000;
- (xv) *fifteenth*, on the Final Redemption Date and on any Interest Payment Date thereafter, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Junior Notes are redeemed in full; and
- (xvi) *sixteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of the Junior Notes Remuneration (if any) due and payable on the Junior Notes.

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

Post-Enforcement Priority of Payments

Following the service of an Issuer Acceleration Notice, or, in the event that the Issuer opts for the early redemption of the Notes under Condition 7(e) (*Optional redemption of the Notes*) or

Condition 7(f) (*Optional redemption for taxation, legal or regulatory reasons*), the Issuer Available Funds as calculated on each Calculation Date will be applied by or on behalf of the Representative of the Noteholders on the Interest Payment Date immediately following such Calculation Date in making payments or provisions in the following order (the “**Post-Enforcement Priority of Payments**”) but, in each case, only if and to the extent that payments of a higher priority have been made in full:

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

- Transaction Bank, each, under the Transaction Document(s) to which it is a party;
- (iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class A Notes at such date;
 - (v) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class A Notes;
 - (vi) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class B Notes at such date;
 - (vii) *seventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes;
 - (viii) *eighth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof:
 - (A) all amounts due and payable to the Originator in respect of the Originator's Claims (if any) under the terms of the Transaction Documents;
 - (B) all amounts due and payable to the Servicer as Servicer's Advance (if any) under the terms of the Servicing Agreement; and
 - (C) all amounts due and payable to Banco Popolare in connection with the granting of the limited recourse loan under the Letter of Undertaking;
 - (ix) *ninth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any Other Issuer Creditor incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Post-Enforcement Priority of Payments);
 - (x) *tenth*, in or towards satisfaction of all amounts of interest and principal due and payable to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
 - (xi) *eleventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of the Junior Notes is equal to € 50,000;
 - (xii) *twelfth*, on the Post-Enforcement Final Redemption Date and on any date thereafter, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Junior Notes are redeemed in

full; and

- (xiii) *thirteenth*, up to but excluding the Post-Enforcement Final Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of the Junior Notes Remuneration at such date,

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

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

6. REDEMPTION OF THE NOTES

Optional redemption of the Notes

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

- (a) giving not more than 60 (sixty) nor less than 30 (thirty) days' notice to the Representative of the Noteholders, the Noteholders and the Rating Agencies, in accordance with Condition 17 (*Notices*), of its intention to redeem all Classes of Notes (in whole but not in part); and
- (b) having provided, prior to giving such notice, to the Representative of the Noteholders a certificate signed by the chairman of the board or the sole director of the Issuer (as applicable) to the effect that it will have the funds on such Interest Payment Date to discharge all its obligations under the Notes (or the Rated Notes only, if all the holders of the Junior Notes consent) and any obligations ranking in priority, or *pari passu*, thereto.

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

Optional redemption for

Prior to the service of an Issuer Acceleration Notice, the Issuer

taxation, legal or regulatory reasons

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

- (a) the assets of the Issuer in respect of this Securitisation (including the Claims, the Collections and the other Issuer's Rights) become subject to taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political sub-division thereof or by any authority thereof or therein or by any applicable taxing authority having jurisdiction; or
- (b) either the Issuer or any paying agent appointed in respect of the Rated Notes or any custodian of the Rated Notes is required to deduct or withhold any amount (other than in respect of a Law 239 Deduction)) in respect of any Class of Rated Notes, from any payment of principal or interest on such Interest Payment Date for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political sub-division thereof or by any authority thereof or therein or by any other applicable taxing authority having jurisdiction and provided that such deduction or withholding may not be avoided by appointing a replacement paying agent or custodian in respect of the Rated Notes before the Interest Payment Date following the change in law or the interpretation or administration thereof; or
- (c) any amounts of interest payable on the Loans to the Issuer are required to be deducted or withheld from the Issuer for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political sub-division thereof or by any authority thereof or therein or by any other applicable taxing authority having jurisdiction; or
- (d) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party;

subject to the Issuer:

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

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

Mandatory redemption

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

Cancellation

If the Notes cannot be redeemed in full on the Maturity Date, as a result of the Issuer having insufficient funds available to it in accordance with the Conditions for application in or towards such redemption, including the proceeds of any sale of Claims or any enforcement of the Note Security, any amount unpaid shall remain

outstanding and the Conditions shall continue to apply in full in respect of the Notes until the earlier of (i) the date on which the Notes are redeemed in full and (ii) the Cancellation Date, at which date, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Issuer, any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled.

Estimated weighted average life of the Rated Notes and assumptions

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

The estimated weighted average life of the Rated Notes is set out under “*Estimated weighted average life of the Rated Notes and assumptions*”.

7. EVENTS OF DEFAULT

Events of Defaults

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

- (i) *Non-payment*:
 - (a) the Issuer fails to repay any amount of principal in respect of the Rated Notes on the Maturity Date (provided that a 3 (three) Business Days' grace period shall apply) or fails to pay any Interest Amount within five days of the relevant Interest Payment Date; or
 - (b) having enough Issuer Available Funds available in accordance with the applicable Order of Priority to pay the amount of principal then due and payable on the Rated Notes, the Issuer defaults in the payment of such amount for a period of 3 (three) Business Days from the due date thereof; or
- (ii) *Breach of other obligations*: the Issuer fails to perform or observe any of its other obligations under or in respect of the Rated Notes (other than any obligation for payment of principal or interest on the Rated Notes), the Intercreditor Agreement or any other Transaction Document to which it is a party and such default is, in the sole opinion of the Representative of the Noteholders, (A) incapable of remedy or (B) capable of remedy, but remains unremedied for 30 days or such longer period as the Representative of the Noteholders may agree (in its sole discretion) after the Representative of the Noteholders has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Senior

Noteholders and requiring the same to be remedied; or

- (iii) *Failure to take action*: any action, condition or thing at any time required to be taken, fulfilled or done in order:
 - (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Rated Notes and the Transaction Documents to which the Issuer is a party; or
 - (B) to ensure that those obligations are legal, valid, binding and enforceable,is not taken, fulfilled or done at any time and the Representative of the Noteholders has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Senior Noteholders and requiring the same to be remedied; or
- (iv) *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer or the Issuer becomes Insolvent; or
- (v) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Rated Notes or the Transaction Documents to which the Issuer is a party;

**Service of an Issuer
Acceleration Notice**

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

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

give written notice (an “**Issuer Acceleration Notice**”) to the Issuer and to the Servicer declaring the Notes to be due and payable, provided that:

- (a) in the case of the occurrence of any of the events mentioned in Conditions 10(a)(ii) (*Breach of other obligations*) and Condition 10(a)(iii) (*Failure to take action*), the service of an Issuer Acceleration Notice has been approved by an Extraordinary Resolution of the holders of the Most Senior Class of Notes; and
- (b) in each case, the Representative of the Noteholders shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered where

available) to which it may thereby become liable or which it may incur by so doing.

Consequences of service of an Issuer Acceleration Notice

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

8. CREDIT STRUCTURE

Cash Reserve

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

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

The Cash Reserve Account will be funded on the Issue Date in an amount equal to € 80,802,000.00, by utilising (A) the amounts to be drawn down by the Issuer under the Subordinated Loan Agreement in an amount of € 76,900,000.00 and (B) a portion of the aggregate amounts collected under the Loans between the Valuation Date (included) and the Closing Date (but excluding those collections constituting repayment of principal and prepayments) an amount of € 3,902,000.00.

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

On each Calculation Date, the Cash Reserve (or part of it) will be used to augment the Issuer Available Funds.

“**Target Cash Reserve Amount**” means € 80,802,000.00 (being an amount equal to 6 per cent. of the aggregate Principal Amount Outstanding of the Rated Notes as at the Issue Date) provided that the Target Cash Reserve Amount will be equal to zero on the earlier of (i) the Maturity Date; (ii) the Final Redemption Date (iii) the Interest Payment Date on which the Rated Notes are redeemed in full; and (iv) the Interest Payment Date on which the Class B Notes may be fully redeemed also utilising the amounts which would otherwise be credited to the item (*sixth*) of the Pre-Enforcement Priority of Payments on such Interest Payment Date.

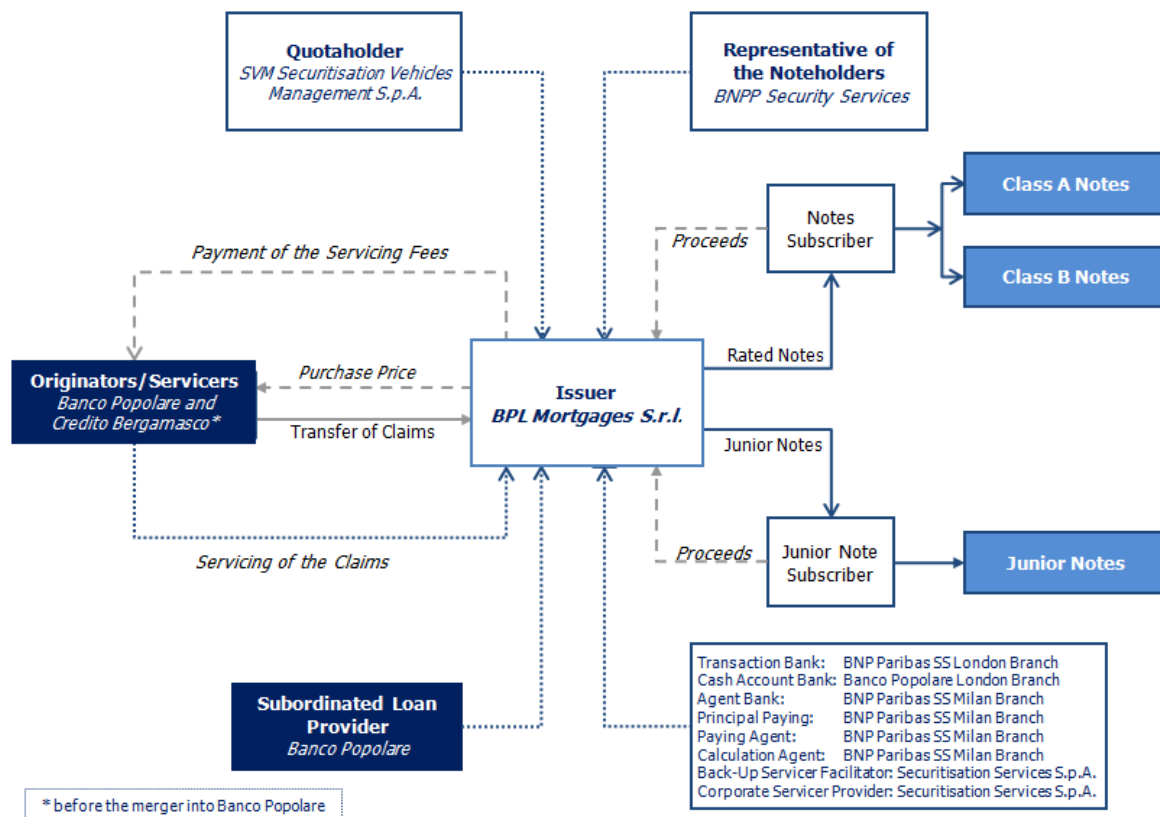
Letter of Undertaking

Pursuant to a letter of undertaking in relation to the Issuer (the “**Letter of Undertaking**”) dated on or about the Issue Date between the Issuer, the Representative of the Noteholders and Banco Popolare (in such capacity, the “**Financing Bank**”), the

Financing Bank has undertaken to provide the Issuer with all necessary monies (in any form of financing deemed appropriate by the Representative of the Noteholders, for example by way of a subordinated loan, (the repayment of which is effected in compliance with the Pre-Enforcement Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments) in order for the Issuer to pay any losses, costs, expenses or liabilities in respect of certain exceptional liabilities set out in the Letter of Undertaking.

STRUCTURE DIAGRAM

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



CREDIT STRUCTURE

Ratings of the Notes

It is a condition precedent to the issue of the Notes that the Class A Notes will be rated “A(sf)” by DBRS Ratings Limited and “A2(sf)” by Moody's Investors Service Limited and the Class B Notes will be rated “BBB-(sf)” by DBRS Ratings Limited and “Baa2(sf)” by Moody's Investors Service Limited.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by DBRS Ratings Limited and Moody's Investors Service Limited.

The Junior Notes will not be assigned a rating.

Cash flow through the Accounts

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

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

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

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

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

Cash Reserve

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

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

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

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

Subordination

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

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

Note Security

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

THE PORTFOLIO

On the 27 May 2014 (the “**Signing Date**”), the Issuer acquired from the Banco Popolare and Credito Bergamasco S.p.A. (“**Creberg**”, before the merger into Banco Popolare) without recourse (*pro soluto*):

- (a) the monetary claims (the “**Banco Popolare Claims**”) and other connected rights arising out of a portfolio consisting of secured and unsecured loans disbursed to SMEs in various technical forms (such as *mutui fondiari*, *mutui ipotecari*, *mutui agrari* or *altri prestiti*) (the “**Banco Popolare Loans**”) owed to Banco Popolare (the “**Banco Popolare Portfolio**”); and
- (b) the monetary claims (the “**Creberg Claims**”) and other connected rights arising out of a portfolio consisting of secured and unsecured loans disbursed to SMEs in various technical forms (such as *mutui fondiari*, *mutui ipotecari*, *mutui agrari* or *altri prestiti*) (the “**Creberg Loans**”) owed to Creberg (the “**Creberg Portfolio**”).

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

The Claims have characteristics that (taken together with the structural features of the Securitisation and the arrangements entered into or to be entered into in accordance with the Transaction Documents) demonstrate capacity to produce funds to service any payments due and payable on the Rated Notes in accordance with the Conditions. However, regard should be had both to the characteristics of the Portfolio and the other assets and rights available to the Issuer under the Securitisation and the risks to which the Issuer and the Noteholders may be exposed. Prospective holders of the Notes should consider the detailed information set out elsewhere in this Prospectus, including without limitation under the section “*Risk factors*”, above.

The Loans comprising the Portfolio have been selected as at 12 May 2014 (the “**Valuation Date**”) on the basis of certain criteria which are summarised under “*The Transfer Agreements*” below and which were published on 31 May 2014 in No. 64 *Part II* of the Italian Official Gazette (*Gazzetta Ufficiale della Repubblica Italiana*) and registered with the competent companies’ register as required under the Securitisation Law. See “*The Transfer Agreements*”.

All information and statistical data contained in this section, on the other hand, are representative of the characteristics of the Portfolio as of the Valuation Date.

As at the Valuation Date:

- (i) the Banco Popolare Portfolio consisted of 11,406 Banco Popolare Loans extended to the borrowers under the Banco Popolare Loans (the “**Banco Popolare Borrowers**”). As at the Valuation Date, the aggregate outstanding principal balance of the Banco Popolare Claims was Euro 1,482,072,733.55; and
- (ii) the Creberg Portfolio consisted of 3,098 Creberg Loans extended to the borrowers under the Creberg Loans (the “**Creberg Borrowers**”). As at the Valuation Date, the aggregate outstanding principal balance of the Creberg Claims was Euro 313,525,675.86.

The Banco Popolare Borrowers and the Creberg Borrowers are collectively referred to as the “**Borrowers**”.

As at the Valuation Date, the Banco Popolare Claims met the Banco Popolare Criteria and the Creberg Claims met the Creberg Criteria. See “*Transfer Agreements*” below.

Main characteristics of the Portfolio

All information and statistical data contained below in this section are representative of the characteristics of the Portfolio as at the relevant Valuation Date. Accordingly, the information in

relation to the Portfolio set out below does not necessarily reflect the composition of the Portfolio on the Issue Date.

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

1. Breakdown of the Portfolio by current balance for each Originator

The following table shows the breakdown of the Loans disbursed to one or more individuals by current balance for each Originator.

Originator	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
Banco Popolare	11,406	78.64%	1,482,072,734	82.54%
Creberg	3,098	21.36%	313,525,676	17.46%
	-	0.00%	-	0.00%
Total	14,504	100.00%	1,795,598,409	100.00%

2. Breakdown of the Portfolio by interest rate type

The following table shows the breakdown of the Loans disbursed to one or more individuals by interest rate type.

Interest type	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
fisso	896	6.18%	41,676,337	2.32%
variabile	13,608	93.82%	1,753,922,072	97.68%
	-	0.00%	-	0.00%
Total	14,504	100.00%	1,795,598,409	100.00%

3. Breakdown of the Portfolio by type of parameter

The following table shows the breakdown of the Loans disbursed to one or more individuals by parameter.

Base Index type (Floating loans)	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
Eur 1m	120	0.88%	33,691,159	1.92%
Eur 3m	13,197	96.99%	1,639,354,128	93.48%
Eur 6m	290	2.13%	80,734,551	4.60%
Total	13,607	100.00%	1,753,779,839	100.00%

4. Breakdown of the Portfolio by region of the property location

The following table shows the breakdown of the Loans disbursed to one or more individuals by region of the property location*.

Property Region	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)		
ABRUZZO	-	0.00%	-	0.00%	NORD	75.76%
BASILICATA	16	0.52%	3,112,617	0.25%	CENTRO	19.08%
CALABRIA	4	0.13%	423,157	0.03%	SUD	5.15%
CAMPANIA	32	1.04%	7,714,376	0.63%		100.00%
EMILIA ROMAGNA	560	18.21%	214,699,069	17.57%		
FRIULI VENEZIA GIULIA	10	0.33%	4,529,271	0.37%		
LAZIO	160	5.20%	51,588,741	4.22%		
LIGURIA	122	3.97%	52,979,387	4.34%		
LOMBARDIA	913	29.68%	387,593,309	31.73%		
MARCHE	5	0.16%	1,159,074	0.09%		
MOLISE	5	0.16%	3,951,396	0.32%		
PIEMONTE	319	10.37%	107,384,424	8.79%		
PUGLIA	7	0.23%	4,802,957	0.39%		
SARDEGNA	12	0.39%	8,290,422	0.68%		
SICILIA	153	4.97%	34,672,037	2.84%		
TOSCANA	342	11.12%	178,563,648	14.62%		
TRENTINO ALTO ADIGE	15	0.49%	5,680,614	0.46%		
UMBRIA	19	0.62%	1,804,690	0.15%		
UNKNOWN	-	0.00%	-	0.00%		
VALLE D'AOSTA	15	0.49%	5,115,582	0.42%		
VENETO	367	11.93%	147,641,401	12.08%		
no/data	-	0.00%	-	0.00%		
	-	0.00%	-	0.00%		
Total	3,076	100.00%	1,221,706,175	100.00%		

5. Breakdown of the Portfolio by date of origination

The following table shows the breakdown of the Loans disbursed to one or more individuals by date of origination.

Date of Origination	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
<=31/12/2003	60	0.41%	9,052,897	0.50%
>=01/01/2004 <=31/12/2004	44	0.30%	9,396,956	0.52%
>=01/01/2005 <=30/06/2005	26	0.18%	5,768,343	0.32%
>=01/07/2005 <=31/12/2005	29	0.20%	6,566,294	0.37%
>=01/01/2006 <=30/06/2006	42	0.29%	11,338,404	0.63%
>=01/07/2006 <=31/12/2006	48	0.33%	18,241,692	1.02%
>=01/01/2007 <=30/06/2007	41	0.28%	11,429,931	0.64%
>=01/07/2007 <=31/12/2007	54	0.37%	18,092,762	1.01%
>=01/01/2008 <=30/06/2008	89	0.61%	43,542,541	2.42%
>=01/07/2008 <=31/12/2008	65	0.45%	26,656,180	1.48%
>=01/01/2009 <=31/12/2009	279	1.92%	143,073,501	7.97%
>=01/01/2010 <=31/12/2010	727	5.01%	325,363,875	18.12%
>=01/01/2011 <=31/12/2011	633	4.36%	264,009,678	14.70%
>=01/01/2012 <=31/12/2012	250	1.72%	96,567,753	5.38%
>=01/01/2013 <=31/12/2013	8,248	56.87%	496,675,881	27.66%
>=01/01/2014	3,869	26.68%	309,821,721	17.25%
Total	14,504	100.00%	1,795,598,409	100.00%

6. Breakdown of the Portfolio by maturity

The following table shows the breakdown of the Loans disbursed to one or more individuals by maturity.

Date of Maturity	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
<=31/12/2014	3,526	24.31%	94,809,149	5.28%
>=01/01/2014 <=31/12/2016	3,841	26.48%	194,418,450	10.83%
>=01/01/2017 <=31/12/2020	4,667	32.18%	484,292,227	26.97%
>=01/01/2021 <=31/12/2024	1,428	9.85%	563,193,537	31.37%
>=01/01/2025 <=31/12/2028	591	4.07%	304,600,687	16.96%
>=01/01/2029 <=31/12/2031	132	0.91%	55,017,661	3.06%
>=01/01/2032 <=31/12/2035	175	1.21%	68,270,611	3.80%
>=01/01/2036 <=31/12/2039	106	0.73%	24,991,366	1.39%
>=01/01/2040 <=31/12/2043	31	0.21%	4,310,019	0.24%
>=01/01/2044 <=31/12/2047	7	0.05%	1,694,703	0.09%
>=01/01/2048	-	0.00%	-	0.00%
Total	14,504	100.00%	1,795,598,409	100.00%

7. Breakdown of the Portfolio by original balance

The following table shows the breakdown of the Loans disbursed to one or more individuals by original balance (in Euro).

Original Loan Amount	Number of Loans	% of Total Number of Loans	Original Balance (€)	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
<=20000	4,156	28.65%	55,241,505	44,163,753	2.46%
>20000 <=40000	3,374	23.26%	93,552,242	70,959,085	3.95%
>40000 <=60000	1,688	11.64%	83,220,135	59,741,584	3.33%
>60000 <=80000	698	4.81%	49,825,700	36,605,432	2.04%
>80000 <=100000	947	6.53%	91,343,421	64,950,999	3.62%
>100000 <=300000	2,219	15.30%	392,845,645	304,774,468	16.97%
>300000 <=400000	245	1.69%	89,504,264	67,494,972	3.76%
>400000 <=500000	252	1.74%	120,007,273	85,744,405	4.78%
>500000 <=600000	119	0.82%	67,751,299	50,748,845	2.83%
>600000 <=700000	92	0.63%	61,537,619	45,160,850	2.52%
>700000 <=800000	89	0.61%	68,492,243	50,895,381	2.83%
>800000 <=900000	49	0.34%	42,436,764	30,747,095	1.71%
>900000 <=1000000	84	0.58%	82,957,208	59,200,480	3.30%
>1000000 <=2000000	306	2.11%	453,135,200	318,534,663	17.74%
>2000000 <=3000000	91	0.63%	232,794,702	165,364,807	9.21%
>3000000 <=4000000	40	0.28%	142,098,041	90,205,052	5.02%
>4000000 <=5000000	21	0.14%	97,374,835	72,612,181	4.04%
>5000000	34	0.23%	261,799,250	177,694,358	9.90%
Total	14,504	100.00%	2,485,917,345	1,795,598,409	100.00%

8. Breakdown of the Portfolio by current balance

The following table shows the breakdown of the Loans disbursed to one or more individuals by current balance (in Euro).

Current Loan Outstanding	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
<=20000	6,111	42.13%	70,805,935	3.94%
>20000 <=40000	2,857	19.70%	81,201,404	4.52%
>40000 <=60000	1,222	8.43%	60,022,235	3.34%
>60000 <=80000	684	4.72%	47,771,722	2.66%
>80000 <=100000	656	4.52%	59,836,548	3.33%
>100000 <=200000	1,395	9.62%	201,024,376	11.20%
>200000 <=300000	466	3.21%	116,903,893	6.51%
>300000 <=400000	243	1.68%	86,100,814	4.80%
>400000 <=500000	178	1.23%	81,085,619	4.52%
>500000 <=600000	105	0.72%	58,648,481	3.27%
>600000 <=700000	80	0.55%	52,774,629	2.94%
>700000 <=800000	83	0.57%	62,475,431	3.48%
>800000 <=900000	44	0.30%	37,454,202	2.09%
>900000 <=1000000	39	0.27%	37,355,058	2.08%
>1000000 <=2000000	216	1.49%	304,612,349	16.96%
>2000000 <=3000000	70	0.48%	169,354,646	9.43%
>3000000 <=4000000	23	0.16%	79,763,522	4.44%
>4000000 <=5000000	16	0.11%	73,054,964	4.07%
>5000000	16	0.11%	115,352,580	6.42%
Total	14,504	100.00%	1,795,598,409	100.00%

9. Breakdown of the Portfolio by loan seasoning (years)

The following table shows the breakdown of the Loans disbursed to one or more individuals by loan seasoning (years).

Seasoning	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Seasoning (Years)
<=2	12,271	84.60%	868,619,931	48.37%	0.64
>2	1,248	8.60%	517,965,632	28.85%	3.18
>4	586	4.04%	287,970,140	16.04%	4.60
>6	128	0.88%	53,535,287	2.98%	6.35
>7	84	0.58%	30,168,039	1.68%	7.57
>8	67	0.46%	16,261,282	0.91%	8.50
>9	50	0.34%	10,847,127	0.60%	9.60
>10	70	0.48%	10,230,971	0.57%	11.63
Total	14,504	100.00%	1,795,598,409	100.00%	2.48

10. Breakdown of the Portfolio by remaining term (years)

The following table shows the breakdown of Loans disbursed to one or more individuals by remaining term.

Remaining Term	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Remaining Term (Years)
<=5	11,576	79.81%	628,930,957	35.03%	2.67
>5	1,781	12.28%	659,086,384	36.71%	7.92
>10	743	5.12%	368,855,467	20.54%	12.55
>15	242	1.67%	100,133,704	5.58%	17.80
>20	122	0.84%	32,089,160	1.79%	23.15
>25	39	0.27%	5,648,737	0.31%	27.82
>30	1	0.01%	854,000	0.05%	30.50
Total	14,504	100.00%	1,795,598,409	100.00%	7.93

11. Breakdown of the Portfolio by payment frequency

The following table shows the breakdown of the Loans disbursed to one or more individuals by payment frequency.

Frequency	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
Monthly	12,060	83.15%	928,872,328	51.73%
Quarterly	1,834	12.64%	589,072,813	32.81%
Semi annual	605	4.17%	273,683,559	15.24%
Annual	5	0.03%	3,969,709	0.22%
Total	14,504	100.00%	1,795,598,409	100.00%

12. Breakdown of the Portfolio by payment method

The following table shows the breakdown of the Loans disbursed to one or more individuals by payment method.

Method of Payment	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
C/C	14,266	98.36%	1,684,944,921	93.84%
MAV	-	0.00%	-	0.00%
PER CASSA	180	1.24%	102,000,801	5.68%
RID	58	0.40%	8,652,688	0.48%
	-	0.00%	-	0.00%
Total	14,504	100.00%	1,795,598,409	100.00%

13. Breakdown of the Portfolio by interest rate

The following table shows the breakdown of the Loans disbursed to one or more individuals by interest rate (rate of last instalment due and paid).

Interest Rate (rate of last instalment due and paid)		Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
>2	<=2	944	6.51%	429,553,220	23.92%
>3	<=3	1,034	7.13%	366,917,379	20.43%
>4	<=4	1,057	7.29%	243,683,148	13.57%
>5	<=5	1,867	12.87%	337,020,975	18.77%
>6	<=6	2,602	17.94%	208,555,432	11.61%
>7	<=7	3,212	22.15%	123,258,557	6.86%
>8	<=8	1,682	11.60%	46,926,273	2.61%
		2,106	14.52%	39,683,425	2.21%
Total		14,504	100.00%	1,795,598,409	100.00%

14. Breakdown of the Portfolio by Ateco

The following table shows the breakdown of the Portfolio by Ateco:

AITECO		Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)
682001	LOCAZIONE IMMOBILIARE DI BENI PROPRI	772	5.32%	322,036,211	17.93%
412000	COSTRUZIONE DI EDIFICI RESIDENZIALI E NON RESID	981	6.76%	257,734,147	14.35%
681000	COMPRAVENDITA DI BENI IMMOBILI EFFETTUATA S	386	2.66%	154,985,661	8.63%
411000	SVILUPPO DI PROGETTI IMMOBILIARI SENZA COSTRI	298	2.05%	117,050,329	6.52%
15000	COLTIVAZIONI AGRICOLE ASSOCIATE ALL'ALLEVAM	171	1.18%	39,023,098	2.17%
14100	ALLEVAMENTO DI BOVINI E BUFALAE DA LATTE, PRC	127	0.88%	32,319,563	1.80%
551000	ALBERGHI	155	1.07%	32,056,949	1.79%
351100	PRODUZIONE DI ENERGIA ELETTRICA	33	0.23%	31,419,880	1.75%
12100	COLTIVAZIONE DI UVA	169	1.17%	26,274,158	1.46%
11110	COLTIVAZIONE DI CEREALI (ESCLUSO IL RISO)	179	1.23%	22,518,177	1.25%
642000	ATTIVITA' DELLE SOCIETA' DI PARTECIPAZIONE (HC	13	0.09%	18,164,629	1.01%
561011	RISTORAZIONE CON SOMMINISTRAZIONE	307	2.12%	13,808,041	0.77%
451101	COMMERCIO ALL'INGROSSO E AL DETTAGLIO DI AUT	75	0.52%	13,315,434	0.74%
11140	COLTIVAZIONI MISTE DI CEREALI, LEGUMI DA GRAN	81	0.56%	13,285,030	0.74%
711100	ATTIVITA' DEGLI STUDI DI ARCHITETTURA	77	0.53%	12,129,047	0.68%
432101	INSTALLAZIONE DI IMPIANTI ELETTRICI IN EDIFICI	250	1.72%	11,161,676	0.62%
494100	TRASPORTO DI MERCI SU STRADA	273	1.88%	10,728,852	0.60%
11310	COLTIVAZIONE DI ORTAGGI (INCLUSI I MELONI) IN F	54	0.37%	10,627,986	0.59%
682002	AFFITTO DI AZIENDE	7	0.05%	10,444,763	0.58%
11910	COLTIVAZIONE DI FIORI IN PIENA ARIA	115	0.79%	10,101,410	0.56%
701000	ATTIVITA' DELLE HOLDING IMPEGNATE NELLE ATT	21	0.14%	10,057,914	0.56%
381100	RACCOLTA DEI RIFIUTI SOLIDI NON PERICOLOSI	30	0.21%	9,390,656	0.52%
256200	LAVORI DI MECCANICA GENERALE	191	1.32%	9,077,048	0.51%
702209	ALTRE ATTIVITA' DI CONSULENZA IMPRENDITORIAI	127	0.88%	8,394,139	0.47%
452010	RIPARAZIONI MECCANICHE DI AUTOVEICOLI	149	1.03%	8,142,273	0.45%
563000	BAR E ALTRI ESERCIZI SIMILI SENZA CUCINA	306	2.11%	7,920,746	0.44%
467310	COMMERCIO ALL'INGROSSO DI LEGNAME, SEMILAVO	45	0.31%	7,384,941	0.41%
522910	SPEDIZIONIERI E AGENZIE DI OPERAZIONI DOGANAL	14	0.10%	7,300,316	0.41%
871000	STRUTTURE DI ASSISTENZA INFERMIERISTICA RESID	20	0.14%	7,110,764	0.40%
360000	RACCOLTA, TRATTAMENTO E FORNITURA DI ACQUA	6	0.04%	6,973,563	0.39%
282500	FABBRICAZIONE DI ATTREZZATURE DI USO NON DO	35	0.24%	6,828,258	0.38%
683100	ATTIVITA' DI MEDIAZIONE IMMOBILIARE	55	0.38%	6,575,376	0.37%
467322	COMMERCIO ALL'INGROSSO DI ALTRI MATERIALI PE	47	0.32%	6,231,714	0.35%
477110	COMMERCIO AL DETTAGLIO DI CONFEZIONI PER AD	162	1.12%	6,071,338	0.34%
12200	COLTIVAZIONE DI FRUTTA DI ORIGINE TROPICALE E	45	0.31%	5,840,334	0.33%
439100	REALIZZAZIONE DI COPERTURE	34	0.23%	5,733,474	0.32%
222100	FABBRICAZIONE DI LASTRE, FOGLI, TUBI E PROFILA	53	0.37%	5,547,697	0.31%
433901	ATTIVITA' NON SPECIALIZZATE DI LAVORI EDILI (M	128	0.88%	5,293,066	0.29%
421200	COSTRUZIONE DI LINEE FERROVIARIE E METROPOLI	33	0.23%	5,241,242	0.29%
462121	COMMERCIO ALL'INGROSSO DI TABACCO GREZZO	2	0.01%	5,230,150	0.29%
352100	PRODUZIONE DI GAS	2	0.01%	5,108,077	0.28%
432201	INSTALLAZIONE DI IMPIANTI IDRAULICI, DI RISCALI	164	1.13%	5,055,676	0.28%
352200	DISTRIBUZIONE DI COMBUSTIBILI GASSOSI MEDIAN	5	0.03%	4,830,747	0.27%
81200	ESTRAZIONE DI GHIAIA, SABBIA; ESTRAZIONE DI ARC	12	0.08%	4,826,707	0.27%
14600	ALLEVAMENTO DI SUINI	13	0.09%	4,789,068	0.27%
431100	DEMOLIZIONE	29	0.20%	4,763,229	0.27%
692020	ATTIVITA' DELLE SOCIETA' DI REVISIONE E CERTIFIC	103	0.71%	4,578,845	0.26%
172301	FABBRICAZIONE DI PRODOTTI CARTOTECNICI SCOL	38	0.26%	4,557,838	0.25%
591400	ATTIVITA' DI PROIEZIONE CINEMATOGRAFICA	4	0.03%	4,473,395	0.25%
261109	FABBRICAZIONE DI ALTRI COMPONENTI ELETTRON	38	0.26%	4,402,059	0.25%
Altro		8,070	55.64%	448,702,718	24.99%
Total		14,504	100.00%	1,795,598,409	100.00%

THE ORIGINATOR AND SERVICER

Banco Popolare Società Cooperativa

Incorporation

Banco Popolare Società Cooperativa (the "**Originator**" or "**Servicer**" or "**Banco Popolare**") was incorporated on 1 July 2007 as a result of the merger (the "**Merger**") between Banco Popolare di Verona e Novara società cooperativa a responsabilità limitata ("**BPVN**") and Banca Popolare Italiana – Banca Popolare di Lodi Società Cooperativa ("**BPI**"), which came into effect on 1 July 2007. Banco Popolare, together with its subsidiaries, is referred to as the "**Banco Popolare Group**" or the "**Group**". Banco Popolare's term of duration has been established as up until 31 December 2040, and may be extended.

History of the Group

BPVN

BPVN was formed in 2002 following the merger between Banca Popolare di Verona – Banco S.Geminiano e S.Prospiero Società cooperativa di credito a responsabilità limitata ("**BPV**") and Banca Popolare di Novara Società cooperativa a responsabilità limitata ("**BPN**"). BPV was founded as Banca Mutua Popolare di Verona on 21 June 1867 as the seventh cooperative bank to be incorporated in Italy. Since then, BPV expanded, starting in 1935 with the acquisition of Banca Cattolica Veronese, and with the opening of branches and acquisitions of other lending institutions. In Italy, BPV merged with the Modena-based Banco S.Geminiano e S.Prospiero S.p.A. in 1995 and, in 1997, took control of Credito Bergamasco S.p.A., a banking institution in the North of Italy, whose shares are listed on the screen-based market of the Italian Stock Exchange Mercato Telematico Azionario (the "**MTA**"). In 1998, BPV shares were admitted to trading on the MTA. On the international front BPV opened a Luxembourg branch in 1991, and in 1994 founded Banca Popolare di Verona International S.A.

BPN was incorporated as a limited cooperative lending company by Royal Decree on 17 September 1871. Since the early 1900s, BPN grew in northern and central Italy through the opening of branches as well as through the consolidation of several small-sized local banks. This continued through to the 1970s, together with the opening of representative offices in various foreign cities (for example, London and Frankfurt). In 1978 BPN shares were admitted to trading on the Italian Stock Exchange. In the 1980s, BPN opened branches outside of Italy (Banca Interpopolare di Zurigo e Lugano), as well as in Central and Southern Italy (the consolidation of Banca Popolare di Pisa, Banca Popolare di La Spezia e Lunigiana, Banca Popolare di Nola, Banca Popolare di Catania and Credito Campano). BPN also acquired equity investments in ancillary lending sectors (INCE, Efibanca, Sogepo and Compagnia Finanziaria Ligure Piemontese), and took control of Banca Popolare di Lecco, Banca Sannitica and Banque de l'Union Maritime et Financière de Paris. In 1991, Banca Novara International S.A. was formed in Luxembourg. In the early 1990s, BPN undertook a reorganisation and rationalisation process, which included the consolidation of INCE and Banca Sannitica and the disposal of a range of equity investments.

BPI

BPI was incorporated in 1864 and was the first cooperative bank established in Italy. It was formed to promote savings by local customers and to provide banking services to support their business activities. BPI was listed on the Mercato Ristretto of the Italian Stock Exchange in 1981 and has been listed on the MTA since 1998. In June 2005, BPI changed its name from Banca Popolare di Lodi S.c.a.r.l. to Banca Popolare Italiana – Banca Popolare di Lodi Società Cooperativa. BPI together with its consolidated subsidiaries (the "**BPI Group**"), has a strong presence in the Italian banking sector with significant operations in several Italian regions. Since 1995, BPI has expanded its operations into most regions of Italy, including Tuscany, Sicily, Liguria and Abruzzo and, as at 31 December 2006, the BPI Group conducted operations through 971 branches in Italy and 2 branches outside of Italy.

The BPI Group's business mainly involves the provision of commercial banking products and services. To complement its traditional banking activities, the BPI Group has, over the past years, expanded the products and services it offers to customers through various fee-generating activities, including retail banking, investment banking, consumer lending, asset management and real estate activities. Individuals, income generating households and small to medium-sized enterprises ("SMEs") constitute the core of its customer base.

The Merger

Banco Popolare was incorporated on 1 July 2007 as a result of the Merger between BPVN and BPI.

The Merger and the incorporation of the Banco Popolare were approved at meetings of the respective shareholders of BPVN and BPI, each held on 10 March 2007. The Merger involved: (i) the establishment of Banco Popolare as a new company, with ordinary shares listed on the Italian Stock Exchange; (ii) the contribution of part of BPI's business, comprising the BPI branch network located predominantly in areas where BPI originated and all controlling interests in other banks that constitute the BPI Group, into a newly incorporated joint stock company (Banca Popolare di Lodi S.p.A.) wholly owned by Banco Popolare, with its registered office and administrative head office in Lodi; (iii) the contribution of part of BPVN's business, comprising the BPVN branch network located mainly in the areas where BPVN originated, into a newly incorporated joint stock company (Banca Popolare di Verona – San Geminiano e San Prospero S.p.A.) wholly owned by Banco Popolare, with registered office and administrative head office in Verona; and (iv) finally, the registration with the relevant companies registers (i.e. Lodi and Verona) of the deed of merger with effect from 1 July 2007.

The deed of merger contains all the information required by Italian law for the Merger to take place and to incorporate Banco Popolare as a new company. The contribution of part of the business of BPVN to Banca Popolare di Verona – S. Geminiano e S. Prospero S.p.A. and of BPI to Banca Popolare di Lodi S.p.A. described above took place immediately before the Merger came into effect.

According to Article 2504-bis of the Italian Civil Code, Banco Popolare, as the company resulting from the Merger, has assumed all rights and liabilities of BPVN and BPI as at the date of the Merger and has replaced BPVN and BPI in all their respective contractual relationships and judicial proceedings commenced before the Merger.

On 15 July 2011, the Supervisory Board and the Management Board of Banco Popolare approved the guidelines of a project aimed at the realisation of a new model of major "*banca popolare*" at the service of the territory, resulting from the integration process – by way of mergers by incorporation – in Banco Popolare of the following so-called territory banks: Banca Popolare di Verona – S.Geminiano e S.Prospiero, Banca Popolare di Novara, Banca Popolare di Lodi, Cassa di Risparmio di Lucca Pisa Livorno, Banca Popolare di Cremona and Banca Popolare di Crema.

Credito Bergamasco S.p.A. has been merged into Banco Popolare with effect from June 1, 2014. Detailed information about the evolution of this project can be found on the following section "*Merger of Credito Bergamasco and Banca Italease into Banco Popolare*".

Merger of Credito Bergamasco and Banca Italease into Banco Popolare

At the meeting held on 26 November 2013, Banco Popolare's Board of Directors drew up and approved the proposed merger by incorporation of the subsidiaries Credito Bergamasco and Banca Italease into Banco Popolare.

These operations will bring benefits in terms of cost synergies, organisational simplicity, and the more streamlined adoption and implementation of Group strategies, as well as the reduction of its current tax burden based on current legislation.

From a capital perspective, the incorporation of Credito Bergamasco will also enable the Group to improve its position, with a view to the forthcoming application of the provisions introduced by prudential "Basel 3" regulations, containing new restrictions to the inclusion of capital held by minority Credito Bergamasco shareholders in Common Equity Tier 1 Capital.

The merger will not change the relationship that Credito Bergamasco has with its local area and its shareholders. To this end, a specific Territorial Division will be created, based in Bergamo, in correspondence with said Division, a Territorial Consultation and Credit Committee, comprised by members appointed from shareholders representing the economic, professional and associative spheres of Credito Bergamasco's local area. Furthermore, the Credito Bergamasco Foundation will continue to operate in support of the bank's historic areas.

Technically, the proposed merger has established the Exchange Ratio as no. 11.5 Banco Popolare shares for each Credito Bergamasco share. The exchange rate was calculated using valuation methods that are commonly used, also at international level, for operations of this nature and for banking enterprises and adjusted to the characteristics of each of the companies participating in the merger. Prior to the merger, Credito Bergamasco will distribute a dividend to its shareholders of euro 0.55, in line with the dividend paid in 2013 on the 2012 profit figure.

Following the announcements made on 24 January 2014 which envisaged a share capital increase for Banco Popolare of up to euro 1.5 billion and the grouping of Banco's shares at a ratio of 1 to 10, to be made before the merger takes effect, the impact of this operation on the Exchange Ratio established above and more generally on the merger of Credito Bergamasco had to be assessed. Following the assessments made, with the support of the financial advisor, the Board of Directors confirmed that, in light of Banco Popolare's official share price on 14 February 2014 of euro 1.457 per share, and assuming the issue of new Banco Popolare shares - for the share capital increase - without discounting the ex price, the Exchange Ratio continues to be 11.5 ordinary Banco Popolare shares for each Credito Bergamasco share.

The deed of merger of Credito Bergamasco into Banco Popolare has been signed on 24 May 2014 and, as of 2 June 2014, the shares of Credito Bergamasco are cancelled and are no longer listed on the Mercato Telematico Azionario, and the shareholders of Credito Bergamasco have received in exchange newly issued shares of Banco Popolare. To serve the exchange, Banco Popolare will consequently increase its share capital by a nominal euro 300,582,215 through the issue of new ordinary shares without an indication of a nominal value, to be assigned to the minority shareholders of Credito Bergamasco, to be determined on the basis of the Exchange Ratio and whose final value will be calculated at the same time as the terms of the share capital increase are established. The newly-issued ordinary Banco Popolare shares awarded in exchange for Credito Bergamasco shares will be quoted on a par with the ordinary shares of Banco Popolare already in circulation and will give their holders the same rights as those holding ordinary shares of Banco Popolare already in circulation.

Pursuant to the Italian Civil Code, the operation gives Credito Bergamasco shareholders who are absent, who dissent or abstain, the right to withdraw, insofar as the merger entails an implicit transformation of Credito Bergamasco, from a "joint-stock company" into a "cooperative company", and the amendment of voting and participation rights envisaged by the articles of association. As Credito Bergamasco is a listed company, the liquidation value of the shares as regards those on which the right to withdraw is exercised, will be determined pursuant to art. 2437-ter, paragraph 3 of the Italian Civil Code, making exclusive reference to the arithmetic average (calculated by Borsa Italiana S.p.A.) of the closing prices of the Credito Bergamasco share during the six month period prior to the date of publication of the notice of call of the extraordinary shareholders' meeting, which will be called to resolve upon the merger. Conditional to obtaining the prescribed approvals, the approved merger proposal will be submitted to the extraordinary shareholders' meetings of Banco Popolare and of Credito Bergamasco. The extraordinary shareholders' meeting of Banco Popolare has been held on 29 March 2014 on second call. The extraordinary shareholders' meeting of Credito Bergamasco has been held on 25 April 2014.

Instead, as regards Banca Italease, the merger will take place after the merger of Credito Bergamasco becomes effective, but in any event before 31 December 2014 according to the simplified procedure envisaged by art. 2505 of the Italian Civil Code for the incorporation of wholly-owned companies, on the assumption that by the date of signature of the merger agreement, Banco Popolare holds 100% of Banca Italease's share capital. Following the finalisation of the operation, all ordinary shares of Banca

Italease held by Banco Popolare will therefore be cancelled. Even though after the merger, Banca Italease will lose its legal independence, it will be placed within the Group as a specific Business Division, created for said purpose.

With regard to both mergers, in accounting and tax terms, the effects of the operations of the companies being incorporated will be charged to Banco Popolare's financial statements from 1 January 2014.

The above-cited operations complete the project to rationalise the Group's corporate structure launched in 2011, which has entailed the incorporation of the Group's "Network Banks", enabling objectives of both efficiency and profitability to be achieved while at the same time safeguarding the trademarks and the commercial vocation of the individual banks serving the local area.

Banco Popolare core business

The object of Banco Popolare is to collect savings and provide loans in various forms, for the benefit of both shareholders and non-shareholders, in accordance with the principles of cooperative lending. In compliance with applicable regulations and subject to obtaining the necessary authorisations, Banco Popolare may carry out all banking, financial and insurance transactions and services, including the setting up and managing of open or closed-end pension funds, and other activities that may be performed by lending institutions, including bond issues, financing activity regulated by special laws and the purchase and sale of corporate credit.

Banco Popolare may implement any other transaction that is useful or in any case related to the achievement of its corporate purpose. In order to pursue its objectives, Banco Popolare may take up membership of associations and consortia.

In its capacity as the bank exercising the activity of direction and coordination over the Banco Popolare Group, pursuant to Article 61(4) of Italian Legislative Decree No. 385 of 1 September 1993, Banco Popolare shall issue regulations to Group members, including for the purpose of executing instructions provided by the supervisory authorities and in the interest of Group stability.

Banco Popolare is the operative parent company of the Banco Popolare Group, with functions of guidance, governance and control of the Group, and exercises the functions of direction and coordination.

In its role as parent company Banco Popolare performs, among others, the following functions:

- direction, coordination and control, by determining the strategic plans of the Group, the industrial and financial planning, the definition of the budget and the consolidated business plan, the organizational structure, the administration, accounting and management guidelines, the credit policies and the human resources management, the management and control of the risks arising from the Group's activities of single business areas;
- treasury management, coordination and control of the management policies relating to the credit and debt account items of Banco Popolare itself and of the other Group's companies, aimed at optimizing the funds available, identifying the funding operations and strategies for the Group, by means of transactions on the domestic and international markets, in addition to the protection of the liquidity need and its dynamics;
- offering, directly or through its subsidiary companies, control, direction and support services over the activities of the Banco Popolare Group, with a view to facilitating the development of the Group's business activities and an effective customer service and, by optimizing operating costs, the pursuit of economies of scale and the best standard service level.

Principal Shareholders

Article 30 of the Italian Banking Act limits the aggregate amount of ordinary shares that can be held by a shareholder in a cooperative bank to a maximum of 0.50 per cent. of the share capital. In the event that this threshold is exceeded, the relevant shareholder must sell the amount of shares in excess

of such limit within one year of notice being given by Banco Popolare of the breach of this limit. However, higher limits apply to certain funds and other entities that invest in securities on behalf of groups of investors (*organismi d'investimento collettivo in valori mobiliari*).

In addition, pursuant to Article 120 of Italian Legislative Decree No. 58 of 24 February 1998, as amended, (the "**Italian Finance Act**") shareholders who hold more than 2 per cent. of the share capital of a listed company are obliged to notify that company and the Italian regulator, CONSOB, of their holding.

As at 30 May 2014 (source: CONSOB), the shareholders holding, directly or indirectly, a stake of over 2 per cent. of the ordinary share capital of Banco Popolare are as follows:

	% of the Ordinary Shareholder Share Capital
BLACKROCK INC.	6.848
NORGES BANK	2.083

Corporate Governance System

The corporate governance of Banco Popolare is based on a "traditional" corporate governance system based on a Board of Directors and a Board of Statutory Auditors¹.

The Board of Directors governs the Banco Popolare's management with the help of an Executive Director, the Chief Executive Officer and the Management Team, which includes a General Manager and Co-General Manager.

The Executive Committee, which is vested with a series of delegated powers in respect of day-to-day operations, consists of six members, including by right the Chairman of the Board of Directors, the two Vice Chairman and the CEO. The remaining two members are chosen from among the Banco Popolare's executive directors.

The Board of Statutory Auditors is appointed by the Shareholders Meetings based on a list of nominees. The nomination mechanism requires that the Chairman of the Board of Statutory Auditors be drawn from the minority list.

Board of Directors

Pursuant to Article 29.1 of the Articles of Association, management of Banco Popolare is exercised by the Board of Directors appointed by the Shareholders' Meeting.

The Board of Directors is composed of twenty-four board members, of whom no less than three and no more than four shall be chosen from amongst the top managers of Banco Popolare or of Group companies or amongst persons who hold or have held for more than twelve months the office of Managing Director of Banco Popolare or of Group companies.

The remaining members of the Board of Directors may not receive powers of attorney or individually perform, even on a de facto basis, duties pertaining to corporate management, unless they participate in the Executive Committee.

The composition of the Board of Directors gives due consideration to the traditional areas of the banks which gave rise to Banco Popolare (Verona, Lodi and Novara). Sixteen directors - other than Banco Popolare's executives - who may not be vested with delegated powers, nor carry out functions associated with the management of Banco Popolare, except for participating in the Executive

¹ On 26 November 2011, the Extraordinary and General Meeting of the Shareholders of Banco Popolare approved the amendments to its by-laws (*Statuto*) that enabled the transition from the dualistic system of corporate governance (i.e., Supervisory Board and Management Board) to the traditional corporate governance system based on a Board of Directors and a Board of Statutory Auditors.

Committee, are chosen from among the shareholders residing in the three geographical areas according to the following criteria:

- (i) six from among shareholders residing in the provinces of Veneto and Emilia Romagna, other than Parma and Piacenza (the "**Traditional Verona Area**");
- (ii) six, of whom one residing in the provinces of Lucca, Pisa or Livorno, from among shareholders residing in the provinces of Lombardy (other than Pavia), Tuscany and of Parma, Piacenza, Genoa and La Spezia (the "**Traditional Lodi Area**"); and
- (iii) four from among shareholders residing in the provinces of Piedmont, Aosta Valley, Latium, Southern Italy, the Islands and of Pavia, Savona and Imperia (the "**Traditional Novara Area**").

The Chairman of the Board of Directors is elected by the Shareholders' Meeting from among shareholders residing in any one of the Traditional Verona Area, the Traditional Lodi Area or the Traditional Novara Area. The two Vice Chairmen are chosen from among non-executive directors and drawn from the same list as the Chairman from among shareholders residing in one of the three areas, provided that the Chairman and the Vice Chairmen shall each come from a different area.

The Board of Directors comprises three Board committees, made up by a majority of independent directors pursuant to the Corporate Governance Code of Borsa Italiana S.p.A.: the Internal Audit and Risk Committee, the Compensation Committee, and the Nominating Committee.

The Board of Directors of Banco Popolare is currently composed of the following members:

Office	Name
Chairman	Carlo Fratta Pasini (*)
Vice Chairman	Guido Duccio Castellotti (*)
Vice Chairman	Maurizio Comoli (*)
C.E.O.	Pier Francesco Saviotti (*)
Director	Patrizia Codecasa
Director	Luigi Corsi
Director and Co-General Manager	Domenico De Angelis (*)
Director and General Manager	Maurizio Faroni (*)
Director	Gianni Filippa
Director	Enrico Fusi
Director	Cristina Galeotti
Director	Andrea Guidi
Director	Valter Lazzari
Director	Maurizio Marino
Director	Daniela Montemerlo

Office	Name
Director	Giulio Pedrollo
Director	Enrico Perotti
Director	Claudio Rangoni Machiavelli
Director	Fabio Ravanelli
Director	Cecilia Rossignoli
Director	Sandro Veronesi
Director	Franco Zanetta
Director	Tommaso Zanini
Director	Cristina Zucchetti

(*) Member of the Executive Committee.

The business address of each member of the Board of Directors is Piazza Nogara No. 2, 37121 Verona, Italy.

As at the date of this Base Prospectus, to the knowledge of the Banco Popolare, none of the members of the Board of Directors has any actual or potential conflicts of interest between their duties to the Banco Popolare and their private interests and/or other duties.

Board of Statutory Auditors

The Board of Statutory Auditors, which is made up of five standing and two alternate auditors and carries out its auditing duties in compliance with current regulations and the Articles of Association, is appointed by the Shareholders' Meeting based on list voting. The nomination mechanism requires that the Chairman of the Board of Statutory Auditors be drawn from the minority list.

The Board of Statutory Auditors is appointed for the three year term 2014, 2015 and 2016.

The Board of Statutory Auditors is currently composed of the following members:

Office	Name
Chairman	Pietro Manzonetto
Standing Auditor	Maurizio Calderini
Standing Auditor	Gabriele Camillo Erba
Standing Auditor	Claudia Rossi
Standing Auditor	Alfonso Sonato
Alternate Auditor	Marco Bronzato
Alternate Auditor	Paola Pesci

The business address of each member of the Board of Statutory Auditors is Piazza Nogara No. 2, 37121 Verona, Italy.

As at the date of this Base Prospectus, to the knowledge of the Banco Popolare, none of the members of the Board of Statutory Auditors has any actual or potential conflicts of interest between their duties to the Banco Popolare and their private interests and/or other duties.

Board of Advisers (Collegio Dei Probiviri)

The Board of Advisers is comprised of five members, three standing and two alternate members, appointed from among the shareholders. Members remain in office for a term of three financial years and can be re-elected for further terms.

The Board of Advisers is the board to which registered shareholders or applicants may turn for the interpretation or execution of the Articles and for any other resolution or decision passed by company boards in the field of corporate relations. The recourse to the Board of Advisers is facultative and its opinions are not binding on the parties, nor can the decisions of the Board of Advisers hinder proceedings in a court or with any other competent authority.

The Board of Advisers is currently comprised of the following members:

Position	Name
Standing	Aldo Bulgarelli, Luciano Codini and Giuseppe Germani
Alternate.....	Matteo Bonetti and Donato Vestita

Group Financial Highlights and Ratios

Financial highlights

The tables below set out the reclassified Group's main financial highlights which have been extracted from the audited annual consolidated financial statements of Banco Popolare for the year ended 31 December 2013 and 31 December 2012 (prepared in accordance with IFRS/IAS).

Income statement figures	31/12/2013	31/12/2012^(*)	Change
	<i>(in millions of euro)</i>		
Financial margin.....	1,619.6	1,677.6	(3.5%)
Net fee and commission income.....	1,387.1	1,362.6	1.8%
Operating income	3,584.6	3,595.0	(0.3%)
Operating expenses	(2,253.8)	(2,246.8)	0.3%
Income (loss) from operations.....	1,330.7	1,348.2	(1.3%)
Income (loss) before tax from continuing operations.....	(543.5)	(460.0)	18.2%
Net income (loss) without FVO	(510.5)	(626.6)	(18.5%)
FVO Impact.....	(95.8)	(317.9)	(69.9%)
Net income (loss)	(606.3)	(944.6)	(35.8%)

^(*) The figures have been restated to comply with IFRS 5. The attachments contain a statement of reconciliation between the reclassified income statement schedule published in the annual financial report as at 31 December 2012 and that restated in this schedule.

Balance sheet figures	31/12/2013	31/12/2012	Change
	<i>(in millions of euro)</i>		
Total assets.....	126,042.7	131,921.4	(4.5%)
Loans to customers (gross).....	91,582.8	96,223.1	(4.8%)
Financial assets and hedging derivatives.....	24,590.1	24,201.9	1.6%
Shareholders' equity	8,173.6	8,612.4	(5.1%)

Balance sheet figures	31/12/2013	31/12/2012	Change
	<i>(in millions of euro)</i>		
Customers' financial assets			
Direct funding	90,017.7	94,506.3	(4.7%)
Indirect funding	63,843.2	61,831.8	3.3%
- Asset management	28,761.7	26,691.9	7.8%
- Mutual funds and SICAVs	12,868.2	9,656.3	33.3%
- Securities and fund management	6,530.6	7,060.9	(7.5%)
- Insurance policies	9,362.8	9,974.7	(6.1%)
- Administered assets	35,081.5	35,139.9	(0.2%)
Information on the organisation			
Average number of employees and other staff ^(*)	18,038	18,693	
Number of bank branches	1,990	1,999	

^(*) Weighted average calculated on a monthly basis. This does not include the Directors and Statutory Auditors of Group companies.

Financial and economic ratios and other Group figures

The tables below set out the Group's main financial ratios calculated on figures extracted from the audited annual consolidated financial statements of Banco Popolare for the years ended 31 December 2013 and 31 December 2012.

Profitability ratios (%)	31/12/2013^(*)	31/12/2012^(*)
Financial margin / Operating income	45.2%	46.9%
Net fee and commission income / Operating income	38.7%	37.8%
Operating expenses / Operating income	62.9%	62.6%
Operational productivity figures (000s of euro)		
Loans to customers (gross) per employee ^(**)	5,077.2	5,147.5
Annualized operating income per employee ^(**)	198.7	193.2
Annualized operating expenses per employee ^(**)	124.9	120.9
Credit risk ratios (%)		
Net bad loans / Loans to customers (net)	6.42%	4.69%
Net substandard loans / Loans to customers (net)	7.69%	4.96%
Net bad loans / Shareholders' equity	67.64%	49.87%
Other ratios		
Core tier 1 ratio	9.70%	10.07%
Tier 1 capital ratio	10.60%	11.18%
Total capital ratio	13.34%	13.98%
Tier 1 capital / Tangible assets	4.22%	4.75%
Financial assets / Total assets	19.51%	18.35%
Derivative assets / Total assets	3.53%	4.96%

Profitability ratios (%)	31/12/2013^(*)	31/12/2012^(*)
- trading derivatives / total assets	3.63%	4.36%
- hedging derivatives / total assets.....	0.39%	0.60%
Net trading derivatives / Total assets.....	0.63%	0.02%
Net loans / Direct funding	95.70%	96.80%
 Banco Popolare stock		
Number of outstanding shares.....	1,763,730,870	1,763,730,800
Official closing prices of the stock.....		
- Maximum.....	1.56	1.66
- Minimum	0.89	0.81
- Average.....	1.20	1.16

^(*) The ratios were calculated excluding the effect of the FVO.

^(**) Arithmetic average calculated on a monthly basis which does not include the Directors and Statutory Auditors of Group companies.

THE CREDIT AND COLLECTION POLICIES

Set out below is a summary of the main features of the credit and collection policies adopted by the Servicer for the granting and servicing of the Loans. Prospective Noteholders may inspect a copy of the credit and collection policies upon request at the registered office of the Issuer, the Representative of the Noteholders and at the Specified Offices of the Paying Agent. For a description of the Portfolio, see “The Portfolio”. For a description of the obligations undertaken by each of Banco Popolare and Creberg (before the merger into Banco Popolare) as servicers under the Servicing Agreement, see “The Servicing Agreement”. For a description of the representations and warranties given and the obligations undertaken by each of Banco Popolare and Creberg (before the merger into Banco Popolare) as originators see “The Warranty and Indemnity Agreement”.

Credit policies

Mortgage loans are entered into by the Originator as *mutui fondiari* and *mutui ordinari ipotecari*.

The Borrowers pay either a monthly, quarterly and semi-annually loan instalment by direct debit from their accounts, or by cash payment or by MAV.

The decision to enter into and advance a Mortgage Loan is taken at the appropriate decision-making level in the Originator.

The Originator’s internal rules call for a maximum loan amount of 80 per cent. with reference to “*mutui residenziali*” of the property value (unless the borrower provides the Originator with further guarantees) and a mortgage over real estate properties (which is first ranking in an economic sense) double than the loan amount.

After the approval, the preparation of the documentation and the conclusion of the mortgage Loans are delegated to the Special Credits Back Office Department (*Funzione Back Office Crediti Speciali*), which:

- enter the transaction in the internal mortgage procedure;
- appoint a surveyor to value the property;
- verify that the property insurance is in favour of the Originator;
- prepare the minutes of the mortgage loan;
- check property documentation received by the notary; and
- allow mortgage loans improvement through the mortgage procedure system.

Once the notary stipulates the mortgage agreement, relevant documents are sent to the Special Credits Back Office Department that stores them.

The Special Credits Back Office Department, based on the necessary feasibility analyses and in compliance with the applicable credit/authorization decision, is also responsible for:

- waiver of economic conditions;
- issuance of specific certifications requested by the borrowers, in particular the certifications concerning the amount of interest to be paid/expenses sustained;
- pre-payment of the Mortgage Loans, which involves the reduction to nil of the outstanding balance of the loan and is often accompanied by a request for the release of the Mortgage;
- preparation of amendments and other acts ancillary to the Mortgage Loans Agreements, such as:
 - the extension of the Mortgage Loan, following a restructuring of the transaction or an extension of payments;
 - the taking over (*accollo*) of the loan, customarily requested by the purchaser of the Real Estate Asset, as a method to pay part of the purchase price;

- the reduction/cancellation of the Mortgage, or the partial or total release of the Mortgage; and
- any request made to the insurance companies for the release of the *vincolo* on the insurance policies.

Collection policies

The payment of each instalment is notified, in advance, to the director of the branch where the borrower's account is held, who will then verify the presence of the funds in the client's current account.

In relation to the Mortgage Loans, a report detailing the missing payments is available to the director of the branch. It is therefore the responsibility of the director of the branch to contact the client in order to verify the reasons for the missed or partial payment.

After missing a payment:

the debtors have three days to make the payment. If the payment is done within such period, default interest will not be applied. Nevertheless, the customer will be debited for value date as per the day on which the instalment was initially due.

As of the fourth day following the missing payment, default interest contractually set out starts to accrue from the instalment due date, subject to the thresholds set out by the provisions governing usury. The "usury" interest rate is defined by a decree of the Ministry for Economy and Finance quarterly.

In case of an enforcement proceeding (*procedura esecutiva*) (either for bankruptcy or as an individual proceeding), the priority of the mortgage is, subject to the mortgage annotation having been made also *vis-à-vis* interests, extended to the agreed interest rates (set out in the mortgage agreement) relating to two years prior and to the year current to the date of the enforcement and/or seizure (article 2855 of the Italian civil code and articles 54 and 55 of the Bankruptcy Law). With reference to the following years, and up to the sale date, the priority is extended to legal interests as set out by law (article 1284 of the Civil Code).

Insofar as the whole principal is not declared delinquent (further to a rescission of the agreement), any arrear interest will accrue exclusively on the overdue, unpaid, instalments (principal + interests). Then, interests accrue on the totality of the delinquent amount (overdue, unpaid, instalments and delinquent principal). As a consequence, once the client is in litigation, there is no accounting difference between the overdue, unpaid, instalments and the mortgage principal).

The centralized system of the Group Special Credits Department periodically sends notifications to the debtors for each instalment due but not paid. These automatic notifications are sent the last business day of the same month the instalment is overdue as long as the instalment date is at least three working days prior to the end of the month; otherwise notifications will be sent the last working day of the month following the instalment overdue date.

At the same time the branch manager or personnel of *Area Affari* contacts either by phone or in person the client appearing in default.

At the beginning of the third quarter 2009 Banco Popolare Banking Group introduced a new process for delinquency management: monitoring of the loans begins at the first unpaid instalment, the activity is supported by specific software, direct contact with borrowers, use of contact centre or other credit collection company.

In support of credit monitoring activity an internal software called "Gestione Andamentale" is also available; this is able to grab credit quality information such as internal rating score, credit position control and other flows of information. In case certain pre-determined anomaly levels are exceeded, the system opens an automatic proposal of delinquency.

Bank of Italy's regulations (*Manuale della Matrice dei Conti*) set out that Claims to be switched to delinquency only in specified cases as at the point B.2 of the "Avvertenze Generali" of the "Manuale

della Matrice dei Conti” (“Incagli Oggettivi”). In addition to the rules specified by the regulator, Banco Popolare adopted the following automatic classification for delinquent position:

- credit classified for two consecutive months as “problematic claims” and with all indicators still in the alarm situations
- if (i) mortgages loans which have nine instalments in arrears (if monthly payment) and 240 days of arrears or (ii) unsecured loans which have six instalments in arrears and 150 days of arrears

The term “Delinquent Receivable” (*Incaglio*) identifies a temporary difficult situation for the borrower that requires the bank to be particularly careful in managing the matter and to evaluate the risks associated with the exposure.

As soon as the above-mentioned difficulties will be considered as definitive and no longer temporary, the position will be classified as non-performing and transferred to the Credit Recovery Department (Servizio Recupero Crediti) in order to commence any necessary legal action for the recovery of the amount due. However, in case prejudicial events arise, the client’s position will be immediately catalogued as non-performing.

Delinquency positions in relation to loans with approved amount not exceeding a fixed amount will be managed directly by the Areas (*Aree Affari*), positions with amount exceeding that fixed amount are managed by the Deteriorated and Problematic Loans Department (*Funzione Credito Problematico e Deteriorato*) located in the relevant Areas.

The Delinquent Loans Department (*Funzione Incagli*) will be responsible for the evaluation of alternative routes whereby the defaulting client may go back to being *in bonis*. In particular, one of the following alternatives will be proposed to the borrower:

- (i) immediate payment of the expired instalments;
- (ii) an amortizing schedule plan for the expired instalments previously approved by one of the decision-making committees;
- (iii) an amortizing schedule plan for the expired instalments with the cancellation of the deferred interest. The bank will continue to charge interest at the rate established in the contract on the amount in arrears; and
- (iv) finally Banco Popolare can propose the restructuring of the Mortgage Loan.

The Delinquent Loans Department (*Funzione Incagli*) will also seek the support of contact centre and recovery firms in the contest of GE.MO. (*Gestione Morosità*), already enable in the preview phases.

The Delinquent Loans Department (*Funzione Incagli*) analytically forecasts, for each Mortgage Loan, the potential loss each time a debtor is unable to fulfil its own financial obligations. The authorized office will approve the decision regarding the loss forecasts on the basis of delegated powers.

Sometimes, depending on the amount of the debt, Banco Popolare, through the Delinquent Loans Department decides upon the update of the property valuation.

On average, delinquent positions remains in charge of the Delinquent Loans Department for so long as a strategy to solve the problem is implemented (normally within 12 months).

In the event that the client accepts one of the proposals, the Delinquent Loans Department will verify that the client fulfils its financial obligations before the relevant decision making board authorizes the transfer/return to *in bonis*.

In the event that:

- the client refuses to accept the proposals of the Delinquent Loans Department; or
- the Originator doubts the debtor’s ability to fulfil its obligations,

the Delinquent Loans Department will declare the position overdue, as of this moment the debtor is notified to the *centrale dei rischi* of Bank of Italy.

At this moment the position is managed by the Credit Recovery Department (Servizio Recupero Crediti)

The first act of the recovery procedure consists in sending a letter to the debtor suggesting an out of court settlement of the transaction. Then a writ of enforcement (*precetto*) will be notified. In this notification the debtor will be asked to settle the debt within 10 days.

Credit Recovery Department will explore every possibility for obtaining an out of court settlement. Credit Recovery Department and its competent bodies, with the cooperation of professional and experienced external legal advisers (who are mandated to carry out the enforcement activities at minimum charges), will contact the client, the client's legal advisers, and any possible guarantors so as to be able to obtain an out of court settlement of the litigation.

Thereafter, the debtor is notified of the seizure (such notification is to be received within 90 days of the enforcement writ). The borrower may not be classified as *in bonis*.

All banks may access the information contained in the central database and verify any enforcement proceeding laid *vis-à-vis* the borrower.

THE ISSUER'S BANK ACCOUNTS

Pursuant to the terms of the Agency and Accounts Agreement, the Issuer has opened with:

- (a) the Interim Account Bank the following accounts:
 - (i) a euro-denominated account into which, *inter alia*, the Servicer will be required to deposit all the Collections as they are collected in accordance with the Servicing Agreement (the “**Interim Account**”);
 - (ii) a euro-denominated account into which the Issuer will deposit, *inter alia*, € 50,000 (the “**Retention Amount**”) by the Issue Date (the “**Expenses Account**” and, together with the Interim Account, the “**Italian Accounts**” and any one of them, the “**Italian Account**”). The Expenses Account will then be replenished on each Interest Payment Date, in accordance with the Pre-Enforcement Priority of Payments and subject to the availability of sufficient Issuer Available Funds, up to the Retention Amount and such amount will be applied by the Issuer to pay all fees, costs, expenses and taxes required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation;
- (b) the Paying Agent, a euro-denominated account into which, *inter alia*, (i) on the Business Day immediately preceding each Interest Payment Date the Issuer will be required to transfer from the other Accounts the amounts necessary to make the payments due in accordance with the applicable Priority of Payments (the “**Payments Account**”); (ii) on each Liquidation Date or on the relevant maturity date (if different from the Liquidation Date), any Revenue Eligible Investments Amounts realised by the Issuer in respect of the immediately preceding Collection Period will be credited;
- (c) the Transaction Bank the following accounts:
 - (i) a euro-denominated account with respect to the Claims (the “**Collection Account**”) into which the Interim Account Bank will be required to transfer, on a daily basis, the balance standing to the credit of the Interim Account;
 - (ii) a securities account (the “**Eligible Investments Account**”), into which the debt securities or the other debt instruments purchased for the account of the Issuer in accordance with the Agency and Accounts Agreement will be credited;
- (d) the Cash Account Bank, a euro-denominated current account into which the Issuer will be required to deposit, *inter alia*,
 - (i) by the Issue Date, (A) € 76,900,000.00 (*seventysixmillionninehundredthousand/00*), being the amount to be drawn down by the Issuer under the Subordinated Loan Agreement, and (B) €3,902,000.00 (*threemillionninehundredtwothousand/00*), being equal to a portion of the aggregate amounts collected under the Loans between the Valuation Date (included) and the Closing Date (but excluding those collections constituting repayment of principal and prepayments); and
 - (ii) on each Interest Payment Date, in accordance with the Pre-Enforcement Priority of Payments and subject to the availability of sufficient Issuer Available Funds, the amount necessary (if any) to replenish it so that the balance of the Cash Reserve Account equals the Target Cash Reserve Amount (the “**Cash Reserve Account**” and, together with the Collection Account and the Eligible Investments Account, the “**English Accounts**” and, any one of them, the “**English Account**” and, together with the Italian Accounts and the Payments Account, the “**Accounts**” and any one of them, the “**Account**”).

In accordance with the Securitisation Law, the Issuer has been established as a special purpose vehicle for the purposes of issuing asset-backed securities. The sums standing from time to time to the credit of such bank accounts will not be available to the Issuer Creditors because, pursuant to the Securitisation Law, the assets relating to each securitisation transaction will constitute assets segregated for all purposes from the assets of the Issuer and

from the assets relating to other securitisation transactions. The assets relating to a particular securitisation transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to the general creditors of the Issuer.

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

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes (the “**Conditions**”).

The € 1,077,400,000 Class A - 2014 Asset Backed Floating Rate Notes due November 2054 (the “**Class A Notes**”), the € 269,300,000 Class B - 2014 Asset Backed Floating Rate Notes due November 2054 (the “**Class B Notes**” and together with the Class A Notes, the “**Rated Notes**”) and the € 448,898,000 Class C – 2014 Asset Backed Notes due November 2054 (the “**Junior Notes**” and, together with the Rated Notes, the “**Notes**”) will be issued by BPL Mortgages S.r.l. (the “**Issuer**”) on the 30 June 2014 (the “**Issue Date**”) in order to finance the purchase of the Claims (as defined below). The Issuer is a company incorporated with limited liability under the laws of the Republic of Italy in accordance with the Securitisation Law, having its registered office at via Alfieri, 1, 31015 Conegliano (Treviso), Italy. The Issuer is enrolled in the register of the special purpose vehicles held by Bank of Italy pursuant to the Bank of Italy’s regulation dated 29 April 2011 with No. 33259.3 and in the companies’ register held in Treviso under number 04078130269.

The Notes are subject to and with the benefit of an agency and accounts agreement (the “**Agency and Accounts Agreement**”) dated on or about the Issue Date between the Issuer, Banco Popolare Società Cooperativa as interim account bank (in such capacity, the “**Interim Account Bank**”, which expression includes any successor interim account bank appointed from time to time in respect of the Notes), BNP Paribas Securities Services, Milan Branch, as paying agent, computation agent, agent bank and representative of the holders of the Notes (in such capacities, respectively, the “**Paying Agent**”, the “**Computation Agent**”, the “**Agent Bank**”, which expressions include any successor Paying Agent, computation agent and agent bank respectively appointed from time to time in respect of the Notes, and the “**Representative of the Noteholders**”, which expression includes any successor or additional representative of the Noteholders appointed from time to time), BNP Paribas Securities Services, London Branch, as transaction bank (the “**Transaction Bank**”) which expression includes any successor Transaction Bank and Banco Popolare Società Cooperativa, London Branch, as cash account bank (in such capacity, the “**Cash Account Bank**”, which expression includes any successor transaction bank appointed from time to time in respect of the Notes and, together with the Paying Agent, the Agent Bank, the Cash Account Bank, the Interim Account Bank and the Computation Agent, the “**Agents**”).

The Noteholders are deemed to have notice of and are bound by and shall have the benefit of, *inter alia*, the terms of the rules of the organisation of Noteholders (the “**Rules of the Organisation of Noteholders**”) which constitute an integral and essential part of these Conditions. The Rules of the Organisation of Noteholders are attached hereto as a schedule. The rights and powers of the Representative of the Noteholders and the Noteholders may be exercised only in accordance with these Conditions, the Intercreditor Agreement (as defined below) and the Rules of the Organisation of Noteholders.

Certain of the statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency and Accounts Agreement, the Intercreditor Agreement (as defined below) and the other Transaction Documents (as defined below). Any reference in these Conditions to a particular Transaction Document is a reference to such Transaction Document as from time to time created and/or modified and/or supplemented in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so amended and/or modified and/or supplemented.

The holders of the Class A Notes (the “**Class A Noteholders**”), the holder of the Class B Notes (the “**Class B Noteholders**” and together with the Class A Noteholders, the “**Senior Noteholders**”) and the holders of the Junior Notes (the “**Junior Noteholders**” and, together with the Senior Noteholders, the “**Noteholders**” and each a “**Noteholder**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency and Accounts Agreement, the Rules of the Organisation of Noteholders, the Intercreditor Agreement and the other Transaction Documents applicable to them. In particular, each Noteholder, by reason of holding one or more Notes, recognises the Representative of the Noteholders as its representative, acting in its name and on its behalf, and agrees to be bound by the terms of the Transaction Documents to which the Representative of the

Noteholders is a party as if such Noteholder was itself a signatory thereto. Copies of the Agency and Accounts Agreement, the Rules of the Organisation of Noteholders, the Intercreditor Agreement and the other Transaction Documents are available for inspection during normal business hours by the Noteholders at the Specified Offices of the Representative of the Noteholders and the Paying Agent.

The Issuer has published to prospective Noteholders the *prospetto informativo* required by article 2 of Italian law No. 130 of 30 April 1999 (*disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the “**Securitisation Law**”). Copies of the *prospetto informativo* will be available, upon request, to the holder of any Note during normal business hours at the Specified Office of the Representative of the Noteholders and the Paying Agent.

Any references to a “**Class**” of Notes or a “**Class**” of Noteholders will be a reference to the Class A Notes, the Class B Notes or the Junior Notes, as the case may be, or to the respective holders thereof, respectively. References to “**Noteholders**” or to the “**holders**” of Notes are to the beneficial owners of the Notes.

The principal source of funds available to the Issuer for the payment of amounts due on the Notes will be collections and recoveries made in respect of the Claims. The Claims will be segregated from all other assets of the Issuer by operation of the Securitisation Law and, pursuant to the Intercreditor Agreement, amounts deriving therefrom will be available, both before and after a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, to pay costs, fees and expenses due to the Other Issuer Creditors under the Transaction Documents and to pay any other creditor of the Issuer in respect of costs, liabilities, fees or expenses payable to any such other creditor in relation to the securitisation of the Claims by the Issuer through the issuance of the Notes (the “**Securitisation**”).

In the context of a reorganisation plan of the Gruppo Bancario Banco Popolare, effective from 1st June 2014, Credito Bergamasco S.p.A. (“**Creberg**”) was merged into Banco Popolare Società Cooperativa (“**Banco Popolare**”) and therefore Creberg was extinguished and, as expressly acknowledged and agreed between Banco Popolare and the Issuer in the Transaction Documents Banco Popolare has assumed all the obligations and rights of Creberg arising from the agreements signed in the context of the Securitisation as of the date of such merger and, in particular, the rights and obligations of Creberg (as originator and servicer) deriving from (i) the Creberg Transfer Agreement (as defined below); (ii) the Warranty and Indemnity Agreement (as defined below); and (iii) the Servicing Agreement (as defined below). As a consequence, as used in this Prospectus, “**Originator**” or “**Servicer**” means Banco Popolare, in relation to the whole Portfolio (as defined below).

The Servicer shall ensure the proper segregation of the Issuer’s accounting and property from its own activities and the Servicer, as “*soggetto incaricato della riscossione dei crediti e dei servizi di cassa e pagamento*” pursuant to article 2, paragraph 3 (c) and paragraph 6-*bis* of the Securitisation Law, shall be responsible for verifying that the transactions to be carried out in connection with the Securitisation comply with applicable laws and are consistent with the contents of the Prospectus.

Under the terms of the Mandate Agreement and the Intercreditor Agreement, the Issuer has, *inter alia*, granted a mandate to the Representative of the Noteholders, pursuant to which, *inter alia*, following service of an Issuer Acceleration Notice, the Representative of the Noteholders shall be authorised under article 1723, second paragraph, of the Italian civil code, to exercise, in the name of the Issuer but in the interest and for the benefit of the Noteholders and the Other Issuer Creditors, all the Issuer’s contractual rights arising out of the Transaction Documents to which the Issuer is a party and in respect of the Claims, including the right to sell them in whole or in part, in the interest of the Noteholders and the Other Issuer Creditors.

1. DEFINITIONS

(a) In these Conditions:

“**Accounts**” means, collectively, the Italian Accounts, the Cash Reserve Account, the Payments Account, the Eligible Investments Account and the Collection Account and “**Account**” means any one of them;

“**Accumulation Date**” means, following the service of an Issuer Acceleration Notice, the

earlier of: (i) each date on which the amount of the monies at any time available to the Issuer or to the Representative of the Noteholders for the payments to be made in accordance with the Post-Enforcement Priority of Payments shall be equal to at least 10 per cent. of the aggregate Principal Amount Outstanding of the Notes and (ii) each day falling 10 Business Days before the day that, but for the service of an Issuer Acceleration Notice, would have been an Interest Payment Date;

“**Administrative Servicer**” means Banco Popolare, or any successor corporate servicer appointed from time to time in respect of this Securitisation;

“**Administrative Services Agreement**” means the agreement dated on or about the Issue Date between the Administrative Servicer, the Representative of the Noteholders and the Issuer;

“**Banco Popolare**” means Banco Popolare Soc. Coop., or any permitted successor or assignee thereof;

“**Banco Popolare Claims**” has the meaning given to the term “*Crediti*” in the Banco Popolare Transfer Agreement, which term identifies the debt claims arising from the Banco Popolare Loans comprised in the Banco Popolare Portfolio;

“**Banco Popolare Collection Policies**” means the servicing and collection policies of Banco Popolare set out in schedule 1 to the Servicing Agreement;

“**Banco Popolare Collections**” means any monies from time to time paid, as of the relevant Valuation Date (included), in respect of the Banco Popolare Loans and the related Banco Popolare Claims;

“**Banco Popolare Loans**” means, from time to time, the secured and unsecured loans disbursed to SMEs in various technical forms (such as *mutui fondiari*, *mutui ipotecari*, *mutui agrari* or *altri prestiti*) comprised in the Banco Popolare Portfolio, the Banco Popolare Claims in respect of which have been transferred to the Issuer in accordance with the Banco Popolare Transfer Agreement and “**Banco Popolare Loan**” means any one of these;

“**Banco Popolare Portfolio**” means the aggregate of all Banco Popolare Loans;

“**Banco Popolare Transfer Agreement**” means the transfer agreement executed on the Signing Date between the Issuer and Banco Popolare in relation to the transfer of the Banco Popolare Portfolio;

“**Basic Terms Modification**” has the meaning given to it in the Rules of the Organisation of Noteholders;

“**Borrowers**” means, collectively, the borrowers under the Loans and “**Borrower**” means any one of them;

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

“**Calculation Date**” means three Business Days prior to each Interest Payment Date;

“**Cancellation Date**” means the earlier of (i) the last Business Day in December 2056; (ii) the date when the Portfolio Outstanding Amount will have been reduced to zero; and (iii) the date when all the Claims then outstanding will have been entirely written off or sold by the Issuer (and the relevant purchase price is fully paid up), and in each of such circumstances the Issuer Available Funds have been fully applied in accordance with the applicable Priority of Payments;

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

“**Cash Reserve Account**” means a euro-denominated account opened by the Issuer with the Cash Account Bank, as better identified in the Agency and Accounts Agreement;

“**Claims**” means, collectively, the Banco Popolare Claims and the Creberg Claims and “**Claim**” means any one of these;

“**Class A Rate of Interest**” has the meaning given in Condition 6(c) (*Rate of interest on the Rated Notes*);

“**Clearstream, Luxembourg**” means Clearstream Banking, *société anonyme*;

“**Closing Date**” means 27 June 2014;

“**Collection Account**” means a euro-denominated current account opened by the Issuer with the Transaction Bank, as better identified in the Agency and Accounts Agreement;

“**Collection Period**” means (a) prior to the service of an Issuer Acceleration Notice, each quarterly period commencing on (and including) the first calendar day of February, May, August and November in each year and ending on, respectively, the last calendar day of April, July, October and January (included) in each year until redemption in full of the Notes; being the first Collection Period, the period commencing on the Valuation Date (included) and ending on 31 July 2014 (included); and (b) following the service of an Issuer Acceleration Notice, each period commencing on (but excluding) the last day of the preceding Collection Period and ending on (and including) the immediately following Accumulation Date;

“**Collection Policies**” means, collectively, the Banco Popolare Collection Policies and the Creberg Collection Policies;

“**Collections**” means, collectively, the Banco Popolare Collections and the Creberg Collections;

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

“**Corporate Servicer**” means Securitisation Services S.p.A. or any successor corporate servicer appointed from time to time in respect of this Securitisation;

“**Corporate Services Agreement**” means the agreement dated on or about the Issue Date between the Corporate Servicer, the Representative of the Noteholders and the Issuer;

“**Creberg**” means Credito Bergamasco S.p.A. (before the merger into Banco Popolare);

“**Creberg Claims**” has the meaning given to the term “*Crediti*” in the Creberg Transfer Agreement, which term identifies the debt claims arising from the Creberg Loans comprised in the Creberg Portfolio;

“**Creberg Collection Policies**” means the servicing and collection policies set out in schedule 1 to the Servicing Agreement;

“**Creberg Collections**” means any monies from time to time paid, as of the Valuation Date (included), in respect of the Creberg Loans and the related Creberg Claims;

“**Creberg Loans**” means, from time to time, the aggregate of the secured and unsecured loans disbursed to SMEs in various technical forms (such as *mutui fondiari*, *mutui ipotecari*, *mutui agrari* or *altri prestiti*) comprised in the Creberg Portfolio, the Creberg Claims in respect of which have been transferred to the Issuer in accordance with the Creberg Transfer Agreement and “**Creberg Loan**” means any one of these;

“**Creberg Portfolio**” means the aggregate of all Creberg Loans;

“**Creberg Transfer Agreement**” means the transfer agreement executed on the Signing Date between the Issuer and Creberg (before the merger into Banco Popolare) in relation to the transfer of the Creberg Portfolio;

“**Crediti ad Incaglio**” means those Claims (A)(i) under which there are at least (I) 6 (six) Unpaid Instalments (in case of monthly payment) provided that 150 days have elapsed since the due date of the first Instalment which became an Unpaid Instalment or (II) 3 (three) Unpaid Instalments (in case of two-monthly payment) provided that 150 days have elapsed

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

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

“**DBRS**” means DBRS Ratings Limited;

“**Defaulted Claims**” means those Claims (A) under which there are at least (i) 7 (seven) Unpaid Instalments whether consecutive or otherwise (in case of monthly payment) or (ii) 4 (four) Unpaid Instalments whether consecutive or otherwise (in case of two-monthly payment) or (iii) 3 (three) Unpaid Instalments whether consecutive or otherwise (in case of quarterly payment) or (iv) 2 (two) Unpaid Instalments (in case of semi-annual payment) or (vi) 1 (one) Unpaid Instalment (in case of annual payment) and 180 days have elapsed since the due date of the first Instalment became an Unpaid Instalment or (B) are classified as *Crediti in Sofferenza* by the Servicer;

“**Eligible Institution**” means:

- (I) with respect to any entity (other than BP acting as Cash Account Bank),
 - (A) any depository institution organised under the laws of any state which is a member of the European Union or of the United States of America whose long-term unsecured and unsubordinated debt obligations are rated at least:
 - (i) “A2” by Moody’s; and
 - (ii) “A” by DBRS (either by way of a public rating or, in its absence, by way of a private rating supplied by DBRS) or, in the absence of any rating supplied by DBRS, “A” or “A2” by at least two of Fitch, S&P or Moody’s (provided that if such public rating is under credit watch negative, or equivalent, then such rating will be considered one notch below);
 - (B) whose obligations under the Transaction Documents to which it is a party are fully and unconditionally guaranteed on an unsubordinated basis by a depository institution organised under the laws of any state which is a member of the European Union or of the United States of America whose long-term unsecured and unsubordinated debt obligations are rated at least:
 - (i) “A2” by Moody’s; and
 - (ii) “A” by DBRS (either by way of a public rating or, in its absence, by way of a private rating supplied by DBRS) or, in the absence of any rating supplied by DBRS, “A” or “A2” by at least two of Fitch, S&P or Moody’s (provided that if such public rating is under credit watch negative, or equivalent, then such rating will be considered one notch below);
- (II) with respect to BP acting as Cash Account Bank, BP for so long as its long-term, unsecured and unsubordinated debt obligations are rated at least:
 - (i) “B1” by Moody’s; and

- (ii) "BBB" by DBRS (either by way of a public rating or, in its absence, by way of a private rating supplied by DBRS);

"Eligible Investments" means:

- (i) any euro-denominated senior, unsubordinated dematerialised debt securities, bank account deposit (including for the avoidance of doubt time deposit) or other debt instruments (but excluding for avoidance of any doubt, the money market funds) provided that the relevant investments are issued or held by, or unlimited and irrevocably guaranteed on an unsubordinated basis by, an institution whose unsecured and unsubordinated debt obligations are rated at least:

(1) (A) either "Baa3" by Moody's in respect of long-term debt or "P-3" by Moody's in respect of short-term debt, with regard to investments having a maturity of less than one month, or such other lower rating being compliant with the criteria established by Moody's from time to time; (B) either "Baa2" by Moody's in respect of long-term debt or "P-2" by Moody's in respect of short-term debt, with regard to investments having a maturity between one and three months, or such other lower rating being compliant with the criteria established by Moody's from time to time; (C) "A3" 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 between three and six months, or such other lower rating being compliant with the criteria established by Moody's from time to time; or (D) "A2" 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 longer than six months, or such other lower rating being compliant with the criteria established by Moody's from time to time; and

(2) if such debt securities or other debt instruments are rated by DBRS (A) "R-2 (middle)" by DBRS in respect of short-term debt or "BBB" by DBRS in respect of long-term debt, with regard to investments having a maturity of less than one month; (B) "R-1 (low)" by DBRS in respect of short-term debt or "A (low)" by DBRS in respect of long-term debt, with regard to investments having a maturity between one and three months; (C) "R-1 (low)" by DBRS in respect of short-term debt or "A" by DBRS in respect of long-term debt, with regard to investments having a maturity between three and six months; or (D) "R-1 (middle)" by DBRS in respect of short-term debt and "A (high)" by DBRS in respect of long-term debt, with regard to investments having a maturity longer than six months, or such other lower rating being compliant with the criteria established by DBRS from time to time; such DBRS ratings by way of a public rating or, in the absence of any public rating supplied by DBRS, the DBRS Equivalent Rating by at least two of Fitch, S&P or Moody's (provided that if such public rating is under credit watch negative, or equivalent, then such rating will be considered one notch below);

provided that (a) such investments are immediately repayable on demand, disposable without penalty or loss or have a maturity date falling on or before the next following Liquidation Date; (b) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and (c) in the case of bank account or deposit (including for the avoidance of doubt time deposit), such bank account or deposit are held in England or Wales with an Eligible Institution in the name of the Issuer, *provided that* (i) a legal, valid and binding guarantee substantially in the form of the Deed of Charge (which shall be compliant with the Rating Agencies' published criteria applicable from time to time) is created thereon and (ii) a legal opinion is provided to the Issuer (and disclosed to the Rating Agencies) confirming the validity and the enforceability of the security created thereon;

- (ii) any other investment that, upon prior written notice to DBRS and Moody's, does not adversely affect the current ratings of the Rated Notes;

provided further that, in any event, none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of (i) credit linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities or any other instrument from time to time specified in the European Central Bank monetary policy regulations applicable from time to time.

“**Eligible Investments Account**” means a securities account No. 1040702159W opened by the Issuer with the Transaction Bank;

“**English Deed of Charge and Assignment**” means the deed of charge and assignment to be executed on or about the Issue Date between the Issuer and the Representative of the Noteholders and governed by English law;

“**English Law Transaction Documents**” means the provisions of the Agency and Accounts Agreement which are governed by English law and the English Deed of Charge and Assignment;

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

“**EURIBOR**” means:

- (i) prior to the service of an Issuer Acceleration Notice and in respect of each Interest Period, the rate offered in the euro-zone inter-bank market for three-month deposits in euro (save that for the first Interest Period the rate will be obtained upon linear interpolation of the EURIBOR for one and two month deposits in euro) which appears on the Reuters-EuriborØ1 page or (A) such other page as may replace the Reuters-EuriborØ1 page on that service for the purpose of displaying such information or (B) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Representative of the Noteholders) as may replace the Reuters-EuriborØ1 page (the “**Screen Rate**”) at or about 11.00 a.m. (Brussels time) on the Interest Determination Date falling immediately before the beginning of such Interest Period; or
- (ii) following the service of an Issuer Acceleration Notice and in respect of each Interest Period, the rate offered in the euro-zone inter-bank market for deposits in euro applicable in respect of such Interest Period which appears on the Screen Rate nominated and notified by the Agent Bank for such purpose or, if necessary, the relevant linear interpolation, as determined by the Agent Bank in accordance with the Agency and Accounts Agreement at or about 11.00 a.m. (Brussels time) on the Interest Determination Date which falls immediately before the end of the relevant Interest Period; or
- (iii) if the Screen Rate is unavailable at such time for deposits in euro in respect of the relevant period, then the rate for any relevant period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded upwards) of the rates notified to the Agent Bank at its request by each of the Reference Banks as the rate at which deposits in euro in respect of the relevant period in a representative amount are offered by that Reference Bank to leading banks in the euro-zone inter-bank market at or about 11.00 a.m. (Brussels time) on the relevant Interest Determination Date; or

- (iv) if, at that time, the Screen Rate is unavailable and only two or three of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations; or
- (v) if, at that time, the Screen Rate is unavailable and only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the relevant rate shall be the rate in effect for the immediately preceding period to which one of sub-paragraphs (i) or (ii) above shall have applied;

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

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

“**Event of Default**” has the meaning given to it in Condition 10 (*Events of Default*);

“**Expenses Account**” means the euro-denominated current account opened by the Issuer with the Interim Account Bank, as better identified in the Agency and Accounts Agreement, or any other account as may replace it in accordance with the Agency and Accounts Agreement;

“**Extraordinary Resolution**” has the meaning given to it in the Rules of the Organisation of Noteholders;

“**Final Redemption Date**” means the Interest Payment Date immediately following the earlier of: (i) the date when the Portfolio Outstanding Amount will have been reduced to zero; and (ii) the date when all the Claims then outstanding will have been entirely written off by the Issuer;

“**Financing Bank**” means Banco Popolare in its capacity as financing bank under the Letter of Undertaking or any permitted successor or assignee thereof;

“**Initial Portfolio Outstanding Amount**” means the aggregate Outstanding Principal of all Claims as at the relevant Valuation Date, being equal to € 1,795,598,409.41;

“**Insolvent**” means that the Issuer is, or is deemed for the purposes of any applicable law to be, unable to pay its debts as they fall due or is insolvent;

“**Insurance Premia**” means the insurance premia paid by Banco Popolare and Creberg (before the merger into Banco Popolare) and which are due to Banco Popolare (following the merger of Creberg into Banco Popolare) by the Issuer in accordance with the Transfer Agreements;

“**Intercreditor Agreement**” means an intercreditor agreement dated on or about the Issue Date between the Issuer, the Noteholders (represented by the Representative of the Noteholders) and the Other Issuer Creditors;

“**Interest Amount**” has the meaning given to it in Condition 6(e) (*Determination of the Interest Amount on the Rated Notes*);

“**Interest Amount Arrears**” means the portion of the relevant Interest Amount for the Class A Notes, calculated pursuant to Condition 6(e) (*Determination of the Interest Amount on the Rated Notes*), which remains unpaid on the relevant Interest Payment Date;

“**Interest Determination Date**” means:

- (a) prior to the service of an Issuer Acceleration Notice, in respect of each Interest Period, the date falling two TARGET Settlement Days prior to the Interest Payment Date at the beginning of such Interest Period;
- (b) following the service of an Issuer Acceleration Notice, in respect of each Interest Period, the Calculation Date immediately prior to the Interest Payment Date at the end of such Interest Period;

“**Interest Payment Date**” means (a) prior to the service of an Issuer Acceleration Notice, the 25 of February, May, August and November in each year (or, if any such date is not a Business Day, that date will be the first following day that is a Business Day, the first Interest Payment Date being 26 August 2014) and (b) following the service of an Issuer Acceleration Notice, the day falling 10 Business Days after the Accumulation Date (if any) or any other day on which any payment is due to be made in accordance with the Post-Enforcement Priority of Payments, the Conditions and the Intercreditor Agreement;

“**Interest Period**” has the meaning given to it in Condition 6(a) (*Interest Payment Dates and Interest Periods*);

“**Interim Account**” means a euro-denominated current account opened by the Issuer with the Interim Account Bank, as better identified in the Agency and Accounts Agreement, or any other account as may replace it in accordance with the Agency and Accounts Agreement;

“**Irish Stock Exchange**” means the Irish Stock Exchange;

“**Issue Date**” means 30 June 2014 or such other date in which the Notes are issued, as specified in the Prospectus;

“**Issuer**” means BPL Mortgages S.r.l.;

“**Issuer Acceleration Notice**” has the meaning given to it in Condition 10(c) (*Consequence of service of an Issuer Acceleration Notice*);

“**Issuer Available Funds**”

- (i) as of each Calculation Date prior to the service of an Issuer Acceleration Notice, an amount equal to the sum of:
 - (a) the amount standing to the credit of the Collection Account and of the Payments Account as at the end of the Collection Period immediately preceding the relevant Calculation Date consisting of, *inter alia*:
 - (I) payment of interest and repayment of principal under the Loans,
 - (II) any collections and/or recovery in respect of Defaulted Claims including any disposal proceeds deriving from the sale of any Defaulted Claims,
 - (III) any amount received by the Issuer under any of the Transaction Documents during the preceding Collection Period, and
 - (IV) all amounts of interest accrued in respect of any of the Accounts and paid during the Collection Period immediately preceding such Calculation Date;
 - (b) the Cash Reserve as at the relevant Calculation Date;
 - (c) any refund or repayment obtained by the Issuer from any tax authority in respect of the Claims, the Transaction Documents or, otherwise, the Securitisation during the immediately preceding Collection Period; and
 - (d) without duplication of (a) above, on the Calculation Date immediately preceding the Final Redemption Date and on any Calculation Date thereafter, the amount standing to the balance of the Expenses Account;
 - (e) without duplication of (a) above, any amount invested in Eligible Investments (if any) during the immediately preceding Collection Period from the Collection Account, following liquidation thereof on the preceding Liquidation Date;
 - (f) the Revenue Eligible Investments Amount realised on the preceding Liquidation Date, if any;
- (ii) as of each Calculation Date following the service of an Issuer Acceleration Notice, the aggregate of the amounts received or recovered by or on behalf of the Issuer or the

Representative of the Noteholders in respect of the Claims, the Note Security and the Issuer's Rights under the Transaction Documents;

"Issuer Creditors" means (i) the Noteholders (represented, as the case may be, by the Representative of the Noteholders); (ii) the Other Issuer Creditors; and (iii) any other third-party creditors in respect of any taxes, costs, fees, liabilities or expenses incurred by the Issuer in relation to the Securitisation;

"Issuer Secured Creditors" means the Noteholders, the Representative of the Noteholders, the Computation Agent, the Servicer, the Cash Account Bank, the Paying Agent, the Agent Bank, the Interim Account Bank, the Rated Notes Subscriber, the Transaction Bank, the Junior Notes Subscriber, the Corporate Servicer, the Administrative Servicer, the Back-Up Servicer Facilitator, the Subordinated Loan Provider, Banco Popolare (in respect of any monetary obligation due to it by the Issuer under the Letter of Undertaking, the Transfer Agreements and the Warranty and Indemnity Agreement);

"Issuer's Rights" means the Issuer's right, title and interest in and to the Claims, any rights that the Issuer has acquired under the Transaction Documents and any other rights that the Issuer has acquired against the Originator, any Other Issuer Creditors (including any applicable guarantors or successors) or third parties for the benefit of the Noteholders in connection with the securitisation of the Claims;

"Italian Accounts" means the Interim Account and the Expenses Account and any one of them, the **"Italian Account"**;

"Italian Deed of Pledge" means a deed of pledge under Italian law executed on or about the Issue Date between the Issuer and the Representative of the Noteholders acting on its own behalf and on behalf of the other Issuer Secured Creditors;

"Italian Law Transaction Documents" means the Transfer Agreements, the Servicing Agreement, the Warranty and Indemnity Agreement, the Corporate Services Agreement, the Administrative Services Agreement, the Intercreditor Agreement, the Agency and Accounts Agreement (other than the provisions of the Agency and Accounts Agreement which are governed by English law), the Italian Deed of Pledge, the Mandate Agreement, the Quotaholder's Commitment, the Letter of Undertaking, the Subscription Agreement, these Conditions and the Rules of the Organisation of Noteholders and the Subordinated Loan Agreement;

"Junior Notes Remuneration" means, on each Interest Payment Date:

- (a) prior to the service of an Issuer Acceleration Notice, the Issuer Available Funds to be applied on such Interest Payment Date minus all payments or provisions to be made under the Pre-Enforcement Priority of Payments under items (i) to (xv); or
- (b) following the service of an Issuer Acceleration Notice or in the event the Issuer opts for the early redemption of the Notes under Condition 7(e) (*Optional redemption of the Notes*) or Condition 7(f) (*Optional redemption for taxation, legal or regulatory reasons*), the Issuer Available Funds to be applied on such Interest Payment Date minus all payments or provisions to be made under the Post-Enforcement Priority of Payments under items (i) to (xi);

"Junior Notes Subscriber" means Banco Popolare.

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

"Letter of Undertaking" means a letter of undertaking dated on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Financing Bank;

"Limited Recourse Loan" means any limited recourse loan, or other form of financing,

advanced by the Originator to the Issuer pursuant to the terms of the Letter of Undertaking;

“**Liquidation Date**” means the date falling one Business Day before each Calculation Date or, in the event that any of the financial instruments constituting Eligible Investments purchased for the account of the Issuer in accordance with this Agreement ceases to have the minimum required ratings set out in the definition of “Eligible Investments”, the date on which such financial instruments constituting Eligible Investments are actually liquidated in accordance with this Agreement;

“**Loans**” means, collectively, the Banco Popolare Loans and the Creberg Loans and “**Loan**” means any one of these;

“**Local Business Day**” has the meaning given to it in Condition 8(c) (*Payments on Business Days*);

“**Mandate Agreement**” means a mandate agreement dated on or about the Issue Date between the Issuer and the Representative of the Noteholders;

“**Maturity Date**” has the meaning given to it in Condition 7(a) (*Final redemption*);

“**Meeting**” has the meaning given to it in the Rules of the Organisation of Noteholders;

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

“**Monte Titoli Account Holder**” means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System);

“**Moody's**” means Moody's Investors Service Limited;

“**Most Senior Class**” means, at any time:

- (a) the Class A Notes; or
- (b) if no Class A Notes are then outstanding, the Class B Notes; or
- (c) if no Rated Notes are then outstanding, the Junior Notes;

“**Note Security**” has the meaning given thereto in Condition 4 (*Note Security*);

“**Notes Subscribers**” means the Rated Notes Subscriber and the Junior Notes Subscriber;

“**Organisation of Noteholders**” means the organisation of the Noteholders created by the issue and subscription of the Notes and regulated by the Rules of the Organisation of Noteholders attached hereto as a schedule;

“**Originator**” means Banco Popolare or any permitted successor or assignee thereof;

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

“**Other Issuer Creditors**” means, collectively, the Representative of the Noteholders, Banco Popolare (in any capacity), the Servicer, the Back-up Servicer Facilitator, the Transaction Bank, the Rated Notes Subscriber, the Corporate Servicer, the Administrative Servicer, the Interim Account Bank, the Cash Account Bank, the Computation Agent, the Paying Agent, the Agent Bank, the Junior Notes Subscriber and the Subordinated Loan Provider;

“**Outstanding Principal**” means, in respect of a Claim, the aggregate of the principal amount of the relevant Loan from time to time;

“**Payments Account**” means a euro-denominated current account opened by the Issuer with the Paying Agent, as better identified in the Agency and Accounts Agreement, or any other account as may replace it in accordance with the Agency and Accounts Agreement;

“**Portfolio**” means, collectively, the Banco Popolare Portfolio and the Creberg Portfolio;

“**Portfolio Outstanding Amount**” means, on each Interest Payment Date, the aggregate Outstanding Principal of all the Claims as at the end of the immediately preceding Collection Period;

“**Post-Enforcement Final Redemption Date**” means the earlier to occur between: (i) the date when the Notes are due for payment under Condition 7(e) (*Optional redemption of the Notes*) or Condition 7(f) (*Optional redemption for taxation, legal or regulatory reasons*) in the event that the Issuer opts for the early redemption of the Notes in accordance therewith, (ii) the date when the Portfolio Outstanding Amount will have been reduced to zero, and (iii) the date when all the Claims then outstanding will have been entirely written off by the Issuer;

“**Post-Enforcement Priority of Payments**” means the provisions relating to the order of priority of payments as set out in Condition 3(e) (*Post-Enforcement Priority of Payments*);

“**Pre-Enforcement Priority of Payments**” means the provisions relating to the order of priority of payments as set out in Condition 3(d) (*Pre-Enforcement Priority of Payments*);

“**Previous Securitisations**” means the securitisation transactions carried out by the Issuer in accordance with the Securitisation Law completed (i) the first, in December 2012 and involving the issue of partially paid asset-backed notes in an aggregate amount of € 3,588,855,000 (as increased on 28th March 2013) and (ii) the second, in March 2013 and involving the issue of asset-backed notes in an aggregate amount of € 5,249,780,000;

“**Previous Securitisation Notes**” means the asset-backed notes issued in connection with the Previous Securitisations;

“**Previous Transaction Documents**” means the documents, deeds and agreements defined as “Transaction Documents” in the prospectus related to the Previous Securitisation;

“**Principal Amount Outstanding**” means, on any day and in relation to each Class, the aggregate principal amount outstanding upon issue, minus the aggregate amount of all Principal Payments in respect of that Class of Notes which have become due and payable (and which have actually been paid) on or prior to that day.

“**Principal Payments**” has the meaning given in Condition 7(d) (*Principal Payments*);

“**Priority of Payments**” means, as the case may be, any of the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments;

“**Purchase Price**” has the meaning given to the term “*Prezzo di Acquisto*” in the relevant Transfer Agreement and “**Purchase Prices**” means the aggregate of the Purchase Price of each Transfer Agreement;

“**Rate of Interest**” has the meaning given in Condition 6(c) (*Rate of interest on the Rated Notes*);

“**Rated Notes Subscriber**” means Banco Popolare;

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

“**Rating Agencies**” means Moody’s and DBRS;

“**Reference Banks**” means, initially, Barclays Bank PLC, Lloyds Bank plc and HSBC Bank plc, each acting through its principal London office and, if the principal London office of any such bank is unable or unwilling to continue to act as a Reference Bank, the principal London office of such other bank as the Issuer shall appoint and as may be approved in writing by the

Representative of the Noteholders to act in its place;

“**Relevant Clearing System**” means Euroclear and/or Clearstream, Luxembourg;

“**Relevant Date**” means, in respect of any payment in relation to the Notes, whichever is the later of:

- (a) the date on which the payment in question first becomes due; and
- (b) if the full amount payable has not been received by the Paying Agent or the Representative of the Noteholders on or prior to such date, the date on which, the full amount having been so received, notice to that effect has been given to the Noteholders in accordance with Condition 17 (*Notices*);

“**Reporting Date**” means the date falling no later than seven Business Days immediately following the end of each preceding Collection Period, the first Reporting Date being the 11 of August 2014;

“**Retention Amount**” means the amount of € 50,000;

“**Revenue Eligible Investments Amount**” means, as at each Liquidation Date, any interest or other remuneration on the Eligible Investments bought for the account of the Issuer other than repayment of principal or repayment of the initial capital invested, as applicable, in respect of each Eligible Investment;

“**Secured Amounts**” means all the amounts due, owing or payable by the Issuer, whether present or future, actual or contingent, to the Noteholders under the Notes and the other Issuer Secured Creditors pursuant to the relevant Transaction Documents;

“**Security Interest**” means any mortgage, charge, pledge, lien, right of set-off, special privilege (*privilegio speciale*), assignment by way of security, retention of title or any other security interest whatsoever or any other agreement or arrangement having the effect of conferring security;

“**Servicer Report**” means the report prepared and submitted by the Servicer on each Reporting Date in the form set out in the Servicing Agreement and containing information as to the Portfolio and the Collections in respect of the preceding Collection Period;

“**Servicer**” means Banco Popolare;

“**Servicer’s Advance**” means those amounts due to the relevant Servicer under clauses 3.9 and 12.5.4 of the Servicing Agreement;

“**Servicing Agreement**” means the servicing agreement dated the Signing Date between the Issuer, Creberg (before the merger into Banco Popolare) and the Servicer;

“**Quotaholder’s Commitment**” means the quotaholder’s commitment in relation to the Issuer dated the Issue Date, between the Issuer, SVM Securitisation Vehicles Management S.r.l. and the Representative of the Noteholders;

“**Signing Date**” means 27 May 2014;

“**Specified Offices**” has the meaning given in Condition 17(d) (*Initial Specified Offices*);

“**Subordinated Loan**” means the subordinated loan granted by the Subordinated Loan Provider in connection with the Subordinated Loan Agreement;

“**Subordinated Loan Agreement**” means the subordinated loan agreement dated on or about the Issue Date between the Subordinated Loan Provider, the Representative of the Noteholders and the Issuer;

“**Subordinated Loan Provider**” means Banco Popolare or any permitted successor or assignee thereof;

“**Subscription Agreement**” means the subscription agreement for the Notes;

“**Target Cash Reserve Amount**” means € 80,802,000.00 (being an amount equal to 6 per cent. of the aggregate Principal Amount Outstanding of the Rated Notes as at the Issue Date) provided that the Target Cash Reserve Amount will be equal to zero on the earlier of (i) the Maturity Date; (ii) the Final Redemption Date (iii) the Interest Payment Date on which the Rated Notes are redeemed in full; and (iv) the Interest Payment Date on which the Class B Notes may be fully redeemed also utilising the amounts which would otherwise be credited to the item (*sixth*) of the Pre-Enforcement Priority of Payments on such Interest Payment Date;

“**TARGET Settlement Day**” means any day on which the TARGET system is open;

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

“**Transaction Documents**” means, collectively, the Italian Law Transaction Documents and the English Law Transaction Documents;

“**Transfer Agreements**” means, collectively, the Banco Popolare Transfer Agreement and the Creberg Transfer Agreement and “**Transfer Agreement**” means any one of these;

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

“**Valuation Date**” has the meaning ascribed to the term “*Data di Valutazione*” in each Transfer Agreement;

“**Warranty and Indemnity Agreement**” means a warranty and indemnity agreement dated the Signing Date and executed by and between the Issuer, Banco Popolare and Creberg (before the merger into Banco Popolare); and

“**Written Resolution**” means a resolution in writing signed by or on behalf of all holders of Notes who for the time being are entitled to receive notice of a Meeting of such holders of Notes in accordance with the Rules of the Organisation of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of Notes.

(b) In these Conditions, the following events are deemed to have occurred as set out below:

an “**Insolvency Event**” will have occurred in respect of the Issuer if:

- (i) the Issuer becomes subject to any applicable bankruptcy, liquidation, administration, receivership, insolvency, composition or reorganisation (among which, without limitation, *fallimento*, *liquidazione coatta amministrativa*, *concordato preventivo*, *accordi di ristrutturazione* and *amministrazione straordinaria*, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of the jurisdiction in which the Issuer is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, receivership, arrangement, adjustment, protection or relief of debtors) or similar proceedings or the whole or any substantial part of the undertaking or assets of the Issuer are subject to a *pignoramento* or similar procedure having a similar effect (other than any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are being disputed by the Issuer in good faith with a reasonable prospect of success;
- (ii) an application for the commencement of any of the proceedings under (a) above is made in respect of or by the Issuer or the same proceedings are otherwise initiated against the Issuer or notice is given of intention to appoint an administrator in relation to the Issuer and, in the opinion of the Representative of the Noteholders (who may in

this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success;

- (iii) the Issuer takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than the Issuer Secured Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation, administration or dissolution in any form of the Issuer (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2484 of the Italian civil code occurs with respect to the Issuer;

a “**Servicer Report Delivery Failure Event**” will have occurred upon any of the Servicer’s failure to deliver the relevant Servicer Report within three Business Days from the relevant Reporting Date provided that such event will cease to be outstanding when the Servicer delivers the relevant Servicer Report.

2. **FORM, DENOMINATION AND TITLE**

(a) **Form**

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

(b) **Denomination**

The Rated Notes are issued in the denomination of € 100,000. The Junior Notes are issued in the denomination of € 100,000 and integral multiples of € 1,000 in excess thereof.

(c) **Title**

The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entries in accordance with: (i) article 83-bis of the Legislative Decree No. 58 of 24 February 1998 and (ii) Regulation jointly issued on 22 February 2008 by the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) and the Bank of Italy as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

(d) **Holder Absolute Owner**

Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Representative of the Noteholders and the Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the Monte Titoli Account Holder, whose account is at the relevant time credited with a Note, as the absolute owner of such Note for the purposes of payments to be made to the holder of such Note (whether or not the Note is overdue and notwithstanding any notice to the contrary, any notice of ownership or writing on the Note or any notice of any previous loss or theft of the Note) and shall not be liable for doing so.

3. **STATUS, RANKING AND PRIORITY**

(a) **Status**

The Notes constitute direct and unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 16 (*Limited recourse*

and non-petition). The Notes are secured over certain assets of the Issuer pursuant to the Note Security. The Noteholders acknowledge that the limited-recourse nature of the Notes produces the effects of a *contratto aleatorio* under Italian law and they accept the consequences thereof, including but not limited to, the provisions of article 1469 of the Italian civil code. The rights arising from the Note Security are included in each Note.

(b) **Ranking**

- (i) In respect of the obligations of the Issuer to pay interest on the Notes prior to the service of an Issuer Acceleration Notice:
 - (A) the Class A Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Class B Notes and the Junior Notes;
 - (B) the Class B Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Junior Notes and subordinated to payment of interest in respect of the Class A Notes;
 - (C) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to the Rated Notes.
- (ii) In respect of the obligations of the Issuer to repay principal on the Notes prior to the service of an Issuer Acceleration Notice:
 - (A) the Class A Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to payment of interest in respect of the Rated Notes and in priority to repayment of principal on the Class B Notes and in priority to the Junior Notes;
 - (B) the Class B Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Junior Notes and subordinated to the Class A Notes;
 - (C) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to the Rated Notes.
- (iii) In respect of the obligations of the Issuer (a) to pay interest and (b) to repay principal on the Notes following the service of an Issuer Acceleration Notice or, in the event that the Issuer opts for the early redemption of the Notes under Condition 7(e) (*Optional redemption*) or Condition 7(f) (*Optional redemption for taxation, legal or regulatory reasons*):
 - (A) the Class A Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Class B Notes and the Junior Notes;
 - (B) the Class B Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Junior Notes and subordinated to the Class A Notes;
 - (C) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to the Rated Notes.

(c) **Sole obligations**

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any other parties to the Transaction Documents.

(d) **Pre-Enforcement Priority of Payments**

Prior to the service of an Issuer Acceleration Notice, the Issuer Available Funds as calculated on each Calculation Date will be applied by the Issuer on the Interest

Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority (the “**Pre-Enforcement Priority of Payments**”) but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

- (i) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
 - (A) any and all outstanding taxes due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs and to the extent not paid by Banco Popolare under the Letter of Undertaking);
 - (B) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer’s business in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs and to the extent not paid by Banco Popolare under the Letter of Undertaking);
 - (C) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or ratings of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs);
- (ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
 - (A) any and all outstanding fees, costs and expenses of and all other amounts due and payable to the Representative of the Noteholders, or any appointee thereof; and
 - (B) the amount necessary to replenish the Expenses Account up to the Retention Amount;
- (iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses due and payable to, the Paying Agent, the Agent Bank, the Computation Agent, the Back-up Servicer Facilitator, the Servicer, the Corporate Servicer, the Administrative Servicer, the Interim Account Bank, the Cash Account Bank and the Transaction Bank, each, under the Transaction Document(s) to which it is a party;
- (iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class A Notes;
- (v) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class B Notes;
- (vi) *sixth*, for so long as there are Rated Notes outstanding, to credit the Cash Reserve Account with the amount required, if any, such that the Cash Reserve equals the Target Cash Reserve Amount;
- (vii) *seventh*, for so long as there are Rated Notes outstanding and following the occurrence of a Servicer Report Delivery Failure Event, but only if on such Interest Payment Date the Servicer Report Delivery Failure Event is still outstanding, to credit the remainder to the Payments Account;
- (viii) *eighth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal

- Amount Outstanding of the Class A Notes;
- (ix) *ninth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes;
 - (x) *tenth*, in or towards satisfaction of all amounts due and payable to the Originator in respect of the Rateo Amounts (if any) under the terms of the Transaction Documents;
 - (xi) *eleventh*, in or towards satisfaction of all amounts of interest and principal due and payable to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
 - (xii) *twelfth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
 - (A) all amounts due and payable to the Originator in respect of the Originator's Claims (if any) under the terms of the Transaction Documents, to the extent not already paid under item (*tenth*) above;
 - (B) all amounts due and payable to the Servicer as Servicer's Advance (if any) under the terms of the Servicing Agreement; and
 - (C) all amounts due and payable to Banco Popolare in connection with the granting of the limited recourse loan under the Letter of Undertaking;
 - (xiii) *thirteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any Other Issuer Creditor incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Pre-Enforcement Priority of Payments);
 - (xiv) *fourteenth*, upon repayment in full of the Rated Notes, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of the Junior Notes is equal to € 50,000;
 - (xv) *fifteenth*, on the Final Redemption Date and on any Interest Payment Date thereafter, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Junior Notes are redeemed in full; and
 - (xvi) *sixteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of the Junior Notes Remuneration (if any) due and payable on the Junior Notes.

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

(e) **Post-Enforcement Priority of Payments**

Following the service of an Issuer Acceleration Notice, or, in the event that the Issuer opts for the early redemption of the Notes under Condition 7(e) (*Optional redemption of the Notes*) or Condition 7(f) (*Optional redemption for taxation, legal or regulatory reasons*), the Issuer Available Funds as calculated on each Calculation Date will be

applied by or on behalf of the Representative of the Noteholders on the Interest Payment Date immediately following such Calculation Date in making payments or provisions in the following order (the “**Post-Enforcement Priority of Payments**”) but, in each case, only if and to the extent that payments of a higher priority have been made in full:

- (i) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
 - (A) any and all outstanding taxes due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs and to the extent not paid by Banco Popolare under the Letter of Undertaking);
 - (B) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs and to the extent not paid by Banco Popolare under the Letter of Undertaking);
- (ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
 - (A) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or ratings of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such costs); and
 - (B) any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof;
- (iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses due and payable to, the Paying Agent, the Agent Bank, the Computation Agent, the Back-up Servicer Facilitator, the Servicer, the Corporate Servicer, the Administrative Servicer, the Interim Account Bank, the Cash Account Bank and the Transaction Bank, each, under the Transaction Document(s) to which it is a party;
- (iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class A Notes at such date;
- (v) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class A Notes;
- (vi) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class B Notes at such date;
- (vii) *seventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes;
- (viii) *eighth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof:
 - (A) all amounts due and payable to the Originator in respect of the

- Originator's Claims (if any) under the terms of the Transaction Documents;
- (B) all amounts due and payable to the Servicer as Servicer's Advance (if any) under the terms of the Servicing Agreement; and
 - (C) all amounts due and payable to Banco Popolare in connection with the granting of the limited recourse loan under the Letter of Undertaking;
- (ix) *ninth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any Other Issuer Creditor incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Post-Enforcement Priority of Payments);
 - (x) *tenth*, in or towards satisfaction of all amounts of interest and principal due and payable to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
 - (xi) *eleventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of the Junior Notes is equal to € 50,000;
 - (xii) *twelfth*, on the Post-Enforcement Final Redemption Date and on any date thereafter, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Junior Notes are redeemed in full; and
 - (xiii) *thirteenth*, up to but excluding the Post-Enforcement Final Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of the Junior Notes Remuneration at such date,

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

The Issuer or the Representative of the Noteholders on the Issuer's behalf is entitled, pursuant to the Intercreditor Agreement, to dispose of the Claims in order to finance the redemption of the Notes following the service of an Issuer Acceleration Notice.

(f) **Expenses**

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

4. NOTE SECURITY

As security for the discharge of the Secured Amounts, the Issuer will create, pursuant to the Italian Deed of Pledge and the English Deed of Charge and Assignment, the following

security (together, the “**Note Security**”):

- (i) concurrently with the issue of the Notes, in favour of the Representative of the Noteholders for itself and on behalf of the Noteholders and the other Issuer Secured Creditors an Italian law pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled from time to time pursuant to the Italian Law Transaction Documents (other than the Conditions, the Rules of the Organisation of Noteholders, the Italian Deed of Pledge, the provisions of the Agency and Accounts Agreement which are governed by English law and the Mandate Agreement);
- (ii) concurrently with the issue of the Notes, in favour of the Representative of the Noteholders for itself and as trustee for the Noteholders and the other Issuer Secured Creditors:
 - (A) an English law charge over the Collection Account, the Cash Reserve Account and the Eligible Investments Account and each Eligible Investment made from funds standing to the credit of the Eligible Investments Account;
 - (B) an English law assignment by way of security of all the Issuer’s rights under the provisions of the Agency and Accounts Agreement which are governed by English law and all other present and future contracts, agreements, deeds and documents governed by English law to which the Issuer is or may become a party in relation to the Notes, the Claims and the Portfolio; and
 - (C) a floating charge over all of the Issuer’s assets which are subject to the assignments or charges described under (A) and (B) above and not effectively assigned or charged thereunder.

The rights arising from the Note Security in favour of the Noteholders which are incorporated in each of the Notes are transferred together with the transfer of any Note at the time of transfer of such Note. Each holder of any of the Notes from time to time will have the benefit of such rights.

In addition, by operation of Italian law, the Issuer’s right, title and interest in and to the Claims is segregated from all other assets of the Issuer and amounts deriving therefrom will be available both prior to and following a winding-up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and the other Issuer Creditors in accordance with the Priority of Payments.

5. COVENANTS

(a) Covenants

For so long as any Note remains outstanding, the Issuer, save with the prior written consent of the Representative of the Noteholders or as provided in or envisaged by these Conditions or any of the Transaction Documents, shall not, nor shall cause or permit (to the extent permitted by Italian law), shareholders’ meetings to be convened in order to:

- (i) **Negative pledge**

create or permit to subsist any Security Interest whatsoever upon, or with respect to the Claims, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Securitisation or undertakings (other than under the Note Security) or sell, lend, part with or otherwise dispose of all or any part of the Claims, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Securitisation whether in one transaction or in a series of transactions;
- (ii) **Restrictions on activities**
 - (A) without prejudice to Condition 5(b) (*Further Securitisations and corporate*

existence) below, engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage;

- (B) have any subsidiary (*società controllata*) or affiliate company (*società collegata*) (as defined in article 2359 of the Italian civil code) or any employees or premises;
 - (C) at any time approve or agree or consent to any act or thing whatsoever which is materially prejudicial to the interests of the Noteholders under the Transaction Documents or do, or permit to be done, any act or thing in relation thereto which is materially prejudicial to the interests of the Noteholders under the Transaction Documents; or
 - (D) become the owner of any real estate asset;
- (iii) **Dividends or distributions**
pay any dividend or make any other distribution or return or repay any equity capital to its shareholder or increase its equity capital;
- (iv) **Borrowings**
without prejudice to Condition 5(b) (*Further Securitisations and corporate existence*) below, incur any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of any indebtedness or of any obligation of any person other than for the purposes of the Securitisation;
- (v) **Merger**
consolidate or merge with any other person or convey or transfer any of its properties or assets substantially as an entirety to any other person;
- (vi) **Waiver or consent**
permit any of the Transaction Documents (i) to be amended, terminated or discharged, if such amendment, termination or discharge may negatively affect the interests of the holders of the Notes of the Most Senior Class or (ii) to become invalid or ineffective or the priority of the Security Interests created thereby to be reduced or consent to any variation thereof or exercise any powers of consent, direction or waiver pursuant to the terms of any of the Transaction Documents or permit any party to the Transaction Documents or any other person whose obligations form part of the Note Security to be released from its respective obligations in a way which may negatively affect the interests of the holders of the Notes of the Most Senior Class;
- (vii) **Loans**
agree to any request by the Servicer to change the rate of interest on any Loan or to waive any of its rights under any Loan;
- (viii) **Bank accounts**
with the exception of the Equity Capital Account and such other accounts that the Issuer may have opened in the context of the Previous Securitisations or may open in the future in the context of securitisation transactions other than this Securitisation and without prejudice to Condition 5(b) (*Further Securitisations and corporate existence*), have an interest in any bank account other than the Accounts, unless such account is opened in an EU Member State and is pledged, charged or ringfenced, by operation of law or otherwise, in favour of the Issuer Secured Creditors on terms acceptable to the Representative of the Noteholders;
- (ix) **Statutory documents**
amend, supplement or otherwise modify its by-laws (*statuto*), except where such

amendment, supplement or modification is required by any compulsory provision of Italian law or by the competent regulatory authorities;

(x) **Corporate records, financial statements and books of account**

permit or consent to any of the following occurring:

- (i) its books and records being maintained with or co-mingled with those of any other person or entity;
- (ii) its bank accounts and the debts represented thereby being co-mingled with those of any other person or entity;
- (iii) its books and records (if any) relating to the Securitisation being maintained with or co-mingled with those relating to any other securitisation transaction perfected by the Issuer; or
- (iv) its assets or revenues being co-mingled with those of any other person or entity;

and, in addition and without limitation to the above, the Issuer shall or shall procure that, with respect to itself:

- (A) separate financial statements in relation to its financial affairs are maintained;
- (B) all corporate formalities with respect to its affairs are observed;
- (C) separate stationery, invoices and cheques are used;
- (D) it always holds itself out as a separate entity; and
- (E) any known misunderstandings regarding its separate identity are corrected as soon as possible; or

(xi) **Residency and centre of main interests**

do any act or thing, the effect of which would be to make the Issuer resident, including without limitation for tax purposes, in any jurisdiction other than the Republic of Italy or cease to be managed and administered in the Republic of Italy or cease to have its centre of main interests in the Republic of Italy; or

(xii) **Compliance with corporate formalities**

cease to comply with all necessary corporate formalities.

None of the covenants in this Condition 5(a) (*Covenants*) shall prohibit the Issuer from (i) performing its obligations under the Previous Transactions Documents in accordance with their terms or (ii) carrying out any activity which is incidental to maintaining its corporate existence and complying with laws and regulations applicable to it.

(b) Further Securitisations and corporate existence

None of the covenants in Condition 5(a) (*Covenants*) shall prohibit the Issuer from:

- (a) acquiring, or financing pursuant to article 7 of the Securitisation Law, by way of separate transactions unrelated to this Securitisation, further portfolios of monetary claims in addition to the Claims either from the Originator or from any other entity (the “**Further Portfolios**”) or entering into one or more bridge loans for the purposes of purchasing Further Portfolios provided that such bridge loans are repaid through, and limited recourse to, the proceeds arising from the Further Notes (as defined below);
- (b) securitising such Further Portfolios (each, a “**Further Securitisation**”) through the issue of further debt securities additional to the Notes (the “**Further Notes**”);

- (c) entering into agreements and transactions, with the Originator or any other entity, that are incidental to or necessary in connection with such Further Securitisation including, *inter alia*, the ring-fencing or the granting of security over such Further Portfolios and any right, benefit, agreement, instrument, document or other asset of the Issuer relating thereto to secure such Further Notes (the “**Further Security**”),

provided that:

- A. the Issuer confirms in writing to the Representative of the Noteholders that such Further Security does not comprise or extend over any of the Claims or any of the other Issuer’s Rights;
- B. the Issuer confirms in writing to the Representative of the Noteholders that the terms and conditions of the Further Notes contain provisions to the effect that the obligations of the Issuer whether in respect of interest, principal, premium or other amounts in respect of such Further Notes, are limited recourse obligations of the Issuer, limited to some or all of the assets comprised in such Further Security;
- C. the Issuer confirms in writing to the Representative of the Noteholders that each party to such Further Securitisation agrees and acknowledges that the obligations of the Issuer to such party in connection with such Further Securitisation are limited recourse obligations of the Issuer, limited to some or all of the assets comprised in such Further Security and that each creditor in respect of such Further Securitisation or the representative of the holders of such Further Notes has agreed to limitations on its ability to take action against the Issuer, including in respect of insolvency proceedings relating to the Issuer, on terms in all significant respects equivalent to those contained in the Intercreditor Agreement;
- D. the Issuer has notified in writing the Rating Agencies of its intention to carry out a Further Securitisation and provided that any such Further Securitisation would not adversely affect the then current rating of any of the Rated Notes;
- E. the Issuer confirms in writing to the Representative of the Noteholders that the terms and conditions of such Further Notes will include:
- (I) covenants by the Issuer in all significant respects equivalent to those covenants provided in paragraphs (A) to (D) above; and
- (II) provisions which are the same as or, in the sole discretion of the Representative of the Noteholders, equivalent to this provision; and
- F. such Further Securitisation shall not affect the qualification of the Class A Notes as eligible collateral (if applicable), within the meaning of the guidelines issued by the European Central Bank (ECB) on September 2011 (*The implementation of monetary policy in the Euro area*) and on March 2013 (*Additional temporary measures relating to Eurosystem refinancing operation and eligibility of collateral*) as subsequently amended and supplemented, for liquidity and/or open market transactions carried out with a central bank in the Eurozone; and
- G. the Representative of the Noteholders confirms that it is satisfied that conditions (A) to (F) of this provision have been satisfied.

Banco Popolare will cooperate with the Issuer in carrying – out all the activities above mentioned where necessary and the Representative of the Noteholders, in confirming that conditions (A) to (F) of this provision have been satisfied, may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents (as may itself consent thereto on behalf of the Noteholders) or may impose such other conditions or requirements as the Representative of the Noteholders may deem expedient (in its absolute discretion) in the interests of the Noteholders and may rely on any written confirmation from the

Issuer as to the matters contained therein.

6. INTEREST

(a) Interest Payment Dates and Interest Periods

Each Senior Note will bear interest on its Principal Amount Outstanding from (and including) the Issue Date at the rate per annum (expressed as a percentage) equal to the Class A Rate of Interest or the Class B Rate of Interest, as the case may be, and such interest will be payable in euro in arrears on each Interest Payment Date subject to the applicable Priority of Payments and subject as provided in Condition 8 (*Payments*). The Junior Notes will accrue interest in an amount equal to the Junior Notes Remuneration (if any) calculated in accordance with paragraph (d) (*Interest on the Junior Notes*) of this Condition, payable in euro in arrears on each Interest Payment Date subject to the applicable Priority of Payments and subject as provided in Condition 8 (*Payments*). Each period beginning on (and including) an Interest Payment Date (or, in the case of the first Interest Period, the Issue Date) and ending on (but excluding) the next (or, in the case of the first Interest Period, the first) Interest Payment Date is herein called an “**Interest Period**”.

(b) Accrual of interest

Interest will cease to accrue on each Note on the due date for final redemption unless payment is improperly withheld or refused. In such event, it shall continue to accrue in accordance with this Condition 6 (both before and after judgment) until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note up to that date are received by or on behalf of the relevant Noteholder; and
- (b) the Cancellation Date.

(c) Rate of interest on the Rated Notes

The rate of interest applicable to the Rated Notes for each Interest Period will be determined by the Agent Bank on each Interest Determination Date preceding the relevant Interest Period, and will be the sum of:

- (a) the EURIBOR as defined in Condition 1 (*Definitions*); and
- (b) in relation to the Class A Notes, 0,30 per cent. per annum (the “**Class A Rate of Interest**”) or, in relation to the Class B Notes, 0,80 per cent. per annum (the “**Class B Rate of Interest**” and each a “**Rate of Interest**”).

(d) Interest on the Junior Notes

The Junior Noteholders shall be entitled, for each Interest Period, to the payment of an amount equal to the Junior Notes Remuneration calculated on each Calculation Date which will be payable on the next Interest Payment Date.

(e) Determination of the Interest Amount on the Rated Notes

The Agent Bank will, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date in relation to each Interest Period, but in no event later than the third Business Day thereafter, determine the amount of interest due in respect of the Class A Notes and the Class B Notes for the relevant Interest Period (each such amount, the “**Interest Amount**”). The Interest Amount shall be determined by applying the Class A Rate of Interest or the Class B Rate of Interest, as the case may be, for such Interest Period to the Principal Amount Outstanding of the Class A Notes or the Class B Notes, as the case may be, during such Interest Period, multiplying the product of such calculation by the actual number of days in the Interest Period concerned divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

(f) **Calculation of Junior Notes Remuneration**

The Computation Agent will, on the Calculation Date immediately preceding the Interest Payment Date, in relation to each Interest Period, calculate and communicate to the Paying Agent and the Junior Noteholders any Junior Notes Remuneration that may be payable in respect of the Junior Notes on such Interest Payment Date.

(g) **Publication of Interest Amount**

For the Rated Notes, the Agent Bank will cause each Interest Amount for each Interest Period and the relative Interest Payment Date, to be notified to the Representative of the Noteholders, the Paying Agent and the Irish Stock Exchange, for so long as such Notes are listed on such stock exchange, and to be notified to the Noteholders in accordance with Condition 17 (*Notices*) as soon as possible after their determination, but in no event later than the fourth Business Day thereafter. For the Rated Notes, the Interest Amount for each Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Representative of the Noteholder by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Rated Notes become due and payable under Condition 10 (*Events of Default*), the Interest Amounts payable in respect of each Class of Notes shall nevertheless continue to be calculated as previously by the Computation Agent in accordance with this Condition 6, but no publication of Interest Amount so calculated need be made unless the Representative of the Noteholders or the rules of the Irish Stock Exchange, for so long as such Notes are listed on such stock exchange, otherwise require.

(h) **Determination or calculation by the Representative of the Noteholders**

If the Agent Bank does not at any time for any reason in respect of the Rated Notes calculate the Interest Amount for an Interest Period, the Representative of the Noteholders shall do so and such determinations or calculations shall be deemed to have been made by the Computation Agent. In doing so, the Representative of the Noteholders shall apply the foregoing provisions of this Condition 6, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(i) **Interest Amount Arrears**

Without prejudice to the right of the Representative of the Noteholders to serve to the Issuer an Issuer Acceleration Notice pursuant to Condition 10(a) (*Event of Default*), prior to the service of an Issuer Acceleration Notice, in the event that on any Interest Payment Date a portion of the relevant Interest Amount for the Class A Notes or the Class B Notes, as the case may be, remains unpaid (“**Interest Amount Arrears**”) (in accordance with the Pre-Enforcement Priority of Payment) such Interest Amount Arrears shall be deferred on the following Interest Payment Date or on the day an Issuer Acceleration Notice is served to the Issuer, whichever comes first. Any such Interest Amount Arrears shall not accrue additional interest. A *pro rata* share of such Interest Amount Arrears shall be aggregated with the amount of, and treated for the purpose of this Condition as if it were, interest due, subject to this paragraph, on each Class A Note or the Class B Notes, as the case may be, on the next succeeding Interest Payment Date.

(j) **Notification of Interest Amount Arrears**

If, on any Calculation Date, the Computation Agent determines that any Interest Amount Arrears in respect of the Rated Notes will arise on the immediately succeeding Interest Payment Date, notice to this effect shall be given or procured to be given by the Issuer to the Representative of the Noteholders, the Rating Agencies,

the Paying Agent, Monte Titoli, the Irish Stock Exchange, for so long as the Rated Notes are listed on such stock exchange, and (if so required by the rules of such stock exchange) to the Noteholders in accordance with Condition 17 (*Notices*), specifying the amount of the Interest Amount Arrears to be deferred on such following Interest Payment Date in respect of the Class A Notes and/or in respect to the Class B Notes, as the case may be.

7. REDEMPTION, PURCHASE AND CANCELLATION

(a) Final redemption

Unless previously redeemed in full and cancelled as provided in this Condition, the Issuer shall redeem the Notes in full at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Interest Payment Date falling in November 2054 (the “**Maturity Date**”), subject as provided in Condition 8 (*Payments*).

(b) Cancellation Date

If the Notes cannot be redeemed in full on the Maturity Date, as a result of the Issuer having insufficient funds for application in or towards such redemption, any amount unpaid shall remain outstanding and these Conditions shall continue to apply in full in respect of the Notes until the earlier of (i) the date on which the Notes are redeemed in full and (ii) the Cancellation Date, at which date, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Issuer, any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled.

(c) Mandatory redemption

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

(d) Principal Payment

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

(e) Optional redemption of the Notes

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

(a) giving not more than 60 (sixty) nor less than 30 (thirty) days’ notice to the Representative of the Noteholders, the Noteholders and the Rating Agencies, in accordance with Condition 17 (*Notices*), of its intention to redeem all Classes of

Notes (in whole but not in part); and

(b) having provided, prior to giving such notice, to the Representative of the Noteholders a certificate signed by the chairman of the board or the sole director of the Issuer (as applicable) to the effect that it will have the funds on such Interest Payment Date to discharge all its obligations under the Notes (or the Rated Notes only, if all the holders of the Junior Notes consent) and any obligations ranking in priority, or *pari passu*, thereto.

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

For so long as any of the Class A Notes are listed on the Irish Stock Exchange, the Issuer will give notice of any optional redemption of the Notes in accordance with this Condition 7(e) (*Optional redemption of the Notes*) to the Irish Stock Exchange.

(f) **Optional redemption for taxation, legal or regulatory reasons**

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

(a) the assets of the Issuer in respect of this Securitisation (including the Claims, the Collections and the other Issuer's Rights) become subject to taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political sub-division thereof or by any authority thereof or therein or by any applicable taxing authority having jurisdiction; or

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

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

(d) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party

subject to the Issuer:

giving not more than 60 (sixty) days' nor less than 30 (thirty) days' written notice (which notice shall be irrevocable) to the Representative of the Noteholders, the Rating Agencies and the Noteholders, pursuant to Condition 17 (*Notices*), of its intention to redeem all (but not some only) the Notes (or the Rated Notes only, if all the Junior Noteholders consent); and

providing to the Representative of the Noteholders:

(A) a legal opinion (in form and substance satisfactory to the Representative of the Noteholders) from a firm of lawyers of international repute (approved in writing by the Representative of the Noteholders) opining on the relevant change in law or interpretation or administration thereof;

(B) a certificate from the chairman of the board of directors or the sole director of the Issuer (as applicable) stating that the obligation to make such deduction or withholding or the suffering by the Issuer of such deduction or withholding cannot be avoided or, as the case may be, the events under paragraph (d) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable endeavours; and

(C) a certificate from the chairman of the board of directors or the sole director of the Issuer (as applicable) to the effect that it will have the funds on such Interest Payment Date to discharge its obligations under: (i) the Notes (or the Rated Notes only, if all the holders of the Junior Notes consent) and any obligations ranking in priority, or *pari passu*, thereto; and (ii) any additional taxes payable by the Issuer by reason of such early redemption of the Notes.

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

For so long as any of the Class A Notes are listed on the Irish Stock Exchange, the Issuer will give notice of any optional redemption of the Notes in accordance with this Condition 7(f) (*Optional redemption for taxation, legal or regulatory reasons*) to the Irish Stock Exchange.

(g) **Calculation of Issuer Available Funds, Principal Payments, interest payments and Principal Amount Outstanding**

On each Calculation Date, the Issuer will procure that the Computation Agent determines, in accordance (where applicable) with Condition 3 (*Status, ranking and priority*):

- (i) the Issuer Available Funds;
- (ii) the Principal Payments (if any) due on the Notes of each Class on the next following Interest Payment Date;
- (iii) the Interest Amounts (if any) due on the Notes of each Class on the next following Interest Payment Date;
- (iv) the Junior Notes Remuneration (if any);
- (v) the Principal Amount Outstanding of each Class of Notes on the next following Interest Payment Date;
- (vi) the Principal Amount Outstanding of the Notes of all Classes on the next following Interest Payment Date;
- (vii) the interest payable (if any) in respect of each of the Rated Notes on the next following Interest Payment Date;

- (viii) the amount of the Cash Reserve after draw-down and replenishment on the immediately following Interest Payment Date;
- (ix) the Interest Amount Arrears, if any, that will arise in respect of each of the Rated Notes on the immediately following Interest Payment Date;
- (x) the amount to be credited to the Cash Reserve Account in accordance with the Pre-Enforcement Priority of Payments;
- (xi) the Target Cash Reserve Amount;
- (xii) the amounts payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;
- (xiii) the payments (if any) to be made to each of the parties to the Intercreditor Agreement under the relevant Transaction Document; and
- (xiv) the Revenue Eligible Investments Amount;

and will determine how the Issuer's funds available for distribution pursuant to these Conditions shall be applied, on the immediately following Interest Payment Date, pursuant to the applicable Priority of Payments, and will deliver to the Paying Agent and the Interim Account Bank a report setting forth such determinations and amounts.

Upon the occurrence of a Servicer Report Delivery Failure Event, on or prior to the following Calculation Date, based on the information available as of such date, the Computation Agent will calculate:

- (a) the interest payable in respect of the Rated Notes on the immediately following Interest Payment Date;
- (b) the fees payable to the Servicer on the immediately following Interest Payment Date pursuant to item (iii) of the Pre-Enforcement Priority of Payments which shall be assumed to be equal to the amount specified in the last available Servicer Report;
- (c) without duplication of (b) above, the payments (if any) to be made on the immediately following Interest Payment Date pursuant to items from (i) to (vi) of the Pre-Enforcement Priority of Payments,
- (d) the Revenue Eligible Investments Amount; and
- (e) the amount invested in Eligible Investments out of the Accounts on the immediately preceding Investment Date;

and, based on the information listed above, will compile a payments report in substantially the form attached as schedule 5 of the Agency and Accounts Agreement (the "**Provisional Payments Report**").

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

(h) **Calculations final and binding**

Each determination by or on behalf of the Issuer under Condition 7(g) (*Calculation of Issuer Available Funds, Principal Payments, interest payments and Principal Amount Outstanding*) will in each case (in the absence of wilful misconduct, bad faith or

manifest error) be final and binding on all persons.

(i) **Notice of determination and redemption**

The Issuer will cause each determination of any Interest Amounts, Principal Payments (if any) and Principal Amount Outstanding to each Class of Notes to be notified immediately after the calculation to the Representative of the Noteholders, the Agents, Monte Titoli and, for so long as any of the Rated Notes are listed on the Irish Stock Exchange, the Irish Stock Exchange and will immediately cause details of each such determination to be published in accordance with Condition 17 (*Notices*) by no later than one Business Day prior to such Interest Payment Date if required by the rules of the Irish Stock Exchange.

(j) **Notice irrevocable**

Any such notice as is referred to in Condition 7(i) (*Notice of determination and redemption*) shall be irrevocable and the Issuer shall be bound to redeem the relevant Notes to which such notice refers (in whole or in part, as applicable) in accordance with this Condition.

(k) **Determinations by the Representative of the Noteholders**

If the Issuer, or the Computation Agent on its behalf, does not at any time for any reason make or cause to be made the calculations set out in Condition 7(h) (*Calculations final and binding*), the same may be fulfilled by the Representative of the Noteholders directly or, in the case of an activity which can be carried out only by banks, through such bank which the Representative of the Noteholders will appoint for such purpose, in accordance with the Agency and Accounts Agreement and each such activity will be deemed to have been made by the Issuer without the Representative of the Noteholders incurring any liability for any omission or error in so doing, save as are caused by its own gross negligence or wilful default. The making of any such calculation in accordance with this Condition shall (in the absence of manifest error) be final and binding upon all the parties.

(l) **No purchase by the Issuer**

The Issuer will not purchase any of the Notes.

(m) **Cancellation**

All Notes redeemed in full will forthwith be cancelled upon redemption and accordingly may not be reissued or resold.

8. PAYMENTS

(a) **Payments through Monte Titoli, Euroclear and Clearstream, Luxembourg**

Payments of principal and interest in respect of the Notes deposited with Monte Titoli will be credited, according to the instructions of Monte Titoli, by or on behalf of the Issuer to the accounts with Monte Titoli of the banks and authorised brokers whose accounts are credited with those Notes, and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Notes. Payments made by or on behalf of the Issuer according to the instructions of Monte Titoli to the accounts with Monte Titoli of the banks and authorised brokers whose accounts are credited with those Notes will relieve the Issuer *pro tanto* from the corresponding payment obligations under the Notes.

Alternatively, the Paying Agent may arrange for payments of principal and interest in respect of the Notes to be made to the Noteholders through Euroclear and Clearstream, Luxembourg to be credited to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of the Notes, in accordance with

the rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Payments made by or on behalf of the Issuer to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of the Notes, in accordance with the rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg will relieve the Issuer *pro tanto* from the corresponding payment obligations under the Notes.

(b) **Payments subject to tax laws**

Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws, regulations and directives applicable thereto.

(c) **Payments on Business Days**

If the due date for any payment of principal and/or interest in respect of any Note is not a day on which banks are open for general business (including dealings in foreign currencies) in the place in which the relevant Monte Titoli Account Holder is located (in each case, the “**Local Business Day**”), the holder of the relevant Note will not be entitled to payment of the relevant amount until the immediately succeeding Local Business Day and will not be entitled to any further interest or other payment in consequence of any such delay.

(d) **Notification to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 6 (*Interest*) or Condition 7 (*Redemption, purchase and cancellation*), whether by the Reference Banks (or any of them), the Paying Agent, the Agent Bank, the Computation Agent or the Representative of the Noteholders, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents, all Noteholders and all Other Issuer Creditors and (in the absence of wilful default, bad faith or manifest error) no liability to the Representative of the Noteholders, the Noteholders or the Other Issuer Creditors shall attach to the Reference Banks, the Paying Agent, the Agent Bank, the Computation Agent or the Representative of the Noteholders in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under Condition 6 (*Interest*) or Condition 7 (*Redemption, purchase and cancellation*).

9. TAXATION IN THE REPUBLIC OF ITALY

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Law 239 Deduction or any other withholding or deduction required to be made by applicable law (including, for the avoidance of doubt, any withholding or deduction required pursuant to U.S. Foreign Account Tax Compliance Act, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto). Neither the Issuer nor any other Person shall be obliged to pay any additional amount to any Noteholder as a consequence of any such withholding or deduction. Any such deduction shall not constitute an Event of Default under Condition 10 (*Events of Default*).

10. EVENTS OF DEFAULT

(a) **Events of Default**

Subject to the other provisions of this Condition, each of the following events shall be treated as an “**Event of Default**”:

(i) *Non-payment:*

- (a) the Issuer fails to repay any amount of principal in respect of the Rated Notes on the Maturity Date (provided that a 3 (three) Business Days' grace period shall apply) or fails to pay any Interest Amount

within five days of the relevant Interest Payment Date; or

- (b) having enough Issuer Available Funds available in accordance with the applicable Order of Priority to pay the amount of principal then due and payable on the Rated Notes, the Issuer defaults in the payment of such amount for a period of 3 (three) Business Days from the due date thereof; or
- (ii) *Breach of other obligations*: the Issuer fails to perform or observe any of its other obligations under or in respect of the Rated Notes (other than any obligation for payment of principal or interest on the Rated Notes), the Intercreditor Agreement or any other Transaction Document to which it is a party and such default is, in the sole opinion of the Representative of the Noteholders, (A) incapable of remedy or (B) capable of remedy, but remains unremedied for 30 days or such longer period as the Representative of the Noteholders may agree (in its sole discretion) after the Representative of the Noteholders has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Senior Noteholders and requiring the same to be remedied; or
- (iii) *Failure to take action*: any action, condition or thing at any time required to be taken, fulfilled or done in order:
 - (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Rated Notes and the Transaction Documents to which the Issuer is a party; or
 - (B) to ensure that those obligations are legal, valid, binding and enforceable,is not taken, fulfilled or done at any time and the Representative of the Noteholders has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Senior Noteholders and requiring the same to be remedied; or
- (iv) *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer or the Issuer becomes Insolvent; or
- (v) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Rated Notes or the Transaction Documents to which the Issuer is a party;

(b) **Service of an Issuer Acceleration Notice**

If an Event of Default occurs, then the Representative of the Noteholders may, at its sole discretion, and shall:

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

give written notice (an “**Issuer Acceleration Notice**”) to the Issuer and to the Servicer declaring the Notes to be due and payable, provided that:

- (a) in the case of the occurrence of any of the events mentioned in Conditions 10(a)(ii) (*Breach of other obligations*) and Condition 10(a)(iii) (*Failure to take action*), the service of an Issuer Acceleration Notice has been approved

by an Extraordinary Resolution of the holders of the Most Senior Class of Notes; and

- (b) in each case, the Representative of the Noteholders shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered where available) to which it may thereby become liable or which it may incur by so doing.

(c) **Consequences of service of an Issuer Acceleration Notice**

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

11. ENFORCEMENT

(a) **Proceedings**

Without prejudice of the Intercreditor Agreement, the Representative of the Noteholders may, at its discretion and without further notice, institute such proceedings as it thinks fit at any time after the service of an Issuer Acceleration Notice to enforce repayment of the Notes and payment of accrued interest thereon or at any time to enforce any other obligation of the Issuer under the Notes or any Transaction Document, but, in either case, it shall not be bound to do so unless it shall have been:

- (i) so requested in writing by the holders of at least 25% of the Principal Amount Outstanding of the Most Senior Class of Notes; or
- (ii) so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes;

and, in any such case, only if it shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered) to which it may thereby become liable or which it may incur by so doing.

(b) **Restrictions on disposal of Issuer's assets**

If an Issuer Acceleration Notice has been served by the Representative of the Noteholders other than by reason of non-payment of any amount due in respect of the Notes, the Representative of the Noteholders will not be entitled to dispose of the assets of the Issuer or any part thereof unless either:

- (i) a sufficient amount would be realised to allow payment in full of all amounts owing to the holders of the Most Senior Class of Notes after payment of all other claims ranking in priority to the Most Senior Class of Notes in accordance with the Post-Enforcement Priority of Payments; or
- (ii) the Representative of the Noteholders is of the opinion, which shall be binding on the Noteholders and the other Issuer Secured Creditors, reached after considering at any time and from time to time the advice of a merchant or investment bank or other financial adviser selected by the Representative of the Noteholders (and if the Representative of the Noteholders is unable to obtain such advice having made reasonable efforts to do so, this Condition

11(b)(ii) shall not apply), that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Most Senior Class of Notes after payment of all other claims ranking in priority to the Most Senior Class of Notes in accordance with the Post-Enforcement Priority of Payments; and

the Representative of the Noteholders shall not be bound to make the determination contained in Condition 11(b)(ii) unless the Representative of the Noteholders shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered) to which it may thereby become liable or which it may incur by so doing.

12. REPRESENTATIVE OF THE NOTEHOLDERS

(a) Legal representative

The Representative of the Noteholders is BNP Paribas Securities Services, Milan Branch at its offices at Via Ansperto, 5, 20123 Milan, and is the legal representative (*rappresentante legale*) of the Noteholders in accordance with these Conditions, the Rules of the Organisation of Noteholders and the other Transaction Documents.

(b) Powers of the Representative of the Noteholders

The duties and powers of the Representative of the Noteholders are set forth in the Rules of the Organisation of Noteholders.

(c) Meetings of Noteholders

The Rules of the Organisation of Noteholders contain provisions for convening Meetings of Noteholders as well as the subject matter of the Meetings and the relevant quorums.

(d) Individual action

The Rules of the Organisation of Noteholders contain provisions limiting the powers of the Noteholders, *inter alia*, to bring individual actions or take other individual remedies to enforce their rights under the Notes. In particular, such actions will be subject to the Meeting of the Noteholders approving by way of Extraordinary Resolution such individual action or other remedy. No individual action or remedy can be taken or sought by a Noteholder to enforce his or her rights under the Notes before the Meeting of the Noteholders has approved such action or remedy in accordance with the provisions of the Rules of the Organisation of Noteholders.

(e) Resolutions binding

The resolutions passed at any Meeting of the Noteholders under the Rules of the Organisation of Noteholders will be binding on all Noteholders whether or not they are absent or dissenting and whether or not voting at the Meeting.

(f) Written Resolutions

A Written Resolution will take effect as if it were an Extraordinary Resolution passed at a Meeting of the Noteholders.

13. MODIFICATION AND WAIVER

(a) Modification

The Representative of the Noteholders may, without the consent of the Noteholders or any Other Issuer Creditors and subject to the Representative of the Noteholders giving prior written notice thereof to the Rating Agencies, concur with the Issuer and any other relevant parties in making:

- (i) any amendment or modification to these Conditions (other than in respect of a Basic Terms Modification as defined in the Rules of the Organisation of Noteholders) or any of the Transaction Documents which, in the opinion of the Representative of the Noteholders, it may be proper to make and will not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes; and
- (ii) any amendment or modification to these Conditions or to any of the Transaction Documents, if, in the opinion of the Representative of the Noteholders, such amendment or modification is expedient to make, is of a formal, minor or technical nature, is made to correct a manifest error or an error which, in the opinion of the Representative of the Noteholders, is proven or is necessary or desirable for the purposes of clarification.

(b) **Waiver**

In addition, the Representative of the Noteholders may, without the consent of the Noteholders or any Other Issuer Creditor (other than those which are a party to the relevant Transaction Document) and subject to the Representative of the Noteholders giving prior written notice thereof to the Rating Agencies, authorise or waive any proposed breach or breach of the Notes (including an Event of Default) or of the Intercreditor Agreement or of any other Transaction Document, if, in the opinion of the Representative of the Noteholders, the interests of the holders of the Most Senior Class of Notes will not be materially prejudiced by such authorisation or waiver.

(c) **Restriction on power of waiver**

The Representative of the Noteholders shall not exercise any powers conferred upon it by Condition 13(b) (*Waiver*) in contravention of any express direction by an Extraordinary Resolution (as defined in the Rules of the Organisation of Noteholders) or of a request in writing made by the holders of not less than 25% in aggregate Principal Amount Outstanding of the Most Senior Class of Notes (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any proposed breach or breach relating to a Basic Terms Modification.

(d) **Notification**

Unless the Representative of the Noteholders agrees otherwise, any such authorisation, waiver, modification or determination shall be notified to the Noteholders, in accordance with Condition 17 (*Notices*), as soon as practicable after it has been made.

14. REPRESENTATIVE OF THE NOTEHOLDERS AND AGENTS

(a) **Organisation of Noteholders**

The Organisation of Noteholders is created by the issue and subscription of the Notes and will remain in force and effect until full repayment and cancellation of the Notes.

(b) **Appointment of Representative of the Noteholders**

Pursuant to the Rules of the Organisation of Noteholders, for as long as any Note is outstanding, there will at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of Noteholders and the Intercreditor Agreement. However, the initial Representative of the Noteholders has been appointed at the time of issue of the Notes by the Rated Notes Subscriber and the Junior Notes Subscriber pursuant to the Intercreditor Agreement. Each Noteholder is deemed to accept such appointment.

(c) **Representative of the Noteholders**

The Representative of the Noteholders shall not be deemed to be a person responsible for the collection, cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*) for the purposes of article 2, paragraph 3, letter c) and paragraph 6-bis of the Securitisation Law and the relevant implementing regulations from time to time in force including, without limitation, the relevant guidelines of the Bank of Italy.

(d) **Paying Agent, Agent Bank, Computation Agent, Transaction Bank, the Cash Account Bank and Interim Account Bank sole agent of Issuer**

In acting under the Agency and Accounts Agreement and in connection with the Notes, the Paying Agent, the Computation Agent, the Transaction Bank, the Interim Account Bank, the Cash Account Bank and the Agent Bank act as agents solely of the Issuer and (to the extent provided therein) the Representative of the Noteholders and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

(e) **Initial Agents**

The initial Paying Agent, the Computation Agent, the Transaction Bank, the Interim Account Bank, the Cash Account Bank and the Agent Bank and their Specified Offices are listed in Condition 17 (*Notices*) below. The Issuer reserves the right (with the prior written approval of the Representative of the Noteholders) at any time to vary or terminate the appointment of the Paying Agent, the Computation Agent, the Transaction Bank, the Interim Account Bank, the Cash Account Bank and the Agent Bank and to appoint a successor paying Agent, computation agent, transaction bank, interim account bank, cash account bank or agent bank and additional or successor paying agents at any time, in accordance with the terms of the Agency and Accounts Agreement and these Conditions.

(f) **Maintenance of Agents**

The Issuer undertakes that it will ensure that it maintains:

- (a) at least one paying agent having its specified office in a European city, a computation agent, an interim account bank (acting through an office or branch located in the Republic of Italy), a transaction bank (acting through an office or branch located in the United Kingdom) and an agent bank unless otherwise provided for by in the Transaction Documents; and
- (b) a paying agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment change in the Paying Agent, the Agent Bank, the Computation Agent, the Interim Account Bank, the Cash Account Bank and the Transaction Bank of any changes in the Specified Offices shall promptly be given to the Noteholders by the Issuer in accordance with Condition 17 (*Notices*).

15. STATUTE OF LIMITATION

Claims against the Issuer for payments in respect of the Notes will be barred and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the Relevant Date in respect thereof.

16. LIMITED RECOURSE AND NON-PETITION

(a) **Limited recourse**

Notwithstanding any other provision of these Conditions, the obligation of the Issuer to make any payment, at any given time, under the Notes shall be equal to the lesser of (i) the nominal amount of such payment which, but for the operation of this Condition and the applicable Priority of Payments, would be due and payable at such time; and (ii) the Issuer Available Funds which the Issuer or the Representative of the Noteholders is entitled, at such time, to apply in accordance with the applicable Priority of Payments and the terms of the Intercreditor Agreement, in satisfaction of such payment and neither the Representative of the Noteholders nor any 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.

(b) **Non-petition**

Without prejudice to the right of the Representative of the Noteholders to enforce the Note Security or to exercise any of its other rights, and subject as set out in the Rules of the Organisation of Noteholders, no Noteholder shall be entitled to cause, initiate or join any other person in initiating an Insolvency Event in relation to the Issuer or any other legal actions against the Issuer that can result in such proceedings until two years plus one day have elapsed since the day on which any note issued (including the Notes and the notes issued under the Previous Securitisations) or to be issued by the Issuer has been paid in full.

17. NOTICES

(a) **Valid notices**

All notices to the Noteholders, as long as the Notes are held through Monte Titoli and/or by a common depository for Euroclear and/or Clearstream, Luxembourg, shall be deemed to have been validly given if delivered to Monte Titoli and/or Euroclear and/or Clearstream, Luxembourg for communication by them to the entitled accountholders and any such notice shall be deemed to have been given on the date on which it was delivered to Monte Titoli, Clearstream, Luxembourg and Euroclear, as applicable.

In addition, so long as the Rated Notes are listed on the Irish Stock Exchange and the rules of that exchange so require, all notices will also be given on the website of the Irish Stock Exchange (www.ise.ie) (for the avoidance of doubt, such website does not constitute part of this Prospectus).

Furthermore, so long as the Rated Notes are listed on the Irish Stock Exchange, any notice regarding the Rated Notes to the relevant Noteholders shall be given in any other manner as required by the regulation applicable from time to time, including, in particular, Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (the "**Transparency Directive**").

The Representative of the Noteholders may sanction some other method of giving notice to the Noteholders of the relevant Class if, in its and absolute opinion, such other method is reasonable having regard to market practices then prevailing and to the rules of the stock exchange on which the Rated Notes 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.

The Issuer shall also ensure, through the Paying Agent, that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed.

(b) **Date of publication**

Any notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication.

(c) **Other methods**

The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them, if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the Irish Stock Exchange, for so long as such Notes are listed on such stock exchange, and provided that notice of such other method is given to the Noteholders in such manner as the Representative of the Noteholders shall require.

(d) **Initial Specified Offices**

The Specified Offices of the Interim Account Bank, the Paying Agent, the Agent Bank, the Computation Agent, the Transaction Bank and the Representative of the Noteholders, are as follows:

- (i) in relation to the Interim Account Bank: Banco Popolare via Polenghi Lombardo, 13, 26900 Lodi, Italy;
- (ii) in relation to the Computation Agent, Agent Bank, Paying Agent and the Representative of the Noteholders: BNP Paribas Securities Services, Milan Branch, via Ansperto, 5, Milan, Italy;
- (iii) in relation to the Transaction Bank: BNP Paribas Securities Services, London Branch 55 Moorgate, EC2R 6PA London; and
- (iv) in relation to the Cash Account Bank: Banco Popolare, London Branch, 1-5 Moorgate, London EC2R 6JH, United Kingdom.

18. GOVERNING LAW AND JURISDICTION

(a) **Governing law**

The Notes, these Conditions, the Rules of the Organisation of Noteholders and the Italian Law Transaction Documents and any non-contractual obligations arising out of, or in connection with, them are governed by, and shall be construed in accordance with, Italian law. The English Law Transaction Documents and any non-contractual obligations arising out of, or in connection with, them are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction**

- (i) The Courts of Milan are to have exclusive jurisdiction to settle any disputes that may arise out of, or in connection with, the Notes, these Conditions, the Rules of the Organisation of Noteholders and (with the exception of certain disputes under the Warranty and Indemnity Agreement which are resolved through arbitration) the Italian Law Transaction Documents (including a dispute relating to non-contractual obligations arising out of or in connection with any Italian Law Transaction Document or a dispute regarding the existence, validity or termination of any Italian Law Transaction Document) and, accordingly, any legal action or proceedings arising out of, or in connection with, any Notes, these Conditions, the Rules of the Organisation of Noteholders or any Italian Law Transaction Document may be brought in such courts. The Issuer has, in each of the Italian Law Transaction Documents (other than the Warranty and Indemnity Agreement with regard to certain disputes), irrevocably submitted to the jurisdiction of such courts.
- (ii) The Courts of England and Wales are to have jurisdiction to settle any disputes that may arise out of or in connection with the English Law Transaction Documents (including a dispute relating to non-contractual obligations arising out of or in connection with any English Law Transaction Document or a dispute regarding the existence, validity or termination of any

English Law Transaction Document) and, accordingly, any legal action or proceedings arising out of or in connection with any English Law Transaction Document may be brought in such courts. The Issuer has, in each of the English Law Transaction Documents, irrevocably submitted to the jurisdiction of such courts.

(c) **Service of process**

The Issuer has, in the English Deed of Charge and Assignment, agreed, *inter alia*, at all times to maintain an agent for service of process in England. The Issuer appoints Banco Popolare Società Cooperativa London Branch, at its offices at 1-5 Moorgate, London EC2R 6JH, United Kingdom, as such agent. Any writ, judgment or other notice of legal process issued out of the English Courts in respect of any English Law Transaction Document shall be sufficiently served on the Issuer if delivered to such agent at its address for the time being. The Issuer undertakes not to revoke the authority of the above agent, and if, for any reason, such agent no longer serves as process agent of the Issuer to receive service of process, the Issuer shall promptly appoint another such agent and advise the Representative of the Noteholders of the details of such new agent.

SCHEDULE

RULES OF THE ORGANISATION OF NOTEHOLDERS

TITLE I - GENERAL PROVISIONS

Article 1

General

The Organisation of Noteholders is created by the issue and by the subscription of the Notes, and shall remain in force and in effect until full repayment or cancellation of all Notes.

The contents of these rules are deemed to form part of each Note issued by the Issuer.

Article 2

Definitions

In these rules, the following terms shall have the following meanings:

“**24 Hours**” means a period of 24 hours, including all or part of a day upon which banks are open for business in the place where the Meeting of the holders of the Relevant Class(es) of Notes is to be held and in the place where the Paying Agent has its Specified Office (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one or, to the extent necessary, more periods of 24 Hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid;

“**48 Hours**” means two consecutive periods of 24 Hours;

“**Basic Terms Modification**” means:

- (a) a modification of the date of maturity of one or more Relevant Classes of Notes;
- (b) a modification which would have the effect of cancelling or postponing any date for payment of interest in respect of one or more Relevant Classes of Notes;
- (c) a modification which would have the effect of altering the method of calculating the amount of interest or such other amounts payable in respect of one or more Relevant Classes of Notes;
- (d) a modification which would have the effect of reducing or cancelling the amount of principal payable in respect of one or more Relevant Classes of Notes or the rate of interest applicable in respect of one or more relevant Classes of Notes;
- (e) a modification which would have the effect of altering the majority required to pass a specific resolution or the quorum required at any Meeting;
- (f) a modification which would have the effect of altering the currency of payment of one or more Relevant Classes of Notes or any alteration of the date or priority of payment or redemption of one or more Relevant Classes of Notes;
- (g) a modification which would have the effect of altering the authorisation or consent by the Noteholders, as pledges, to applications of funds as provided for in the Transaction Documents;
- (h) the appointment and removal of the Representative of the Noteholders; and
- (i) an amendment to this definition;

provided that an amendment of the fees, costs and expenses of the Paying Agent, the Agent Bank, the Computation Agent, the Servicer, the Back-up Servicer Facilitator, the Corporate Servicer, the Administrative Servicer, the Interim Account Bank and the Transaction Bank in accordance with the terms of the relevant Transaction Documents will not constitute a Basic Terms Modification;

“**Block Voting Instruction**” means, in relation to any Meeting, a document issued by the Paying Agent:

- (a) certifying that the Blocked Notes have been blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian and will not be released until the conclusion of the Meeting;
- (b) certifying that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the Paying Agent that the votes attributable to such Blocked Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 Hours before the time fixed for the Meeting, such instructions may not be amended or revoked;
- (c) listing the total number of the Blocked Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and
- (d) appointing one or more Proxies to vote in respect of the Blocked Notes in accordance with such instructions;

“**Blocked Notes**” means the Notes which have been blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian for the purposes of obtaining a Voting Certificate or a Block Voting Instruction and will not be released until the conclusion of the Meeting;

“**Chairman**” means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 (*Chairman of the Meeting*);

“**Extraordinary Resolution**” means a resolution of a Meeting of the holders of the Relevant Class(es) of Notes, duly convened and held in accordance with the provisions contained in these rules on any of the subjects covered by Article 21 (*Powers exercisable by Extraordinary Resolution*) by a majority of at least three-quarters of votes cast;

“**Meeting**” means a meeting of the holders of the Relevant Class(es) of Notes (whether originally convened or resumed following an adjournment);

“**Proxy**” means, in relation to any Meeting, a person appointed to vote under a Voting Certificate or Block Voting Instruction;

“**Relevant Class of Notes**” means:

- (a) the Class A Notes;
- (b) the Class B Notes; or
- (c) the Junior Notes,

as the context requires;

“**Relevant Fraction**” means:

- (a) for all business other than voting on an Extraordinary Resolution, one-tenth of the Principal Amount Outstanding of that Class of Notes (in case of a meeting of a particular Class of Notes), or one-tenth of the Principal Amount Outstanding of all relevant Classes of Notes (in case of a joint Meeting of a combination of Classes of Notes);
- (b) for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification, two-thirds of the Principal Amount Outstanding of that Class of Notes (in case of a meeting of a particular Class of Notes), or two-thirds of the Principal Amount Outstanding of all relevant Classes of Notes (in case of a joint Meeting of a combination of Classes of Notes); and

- (c) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each Class of Noteholders), three-quarters of the Principal Amount Outstanding of the Notes of the relevant Class of Notes;

provided, however, that, in the case of a Meeting which has resumed after adjournment for want of a quorum, it means:

- (i) for all business other than voting on an Extraordinary Resolution relating to a Basic Terms Modification, the fraction of the Principal Amount Outstanding of the Notes of that Class of Notes represented or held by the Voters actually present at the Meeting (in case of a Meeting of a particular Class of Notes), or the fraction of the Principal Amount Outstanding of the Notes of all relevant Classes represented or held by the Voters actually present at the Meeting (in the case of a joint Meeting of a combination of Classes of Notes); and
- (ii) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each Class of Noteholders), one-third of the Principal Amount Outstanding of the Notes of the relevant Class represented or held by the Voters actually present at the Meeting;

“**Voter**” means, in relation to any Meeting, the holder of a Voting Certificate or a Proxy;

“**Voting Certificate**” means, in relation to any Meeting, a certificate requested by the interested Noteholder and issued by the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian, as the case may be, and dated, stating:

- (a) that the Blocked Notes have been blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian and will not be released until the earlier of (i) the conclusion of the Meeting and (ii) the surrender of the certificate to the clearing system or the Monte Titoli Account Holder or the relevant custodian who issued the same;
- (b) details of the Meeting concerned and the number of the Blocked Notes; and
- (c) that the bearer of such certificate is entitled to attend and vote at the Meeting in respect of the Blocked Notes.

“**Written Resolution**” means a resolution in writing signed by or on behalf of all Noteholders of the relevant Class or classes who at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Noteholders.

Capitalised terms not defined herein shall have the meaning attributed to them in the terms and conditions of the Notes (the “**Conditions**”).

Article 3

Organisation purpose

Each holder of the Notes is a member of the Organisation of Noteholders.

The purpose of the Organisation of Noteholders is to co-ordinate the exercise of the rights of the Noteholders and the taking of any action for the protection of their interests.

In these rules, any reference to Noteholders shall be considered as a reference to the Class A Noteholders and/or Class B Noteholders and/or the Junior Noteholders, as the case may be.

TITLE II - THE MEETING OF NOTEHOLDERS

Article 4

General

Any resolution passed at a Meeting of the holders of the Relevant Class(es) of Notes, duly convened and held in accordance with these rules, shall be binding upon all the Noteholders of such Class of Notes, whether or not present at such Meeting and whether or not voting.

Subject to the provision of Article 21 (*Powers exercisable by Extraordinary Resolution*):

(i) any resolution passed at a Meeting of the Class B Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Class B Noteholders and the Junior Noteholders; and

(ii) any resolution passed at a Meeting of the Class A Noteholders, duly convened and held as aforesaid, shall also be binding upon all the the Junior Noteholders;

And, in each case, all the Noteholders of the Relevant Class of Notes, whether or not absent or dissenting, shall be bound by such resolution irrespective of its effect upon such Noteholders and such Noteholders shall be bound to give effect to any such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof, *provided*, however that,

(i) to the extent that any Class A Note is then outstanding, no 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 or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by a resolution of the Class A Noteholders;

(ii) to the extent that any Rated Notes is then outstanding, no resolution of the Junior Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by a resolution of the Senior Noteholders;

Notice of the result of every vote on a resolution duly passed by the Noteholders shall be published by and at the expense of the Issuer in accordance with Condition 17 (*Notices*) and given to the Paying Agent (with a copy to the Issuer and the Representative of the Noteholders) within 14 days of the conclusion of the Meeting but failure to do so shall not invalidate the resolution.

Subject to the provisions of these rules and the Conditions, joint Meetings of the Class A Noteholders, Class B Noteholders and the Junior Noteholders may be held to consider the same resolution and/or, as the case may be, the same Extraordinary Resolution and the provisions of these rules shall apply *mutatis mutandis* thereto.

The following provisions shall apply while Notes of two or more Relevant Classes of Notes are outstanding:

- (I) business which involves the passing of an Extraordinary Resolution involving a Basic Terms Modification shall be transacted at a separate Meeting of the Noteholders of all Relevant Classes of Notes;
- (II) business which, in the opinion of the Representative of the Noteholders, affects only one Relevant Class of Notes shall be transacted at a separate Meeting of the holders of Notes of such Relevant Class of Notes;
- (III) business which, in the opinion of the Representative of the Noteholders, affects more than one Relevant Class of Notes but does not give rise to an actual or potential conflict of interest between the holders of one such Relevant Class of Notes and the holders of any other Relevant Class of Notes shall be transacted either at separate Meetings of the holders of each such Relevant Class of Notes or at a single Meeting of the holders of each of such Relevant Classes of Notes, as the Representative of the Noteholders shall determine in its absolute discretion;

- (IV) business which, in the opinion of the Representative of the Noteholders, affects more than one Relevant Class of Notes and gives rise to an actual or potential conflict of interest between the holders of one such Relevant Class of Notes and the holders of any other Relevant Class of Notes shall be transacted at separate Meetings of the holders of each Relevant Class of Notes; and
- (V) in the case of separate Meetings of the holders of each Relevant Class of Notes, these rules shall be applied as if references to the Notes and the Noteholders were to the Notes of the Relevant Class of Notes and to the holders of such Notes and, in the case of joint Meetings, as if references to the Notes and the Noteholders were to the Notes of each of the Relevant Classes of Notes and to the respective holders of the Notes.

In this paragraph “business” includes (without limitation) the passing or rejection of any resolution.

For the avoidance of doubt, amendments or modifications which do not affect the payment of interest and/or the repayment of principal in respect of any of the Rated Notes and/or any other rights of the Senior Noteholders may be passed at a Meeting of the Junior Noteholders without any sanction being required by the holders of any other Relevant Class of Notes.

Article 5

Issue of Voting Certificates and Block Voting Instructions

Noteholders may obtain a Voting Certificate from the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian, as the case may be, or require the Paying Agent to obtain a Block Voting Instruction by arranging for their Notes to be blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian at least 48 Hours before the time fixed for the Meeting of the holders of the Relevant Class(es) of Notes, providing to the Paying Agent, where appropriate, evidence that the Notes are so blocked. The Noteholders may obtain such evidence by, *inter alia*, requesting the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian to release a certificate in accordance with, as the case may be: (i) the practices and procedures of the relevant clearing system; or (ii) articles 21 and 22 of the regulation issued by the Bank of Italy and the CONSOB on 22 February 2008, as subsequently amended and supplemented. A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates. So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the holder of the Blocked Notes to which it relates for all purposes in connection with the Meeting. A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

Article 6

Validity of Block Voting Instructions

A Block Voting Instruction shall be valid only if it is deposited at the Specified Office of the Representative of the Noteholders, or at some other place approved by the Representative of the Noteholders, at least 24 Hours before the time fixed for the Meeting of the holders of the Relevant Class(es) of Notes, and, if not deposited before such deadline, the Block Voting Instruction shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Representative of the Noteholders so requires, a notarised copy of each Block Voting Instruction and satisfactory proof of the identity of each Proxy named therein shall be produced at the Meeting, but the Representative of the Noteholders shall not be obliged to investigate the validity of any Block Voting Instruction or the authority of any Proxy.

Article 7

Convening of Meeting

The Issuer or the Representative of the Noteholders may convene a Meeting at any time, and the Representative of the Noteholders shall be obliged to do so upon the request in writing by, and at the costs of, the Noteholders holding not less than one-tenth of the Principal Amount Outstanding of the Relevant Class of Notes.

Whenever any one of the Issuer or the Representative of the Noteholders is about to convene any such Meeting, it shall immediately give notice in writing to, respectively, the Representative of the Noteholders and the Issuer (as the case may be) of the date thereof and of the nature of the business to be transacted thereat.

Every such Meeting shall be held at such time and place as the Representative of the Noteholders may designate or approve, provided that it is in a EU Member State.

Unless the Representative of the Noteholders decides otherwise pursuant to Article 4 (*General*), each Meeting shall be attended by Noteholders of the Relevant Class of Notes.

Article 8

Notice

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be held) specifying the date, time and place of the Meeting shall be given to the Noteholders and the Paying Agent (with a copy to the Issuer and to the Representative of the Noteholders). Any notice to Noteholders shall be given in accordance with Condition 17 (*Notices*).

The notice shall specify the nature of the resolutions to be proposed and shall explain how Noteholders may appoint Proxies, obtaining Voting Certificates and use Block Voting Instructions and the details of the time limits applicable.

Article 9

Chairman of the Meeting

Any individual (who may, but need not to, be a Voter) nominated in writing by the Representative of the Noteholders may take the chair at any Meeting but if: (i) no such nomination is made; or (ii) the individual nominated is not present within 15 minutes of the time fixed for the Meeting; then, the Voters shall choose one of themselves to take the chair, failing which the Issuer may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as the Chairman of the original Meeting.

The Chairman co-ordinates matters to be transacted at the Meeting and monitors the fairness of the Meeting's proceedings.

Article 10

Quorum

The quorum at any Meeting shall be at least one Voter representing or holding not less than the Relevant Fraction relative to (i) that Relevant Class of Notes (in the case of a Meeting of one Relevant Class of Notes) or (ii) the Relevant Classes of Notes (in the case of a joint Meeting). No business (except choosing a Chairman, if requested) shall be transacted at a Meeting unless a quorum is present at the commencement of business.

Article 11

Adjournment for want of quorum

If, within 15 minutes of the time fixed for any Meeting a quorum is not present, then:

- (a) in the case of a Meeting requested by Noteholders, it shall be dissolved; and
- (b) in the case of any other Meeting, it shall be adjourned (i) until such date (which shall be not less than 14 days and not more than 42 days later) and to such place as the Chairman determines or (ii) on the date and at the place indicated in the notice convening the

Meeting (if such notice sets out the date and place of any adjourned Meeting); provided, however, that in any case:

- (i) the Meeting shall be dissolved if the Issuer and the Representative of the Noteholders so decides; and
- (ii) no Meeting may be adjourned by resolution of a Meeting that represents less than the Relevant Fraction applicable in the case of Meetings which have been resumed after adjournment for want of quorum.

Article 12

Adjourned Meeting

Without prejudice to Article 11 (*Adjournment for want of quorum*), the Chairman may, with the prior consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

Article 13

Notice following adjournment

Article 8 (*Notice*) shall apply to any Meeting adjourned for want of quorum, save that:

- (a) at least 10 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be given; and
- (b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes; and
- (c) it shall not be necessary to give notice of the convening of an adjourned Meeting (i) if the notice given in respect of the first Meeting already sets the time and place for an adjourned Meeting and specifies the quorum requirements which will apply when the Meeting resumes; or (ii) if the Meeting has been adjourned for any other reason.

Article 14

Participation

The following may attend and speak at a Meeting:

- (a) Voters;
- (b) the Issuer or its representative and the Paying Agent;
- (c) the financial advisers to the Issuer;
- (d) the Representative of the Noteholders;
- (e) the legal counsel to each of the Issuer, the Representative of the Noteholders, and the Paying Agent; and
- (f) such other person as may be resolved by the Meeting and as may be approved by the Representative of the Noteholders.

Article 15

Passing of resolution

A resolution is validly passed when (i) in respect of an Extraordinary Resolution only, three-quarters of votes cast by the Voters attending the relevant Meeting have been cast in favour of it or (ii) in respect of any resolution other than an Extraordinary Resolution, the majority of votes cast by the Voters attending the relevant Meeting have been cast in favour of it.

Article 16

Show of hands

Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result of the show of hands is declared, the Chairman's declaration that, on a show of hands, a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority, shall be conclusive, without proof of the number of votes cast for, or against, the resolution.

Article 17

Poll

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters holding or representing at least 2% of (i) the Principal Amount Outstanding of that Relevant Class of Notes (in the case of a meeting of a particular Relevant Class of Notes), or (ii) the Principal Amount Outstanding of the Relevant Classes of Notes (in the case of a joint Meeting). The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the Meeting for any other business.

Article 18

Votes

Every Voter shall have:

- (a) on a show of hands, one vote; and
- (b) on a poll, one vote in respect of each €1,000 in principal amount of Note(s) represented by the Voting Certificate produced by such Voter or in respect of which he is a Proxy.

In the case of equality of votes, the Chairman shall, both on a show of hands and on a poll, have a casting vote in addition to the votes (if any) to which he may be entitled as a Voter.

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same manner.

Article 19

Vote by Proxies

Any vote cast by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it was given has been amended or revoked, provided that the Representative of the Noteholders or the Issuer has not been notified by the Paying Agent in writing of such amendment or revocation by the time being 24 Hours before the time fixed for the Meeting. Unless revoked, any appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any Meeting resumed following an adjournment.

Article 20

Exclusive powers of the Meeting

The Meeting shall have exclusive powers on the following matters:

- (a) to approve any Basic Terms Modification;
- (b) to approve any proposal by the Issuer for any alteration, abrogation, variation or compromise of the rights of the Representative of the Noteholders or the Noteholders under any Transaction Document, the Notes or the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;

- (c) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
- (d) to direct the Representative of the Noteholders to serve an Issuer Acceleration Notice under Condition 10(b) (*Service of an Issuer Acceleration Notice*);
- (e) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any Transaction Document or any act or omission which might otherwise constitute an Event of Default;
- (f) to direct the Representative of the Noteholders to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any resolution of the Noteholders;
- (g) to exercise, enforce or dispose of any right and power on payment and application of funds deriving from any claims on which a pledge or other security interest is created in favour of the Noteholders, other than in accordance with the Transaction Documents; and
- (h) to appoint and remove the Representative of the Noteholders.

Article 21

Powers exercisable by Extraordinary Resolution

Without limitation to the exclusive powers of the Meeting listed in Article 20 (*Exclusive powers of the Meeting*), each Meeting shall have the following powers exercisable only by way of an Extraordinary Resolution:

- (a) approval of any Basic Terms Modification;
- (b) approval of any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Representative of the Noteholders or the Noteholders against the Issuer or against any of its property or against any other person whether such rights shall arise under these rules, the Notes, the Conditions, or otherwise;
- (c) approval of any scheme or proposal for the exchange or substitution of any of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;
- (d) to appoint and remove the Representative of the Noteholders;
- (e) approval of the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
- (f) without prejudice to the Conditions, approval of any alteration of the provisions contained in these rules, the Notes, the Conditions, the Intercreditor Agreement or any other Transaction Document which shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto;
- (g) discharge or exoneration of the Representative of the Noteholders from any liability in respect of any act or omission for which the Representative of the Noteholders may have become responsible under or in relation to these rules, the Notes, the Conditions or any other Transaction Document;
- (h) giving any direction or granting any authority or sanction which under the provisions of these rules, the Conditions or the Notes is required to be given or granted by Extraordinary Resolution;

- (i) authorisation and sanctioning of actions of the Representative of the Noteholders under these rules, the Notes, the Conditions, the terms of the Intercreditor Agreement or any other Transaction Documents and in particular power to sanction the release of the Issuer by the Representative of the Noteholders; and
- (j) authorising and directing the Representative of the Noteholders to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution,

provided, however, that:

- (i) no Extraordinary Resolution involving a Basic Terms Modification passed by the holders of the Relevant Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Relevant Classes of Notes (to the extent that Notes of each such Relevant Classes of Notes are then outstanding);
- (ii) no 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 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 there are Class A Notes then outstanding); and
- (iii) no Extraordinary Resolution of the Junior Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders 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 Senior Noteholders (to the extent that there are Rated Notes then outstanding).

Article 22

Challenge of resolution

Any Noteholder can challenge a resolution which is not passed in conformity with the provisions of these rules.

Article 23

Minutes

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be conclusive evidence of the resolutions and proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at such meeting shall be deemed to have been duly passed or transacted.

Article 24

Written Resolution

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

Article 25

Individual actions and remedies

The right of each Noteholder to bring individual actions or seek other individual remedies to enforce his or her rights under the Notes will be subject to the Meeting passing an Extraordinary Resolution authorising such individual action or other remedy. In this respect, the following provisions shall apply:

- (a) the Noteholder intending to enforce his or her rights under the Notes will notify the Representative of the Noteholders in writing of his or her intention;
- (b) the Representative of the Noteholders will, within 30 days of receiving such notification, convene a Meeting of the Noteholders of the Relevant Class(es) of Notes in accordance with these rules at the expense of such Noteholder;
- (c) if the Meeting does not pass an Extraordinary Resolution authorising the individual enforcement or remedy, the Noteholder will be prevented from seeking such enforcement or remedy (provided that the same matter can be submitted again to a further Meeting after a reasonable period of time has elapsed); and
- (d) if the Meeting does pass an Extraordinary Resolution authorising the individual enforcement or remedy, the Noteholder will be permitted to seek such individual enforcement or remedy in accordance with the terms of the Extraordinary Resolution.

No individual action or remedy can be sought by a Noteholder to enforce his or her rights under the Notes unless a Meeting of Noteholders has been held to resolve on such action or remedy and in accordance with the provisions of this Article 25.

TITLE III -THE REPRESENTATIVE OF THE NOTEHOLDERS

Article 26

Appointment, removal and remuneration

Each appointment of a Representative of the Noteholders must be approved by an Extraordinary Resolution of the holders of each Relevant Class of Notes in accordance with the provisions of this Article 26, save in respect of the appointment of the first Representative of the Noteholders, which will be BNP Paribas Securities Services, Milan Branch.

Save for BNP Paribas Securities Services, Milan Branch as first Representative of the Noteholders, the Representative of the Noteholders shall be:

- (a) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction, in either case provided it is licensed to conduct banking business in Italy; or
- (b) a financial institution registered under article 106 of the Banking Act; or
- (c) any other entity which may be permitted to act in such capacity by any specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.

It is further understood and agreed that directors, auditors, employees (if any) of the Issuer and those who fall in any of the conditions set out in article 2399 of the Italian civil code cannot be appointed as the Representative of the Noteholders.

The Representative of the Noteholders shall be appointed for an unlimited term and can be removed by way of an Extraordinary Resolution of the holders of each Relevant Class of Notes at any time.

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such Representative of the Noteholders shall remain in office until (1) acceptance of the appointment by the Issuer of a substitute Representative of the Noteholders designated among the entities indicated in paragraph (a), (b) or (c) above, and, provided that a Meeting of the holders of each Relevant Class of Notes has not appointed such a substitute within 60 days of such termination, such Representative of the Noteholders may appoint such a substitute and (2) such substitute Representative of the Noteholders having entered into or acceded to the Intercreditor Agreement and the other Transaction Documents to which the

terminated Representative of the Noteholders was a party. The powers and authority of the Representative of the Noteholders whose appointment has been terminated shall be limited to those necessary for the performance of the essential functions which are required to be complied with in connection with the Notes.

Each of the Noteholders, by reason of holding the relevant Note(s), will recognise the power of the Representative of the Noteholders, hereby granted, to appoint its own successor and recognise the Representative of the Noteholders so appointed as its representative.

The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders as from the date hereof. Such remuneration shall be payable in accordance with the Intercreditor Agreement and the Priority of Payments up to (and including) the date when the Notes have been repaid in full and cancelled in accordance with the Conditions.

Article 27

Duties and powers

The Representative of the Noteholders is the legal representative of the Organisation of Noteholders, subject to and in accordance with the Conditions, these rules, the Intercreditor Agreement and the other Transaction Documents to which it is a party (together, the “**Relevant Provisions**”).

Subject to the Relevant Provisions, the Representative of the Noteholders is responsible for implementing the directions of a Meeting of Noteholders and for representing the interests of the Noteholders as a class of Notes *vis-à-vis* the Issuer. The Representative of the Noteholders has the right to attend Meetings. The Representative of the Noteholders may convene a Meeting in order to obtain the authorisation or directions of the Meeting in respect of any action proposed to be taken by the Representative of the Noteholders.

All actions taken by the Representative of the Noteholders in the execution and exercise of its powers and authorities and of the discretions vested in it shall be taken by duly authorised officer(s) for the time being of the Representative of the Noteholders. The Representative of the Noteholders may also, whenever it considers it expedient (in its absolute discretion), whether by power of attorney or otherwise, delegate to any person(s) all or any of its duties, powers, authorities or discretions vested in it as aforesaid. Any such delegation may be made upon such terms and conditions, and subject to such regulations (including power to sub-delegate), as the Representative of the Noteholders may think fit in the interests of the Noteholders. The Representative of the Noteholders shall not be bound to supervise the proceedings of any such delegate or sub-delegate and shall not be responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of such delegate’s misconduct or default, unless the Representative of the Noteholders has been negligent in the selection of the delegate or sub-delegate. The Representative of the Noteholders shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and of any renewal, extension or termination of such appointment, and shall make it a condition of any such delegation that any delegate shall also, as soon as reasonably practicable, give notice to the Issuer of any sub-delegate.

The Representative of the Noteholders shall be authorised to represent the Organisation of Noteholders in judicial proceedings, including proceedings involving the Issuer in creditors’ agreement (*concordato preventivo*), forced liquidation (*fallimento*) or compulsory administrative liquidation (*liquidazione coatta amministrativa*).

The Representative of the Noteholders shall have regard to the interests of all the Issuer Secured Creditors as regards the exercise and performance of all powers, authorities, duties and discretions of the Representative of the Noteholders under these rules, the Intercreditor Agreement or under the Mandate Agreement (except where expressly provided otherwise), but, notwithstanding the foregoing, the Representative of the Noteholders shall have regard to the

interests only: (i) of the Most Senior Class of Notes outstanding, and (ii) subject to item (i), of whichever Issuer Secured Creditor ranks higher in the Priority of Payments hereof for the payment of the amounts therein specified if, in its opinion, there is or may be a conflict between all or any of the interests of the holders of one or more Relevant Class of Notes or between the holders of one or more Relevant Class of Notes and any other Issuer Secured Creditors. The foregoing provision shall not affect the payment order set forth in the applicable Priority of Payments.

Each Noteholder by acquiring title to a Note is deemed to agree and acknowledge that:

- (a) the Representative of the Noteholders has entered into the Italian Deed of Pledge and the English Deed of Charge and Assignment for itself and, for the purposes of the Italian Deed of Pledge, as agent and, for the purposes of the English Deed of Charge and Assignment, as trustee in the name of and on behalf of each Noteholder from time to time and each of the other Issuer Secured Creditors thereunder;
- (b) by virtue of the transfer to it of the relevant Note, each Noteholder shall be deemed to have granted to the Representative of the Noteholders, as its agent and, for the purposes of the English Deed of Charge and Assignment, as trustee, the right (i) to exercise in such manner as the Representative of the Noteholders in its sole opinion deems appropriate, on behalf of such Noteholder, all of that Noteholder's rights under the Securitisation Law in respect of the Portfolio and all amounts and/or other assets of the Issuer arising from the Portfolio and the Transaction Documents not subject to the Note Security and (ii) to enforce its rights as an Issuer Secured Creditor for and on its behalf under the Italian Deed of Pledge and the English Deed of Charge and Assignment and in relation to the Note Security;
- (c) the Representative of the Noteholders, in its capacity as agent in the name of and on behalf of the holders of each Relevant Class of Notes, shall be the only person entitled under the Conditions and under the Transaction Documents to institute proceedings against the Issuer and/or to enforce or to exercise any rights in connection with the Note Security or to take any steps against the Issuer or any of the other parties to the Transaction Documents for the purposes of enforcing the rights of the holders of each Relevant Class of Notes with respect to the other Transaction Documents and recovering any amounts owing under the Notes or under the Transaction Documents;
- (d) the Representative of the Noteholders shall have exclusive rights under the Italian Deed of Pledge and the English Deed of Charge and Assignment to make demands, give notices, exercise or refrain from exercising any rights and to take or refrain from taking any action (including, without limitation, the release or substitution of security) in respect of the Note Security;
- (e) no Noteholder shall be entitled to proceed directly against the Issuer nor take any steps or pursue any action whatsoever for the purpose of recovering any debts due or owing to it by the Issuer or take, or join in taking, steps for the purpose of obtaining payment of any amount expressed to be payable by the Issuer or the performance of any of the Issuer's obligations under these Conditions and/or the Transaction Documents or petition for or procure the commencement of insolvency proceedings or the winding-up, insolvency, extraordinary administration or compulsory administrative liquidation of the Issuer or the appointment of any kind of insolvency official, administrator, liquidator, trustee, custodian, receiver or other similar official in respect of the Issuer for any, all, or substantially all the assets of the Issuer or in connection with any reorganisation or arrangement or composition in respect of the Issuer, pursuant to the Banking Act or otherwise, unless (in each case under paragraphs (b), (c) and (d) above) an Issuer Acceleration Notice shall have been served or an Insolvency Event shall have occurred and the Representative of the Noteholders, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, (provided that any such failure shall not be conclusive per se of a default or breach of duty by the Representative

of the Noteholders), provided that the Noteholder may then only proceed subject to the provisions of the Conditions and provided that this proviso shall not prejudice the right of any Noteholder to prove a claim in the insolvency of the Issuer where such insolvency follows the institution of an insolvency proceedings by a third party;

- (f) no Noteholder shall at any time exercise any right of netting, set-off or counterclaim in respect of its rights against the Issuer such rights being expressly waived or exercise any right of claim of the Issuer by way of a subrogation action (*azione surrogatoria*) pursuant to article 2900 of the Italian civil code; and
- (g) the provisions of this Article 27 shall survive and shall not be extinguished by the redemption (in whole or in part) and/or cancellation of the Notes and waives to the greatest extent permitted by law any rights directly to enforce its rights against the Issuer.

Article 28

Resignation of the Representative of the Noteholders

The Representative of the Noteholders may resign at any time, upon giving not less than three calendar months' notice in writing to the Issuer, without assigning any reason therefor and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Noteholders shall not become effective until a Meeting of the holders of each Relevant Class of Notes has appointed a new Representative of the Noteholders, provided that, if a new Representative of the Noteholders has not been so appointed within 60 days of the date of such notice of resignation, the Representative of the Noteholders may appoint a new Representative of the Noteholders. The appointment of the new Representative of the Noteholders under this Article 28 shall become effective as soon as such new Representative of the Noteholders enters into or accedes to the Intercreditor Agreement and the other Transaction Documents to which the resigned Representative of the Noteholders was a party

Article 29

Exoneration of the Representative of the Noteholders

The Representative of the Noteholders shall not assume, and shall not be responsible for, any other obligations in addition to those expressly provided herein and in the other Transaction Documents to which it is a party.

Without limiting the generality of the foregoing, the Representative of the Noteholders:

- (a) shall not be under any obligation to take any steps to ascertain whether an Event of Default or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders or any Noteholder hereunder or under any of the other Transaction Documents, has happened and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that no Event of Default or such other event, condition or act has occurred;
- (b) shall not be under any obligation to monitor or supervise the observance or performance by the Issuer or any other party to the Transaction Documents of the provisions of, and its obligations under, these rules, the Notes, the Conditions or any other Transaction Document, and, until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each such other party is observing and performing all such provisions and obligations;
- (c) shall not be under any obligation to give notice to any person of the execution of these rules, the Notes, the Conditions or any of the Transaction Documents or any transaction contemplated hereby or thereby;
- (d) shall not be responsible for, or for investigating, the legality, validity, effectiveness, adequacy, suitability or genuineness of these rules, the Notes, the Conditions, any Transaction Document or any other document, or any obligation or rights created or

purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for, or have any duty to make any investigation in respect of, or in any way be liable whatsoever for: (i) the nature, status, creditworthiness or solvency of the Issuer or any other party to the Transaction Documents; (ii) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained, or required to be delivered or obtained, at any time in connection herewith or with any Transaction Document; (iii) the suitability, adequacy or sufficiency of any collection or recovery procedures operated by the Servicer or compliance therewith; (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Claims; or (v) any accounts, books, records or files maintained by the Issuer, the Servicer, the Paying Agent or any other person in respect of the Claims;

- (e) shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes, or the distribution of any of such proceeds, to the persons entitled thereto;
- (f) shall have no responsibility for the maintenance of any rating of the Notes by the Rating Agencies or any other credit or rating agency or any other person;
- (g) shall not be responsible for, or for investigating any matter which is the subject of, any recitals, statements, warranties or representations of any party, other than the Representative of the Noteholders, contained herein or in any Transaction Document;
- (h) shall not be bound or concerned to examine, or enquire into, or be liable for, any defect or failure in the right or title of the Issuer to the Claims or any part thereof, whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry, or whether capable of remedy or not;
- (i) shall not be liable for any failure, omission or defect in registering or filing, or procuring registration or filing of, or otherwise protecting or perfecting, these rules, the Notes or any Transaction Document;
- (j) shall not be under any obligation to insure the Claims or any part thereof;
- (k) shall not be responsible for (except as otherwise provided in the Conditions or in the Transaction Documents) making or verifying any determination or calculation in respect of the Claims, the Notes and any other payment to be made in accordance with the Priority of Payments;
- (l) shall not have regard to the consequences of any modification or waiver of these rules, the Notes, the Conditions or any of the Transaction Documents for individual Noteholders or any relevant persons resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory; and
- (m) shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other person any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other person in connection with these rules, the Notes or any other Transaction Document, and none of the Noteholders, Other Issuer Creditors nor any other person shall be entitled to take any action to obtain from the Representative of the Noteholders any such information.

The Representative of the Noteholders, notwithstanding anything to the contrary contained in these rules:

- (i) may, without the consent of the Noteholders or any Other Issuer Creditors and subject to the Representative of the Noteholders giving prior written notice thereof to the Rating

Agencies, concur with the Issuer and any other relevant parties in making any amendment or modification to these rules, the Conditions (other than a Basic Terms Modification) or to any of the Transaction Documents which, in the opinion of the Representative of the Noteholders, it is expedient to make, or is of a formal, minor or technical nature to correct a manifest error or an error which is, in the opinion of the Representative of the Noteholders, proven or is necessary or desirable for the purposes of clarification or is made to comply with a mandatory provision of law. Any such amendment or modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall cause such amendment or modification to be notified to the Noteholders as soon as practicable thereafter;

- (ii) may, without the consent of the Noteholders, concur with the Issuer and any other relevant parties in making any amendment or modification (other than in respect of a Basic Terms Modification) to these rules, the Conditions or to any of the Transaction Documents which, in the opinion of the Representative of the Noteholders, it may be proper to make, provided that the Representative of the Noteholders is of the opinion that such amendment or modification will not be materially prejudicial to the interests of the holders of the Most Senior Class;
- (iii) may, without the consent of the Noteholders or any Other Issuer Creditor, authorise or waive any proposed breach or breach of the Notes (including an Event of Default) or of the Intercreditor Agreement or any other Transaction Document if, in the opinion of the Representative of the Noteholders, the interests of the Most Senior Class will not be materially prejudiced by such authorisation or waiver; provided that the Representative of the Noteholders shall not exercise any of such powers in contravention of any express direction by an Extraordinary Resolution, or of a request in writing made by the holders of not less than 25% in aggregate Principal Amount Outstanding of the Most Senior Class (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any proposed breach or breach relating to a Basic Terms Modification;
- (iv) may act on the advice, certificate, opinion (whether or not such opinion is addressed to the Representative of the Noteholders and whether or not such opinion contains a monetary or other limit on the liability of the provider of such opinion) or information (whether or not addressed to the Representative of the Noteholders) obtained from any lawyer, accountant, banker, broker, credit or rating agency or other expert of international repute, whether obtained by the Issuer, the Representative of the Noteholders or otherwise, and shall not, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss incurred by so acting. Any such advice, certificate, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission or cable and, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, certificate, opinion or information contained in, or purported to be conveyed by, any such letter, telex, telegram, facsimile transmission or cable, notwithstanding any error contained therein or the non-authenticity of the same;
- (v) may call for, and shall be at liberty to accept as sufficient evidence of any fact or matter or as to the expediency of any dealing, transaction, step or thing, a certificate duly signed by or on behalf of the sole director or the chairman of the board of directors of the Issuer, as the case may be, and the Representative of the Noteholders shall not be bound, in any such case, to call for further evidence or be responsible for any loss that may be occasioned as a result of acting on such certificate;
- (vi) save as expressly otherwise provided herein, shall have absolute and unfettered discretion as to the exercise, or non-exercise, of any right, power and discretion vested in the

Representative of the Noteholders by these rules, the Notes, any Transaction Document or by operation of law, and the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or other liabilities that may result from the exercise, or non-exercise thereof except insofar as the same are incurred as a result of its gross negligence (*colpa grave*) or wilful misconduct (*dolo*);

- (vii) shall be at liberty to leave in custody these rules, the Transaction Documents and any other documents relating thereto or to the Notes in any part of the world with any bank, financial institution or company of international repute whose business includes undertaking the safe custody of documents, or with any lawyer or firm of lawyers of international 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) in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, is entitled to convene a Meeting of the Noteholders of any or all Relevant Classes of Notes in order to obtain instructions as to how the Representative of the Noteholders should exercise such discretion, provided that nothing herein shall be construed so as to oblige the Representative of the Noteholders to convene such a Meeting. The Representative of the Noteholders shall not be obliged to take any action in respect of these rules, the Notes, the Conditions or any Transaction Document unless it is indemnified and/or secured and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands which may be brought against it and against all costs, charges, damages, expenses and liabilities (provided that supporting documents are delivered) which it may incur by taking such action;
- (ix) in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting upon any resolution purported to have been passed at any Meeting of holders of any Relevant Class of Notes in respect of which minutes have been drawn up and signed notwithstanding that subsequent to so acting, it transpires that the Meeting was not duly convened or constituted, such resolution was not duly passed or that the resolution was otherwise not valid or binding upon the relevant Noteholders;
- (x) may call for, and shall be at liberty to accept and place full reliance on as sufficient evidence of the facts stated therein, a certificate or letter of confirmation certified as true and accurate and signed on behalf of any common depository as the Representative of the Noteholders considers appropriate, or any form of record made by any such depository, to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in its records as entitled to a particular principal amount of Notes;
- (xi) may certify whether or not an Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders or the holders of the Most Senior Class of Notes and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other relevant person;
- (xii) may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these rules, the Notes, the Conditions or any other Transaction Document is capable of remedy and, if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any relevant person;
- (xiii) may assume, without enquiry, that no Notes are for the time being held by, or for the benefit, of the Issuer;

- (xiv) shall be entitled to call for, and to rely upon, a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine, of any party to the Intercreditor Agreement, any Other Issuer Creditor or any of the Rating Agencies in respect of any matter and circumstance for which a certificate is expressly provided for hereunder or under any Transaction Document or in respect of the ratings of the Rated Notes and it shall not be bound, in any such case, to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be incurred by its failing to do so; and
- (xv) may, in determining whether the exercise of any power, authority, duty or discretion under or in relation hereto or to the Notes, the Conditions or any Transaction Document, is materially prejudicial to the interests of the Noteholders, contact the Rating Agencies so to assess whether the then current ratings of the Rated Notes would not be downgraded, withdrawn or qualified and have regard to any other confirmation which it considers, in its sole and absolute discretion, as necessary and/or appropriate.

Any consent or approval given by the Representative of the Noteholders under these rules, the Notes, the Conditions or any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders thinks fit and, notwithstanding anything to the contrary contained herein, in the Conditions or in any Transaction Document, such consent or approval may be given retrospectively.

No provision of these rules, the Notes, the Conditions or any Transaction Document shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations, or expend or risk its own funds, or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its powers or discretions, and the Representative of the Noteholders may refrain from taking any action if it has reasonable grounds to believe that it will not be reimbursed for any funds, or that it will not be indemnified or pre-funded against any loss or liability which it may incur as a result of such action.

Article 30

Note Security

The Representative of the Noteholders shall be entitled to exercise all the rights granted by the Issuer in favour of the Representative of the Noteholders on behalf of the Noteholders and the other Issuer Secured Creditors under the Note Security.

The Representative of the Noteholders, acting on behalf of the Issuer Secured Creditors, is entitled to:

- (a) prior to enforcement of the Note Security, appoint and entrust the Issuer to collect, in the interest of the Issuer Secured Creditors and on their behalf, any amounts deriving from the Note Security and may instruct, jointly with the Issuer, the obligors whose obligations form part of the Note Security to make any payments to be made thereunder to an Account of the Issuer;
- (b) agree that the Accounts shall be operated in compliance with the provisions of the Agency and Accounts Agreement and the Intercreditor Agreement;
- (c) agree that all funds credited to the Accounts from time to time shall be applied prior to the enforcement of the Note Security, in accordance with the Conditions and the Intercreditor Agreement; and
- (d) agree that cash deriving from time to time from the Note Security and the amounts standing to the credit of the Accounts shall be applied prior to enforcement of the Note Security, in and towards satisfaction not only of amounts due to the Issuer Secured Creditors, but also of such amounts due and payable to the other Issuer Creditors that rank *pari passu* with, or higher than, the Issuer Secured Creditors, according to the

applicable Priority of Payments and, to the extent that all amounts due and payable to the Issuer Secured Creditors have been paid in full, also towards satisfaction of amounts due to the other Issuer Creditors that rank below the Issuer Secured Creditors. The Issuer Secured Creditors irrevocably waive any right which they may have hereunder in respect of cash deriving from time to time from the Note Security and amounts standing to the credit of the Accounts which is not in accordance with the foregoing. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the Note Security, under the Note Security, except in accordance with the foregoing, the Conditions and the Intercreditor Agreement.

Article 31

Indemnity

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Intercreditor Agreement to reimburse, pay or discharge (on a full indemnity basis) on demand, to the extent not already reimbursed, paid or discharged by any of the Other Issuer Creditors (provided that the Representative of the Noteholders shall not be regarded as having been reimbursed, paid or discharged if it has received monies on the account of, or has been pre-funded by, any of the Other Issuer Creditors), 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 person appointed by it to whom the Representative of the Noteholders, or by any persons appointed by it to whom any power, authority or discretion may be delegated by it (provided, in each case, that supporting documents are delivered where available) in relation to the preparation and execution of, the exercise or the purported exercise of its powers, authority and discretion and performance of its duties under, and in any other manner in relation to, these rules, the Notes, the Conditions, the Intercreditor Agreement or any other Transaction Document, including, but not limited to, legal and travelling expenses (properly incurred and duly documented) and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders or such appointed person in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders or such appointed person pursuant to these rules, the Notes, the Conditions or any other Transaction Document, or against the Issuer or any other person for enforcing any obligations under these rules, the Notes, the Conditions, the Intercreditor Agreement or the Transaction Documents, except insofar as the same are incurred as a result of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders or the above-mentioned appointed person.

TITLE IV - THE ORGANISATION OF NOTEHOLDERS UPON SERVICE OF AN ISSUER ACCELERATION NOTICE

Article 32

Powers

It is hereby acknowledged that, upon service of an Issuer Acceleration Notice and/or failure by the Issuer to exercise its rights, the Representative of the Noteholders shall, pursuant to the Mandate Agreement, be entitled, in its capacity as legal representative of the Organisation of Noteholders, also in the interest and for the benefits of the Other Issuer Creditors, pursuant to articles 1411 and 1723 of the Italian civil code, to exercise certain rights in relation to the Claims. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of Noteholders, will be authorised, also pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, all and any of the Issuer's Rights, including the right to give directions and instructions to the relevant parties to the Transaction Documents.

In particular and without limiting the generality of the foregoing, following the service of an Issuer Acceleration Notice, the Representative of the Noteholders will be entitled, until the Notes have been repaid in full or cancelled in accordance with the Conditions:

- (a) to request the Interim Account Bank to transfer all monies standing to the credit of the Interim Account and the Expenses Account to, respectively, the Collection Account and a replacement Expenses Account opened for such purpose by the Representative of the Noteholders with the Transaction Bank;
- (b) to request the Transaction Bank holding the Collection Account to transfer all monies standing to the credit of the Collection Account and the replacement Expenses Account (if opened with the Transaction Bank in accordance with the Agency and Accounts Agreement) to, respectively, a replacement Collection Account and a replacement Expenses Account opened for such purpose by the Representative of the Noteholders with a replacement Transaction Bank which is an Eligible Institution for the purposes of the Collection Account;
- (c) to request the Cash Account Bank holding the Cash Reserve Account to transfer all monies standing to the credit the Cash Reserve Account to a replacement Cash Reserve Account opened for such purpose by the Representative of the Noteholders with the a replacement Cash Account Bank which is an Eligible Institution for the purposes of the Cash Reserve Account;
- (d) to request the Paying Agent to transfer all monies standing to the credit of the Payments Account to a replacement Payments Account opened for such purpose by the Representative of the Noteholders with a replacement Paying Agent which is an Eligible Institution;
- (e) to request the Transaction Bank to transfer all units of debt securities or other debt instruments from time to time purchased by or on behalf of the Issuer pursuant to the Agency and Accounts Agreement standing to the credit of the Eligible Investments Account to, respectively, a replacement Eligible Investments Account opened for such purpose by the Representative of the Noteholders with a replacement Transaction Bank which is an Eligible Institution;
- (f) to require performance by any Issuer Creditor of its obligations under the relevant Transaction Document to which such Issuer Creditor is a party, to bring any legal actions and exercise any remedies in the name and on behalf of the Issuer that are available to the Issuer under the relevant Transaction Document against such Issuer Creditor in case of failure to perform and generally to take such action in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Portfolio, the Claims and the Issuer's Rights;
- (g) to instruct the Servicer in respect of the recovery of the Issuer's Rights;
- (h) to take possession, as an agent of the Issuer and to the extent permitted by applicable laws, of all Collections (by way of a power of attorney granted hereunder in respect of the relevant Accounts) and of the Claims and to sell or otherwise dispose of the Claims or any of them in such manner and upon such terms and at such price and such time or times as the Representative of the Noteholders shall, in its discretion, deem appropriate and to apply the proceeds in accordance with the Post-Enforcement Priority of Payments; provided, however, that if the amount of the monies at any time available to the Issuer or to the Representative of the Noteholders for the payments above shall be less than 10% of the Principal Amount Outstanding of all Classes of Notes, the Representative of the Noteholders may, at its discretion, invest such monies (or cause such monies to be invested) in some or one of the investments authorised pursuant to the Intercreditor Agreement. The Representative of the Noteholders at its discretion may vary such investments (or cause such investments to be varied) and may accumulate such

investments and the resulting income until the immediately following Accumulation Date. Any monies, which under this Intercreditor Agreement or the Conditions may be invested, may be invested, or caused to be invested, by the Representative of the Noteholders in the name or under the control of the Representative of the Noteholders in any investments or other assets in any part of the world, whether or not they produce income or by placing the same on deposit in the name or under the control of the Representative of the Noteholders at such bank or other financial institution and in such currency as the Representative of the Noteholders may think fit. The Representative of the Noteholders may at any time vary any such investments, or cause any such investment to be varied, for or into other investments or convert any monies so deposited, or cause any such monies to be converted, into any other currency and shall not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise, except insofar as such loss is incurred as a result of its gross negligence (*colpa grave*) or wilful misconduct (*dolo*); and

- (i) to distribute the monies from time to time standing to the credit of the Accounts and such other accounts as may be opened by the Representative of the Noteholders pursuant to paragraphs (a) and (b) above to the Noteholders in accordance with the applicable Priority of Payments.

TITLE V - GOVERNING LAW AND JURISDICTION

Article 33

Governing law and jurisdiction

These rules and any non-contractual obligations arising out of, or in connection with, them are governed by, and will be construed in accordance with, the laws of Italy.

All disputes arising out of or in connection with these rules and any non-contractual obligations arising out of, or in connection with, them, including those concerning their validity, interpretation, performance and termination, shall be exclusively settled by the Courts of Milan.

USE OF PROCEEDS

Monies available to the Issuer on the Issue Date consisting of:

- (i) the amounts to be drawn down by the Issuer under the Subordinated Loan Agreement in an amount of € 76,900,000.00; and
- (ii) a portion of the aggregate amounts collected under the Loans between the Valuation Date (included) and the Closing Date (but excluding those collections constituting repayment of principal and prepayments) in an amount of 3,952,000.00,

will be applied by the Issuer on the Issue Date:

- (a) to credit € 50,000,00 to the Expenses Account; and
- (b) to credit €80,802,000.00 to the Cash Reserve Account.

The amount payable by the Notes Subscribers to the Issuer on the Issue Date as consideration for the subscription of the Notes under the Subscription Agreement, being € 1,795,598,000.00, will be set-off against a portion (of equal amount) of the purchase price payable by the Issuer to Banco Popolare, on the Issue Date as consideration for the purchase of the Claims pursuant to the Transfer Agreements.

THE ISSUER

Introduction

BPL Mortgages S.r.l. (the “**Issuer**”) is a limited liability company with sole shareholder (*società a responsabilità limitata con socio unico*) incorporated in the Republic of Italy under article 3 of Italian law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the “**Securitisation Law**”) on 30 June 2006 with the name of “Giano Finance S.r.l.”. By way of an extraordinary shareholder’s resolution held on 11 May 2007, the corporate name of the Issuer was changed from “Giano Finance S.r.l.” into “BPL Mortgages S.r.l.”.

“BPL Mortgages S.r.l.” is currently the Issuer’s legal name and the Issuer has no commercial name. In accordance with the Issuer’s by-laws (*statuto*) as amended by way of an extraordinary shareholder’s resolution held on 12 December 2008, the corporate duration of the Issuer is limited to 31 December 2060 and may be extended by shareholders’ resolution. The Issuer is registered with the companies’ register of Treviso under number 04078130269 and in the register of the special purpose vehicles held by the Bank of Italy (*albo delle società veicolo tenuto dalla Banca d’Italia ai sensi del Provvedimento del Governatore della Banca d’Italia del 29 aprile 2011*) under number 33259.3 and its tax identification number (*codice fiscale*) and VAT number is 04078130269. The registered office of the Issuer is at via Alfieri, 1, 31015 Conegliano (Treviso), Italy. The telephone number of the registered office is +39 0438 360 459. The Issuer has no employees.

Previous securitisations

In accordance with the Securitisation Law, the Issuer is a multi-purpose vehicle and it has already engaged two securitisation transactions carried out in accordance with the Securitisation Law, completed (i) the first, in December 2012 and involving the issue of partially paid asset-backed notes in an aggregate amount of € 3,588,855,000.00 (as increased on 28th March 2013) and (ii) the second, in March 2013 and involving the issue of asset-backed notes in an aggregate amount of € 5,249,780,000.00 (the “**Previous Securitisations**” and the relevant notes, the “**Previous Securitisations Notes**”). The Issuer has been engaged in other securitisation transactions which were closed as at the date of this Prospectus.

Pursuant to the Securitisation Law the assets relating to each securitisation transaction will constitute assets segregated for all purposes from assets of the Issuer and from the assets relating to other securitisation transactions. The assets relating to a particular securitisation transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to the general creditors of the Issuer.

Shareholding

The authorised equity capital of the Issuer is €12,000. The issued and paid-up equity capital of the Issuer is €12,000 entirely held by SVM Securitisation Vehicles Management S.r.l. No other amount of equity capital has been agreed to be issued.

Pursuant to a quotaholder’s commitment dated on or about the Issue Date between the Issuer, the Representative of the Noteholders and SVM Securitisation Vehicles Management S.r.l. (the “**Quotaholder’s Commitment**”), SVM Securitisation Vehicles Management S.r.l. has agreed certain provisions in relation to the management of the Issuer. The Quotaholder’s Commitment also provides that SVM Securitisation Vehicles Management S.r.l., in its capacity as sole shareholder of the Issuer, will not approve the payment of any dividends or any repayment or return of capital by the Issuer prior to the date on which all amounts of principal and interest on the Notes have been paid in full. The Quotaholder’s Commitment is governed by Italian law.

Italian company law combined with the holding structure of the Issuer, the covenants made by the Issuer and SVM Securitisation Vehicles Management S.r.l. in the Quotaholder’s Commitment and the role of the Representative of the Noteholders are together intended to prevent any abuse

of control of the Issuer. To the best of its knowledge, the Issuer is not aware of direct or indirect ownership or control apart from SVM Securitisation Vehicles Management S.r.l.

Special purpose vehicle

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

Accounting treatment of the Portfolio

Pursuant to the Bank of Italy's regulations, the accounting information relating to the securitisation of the Claims will be contained in the explanatory notes to the Issuer's accounts (*nota integrativa*). The explanatory notes, together with the balance sheet and the profit and loss statements, form part of the financial statements of Italian limited liability companies (*società a responsabilità limitata*).

Accounts of the Issuer

The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year with the exception of the first fiscal year which started on 30 June 2006 and ended on 31 December 2006. Consequently, the first financial statements of the Issuer of the Issuer are those relating to the fiscal year ended in December 2006 and approved on 14 March 2007.

Principal activities

The principal corporate objectives of the Issuer, as set out in article 3 of its by-laws (*statuto*), include the acquisition of monetary receivables for the purposes of securitisation transactions and the issuance of asset-backed securities.

So long as any of the Notes remains outstanding, the Issuer shall not, without the consent of the Representative of the Noteholders and as provided in the Conditions and the Transaction Documents, incur any other indebtedness for borrowed monies, engage in any activities except pursuant to the Transaction Documents, pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person, convey or transfer its property or assets to any person, or increase its equity capital.

The Issuer will covenant to observe, *inter alia*, those restrictions which are detailed in Condition 5 (*Covenants*).

Sole director of the Issuer

The sole director of the Issuer is Claudia Calcagni, having her address for the purposes of her title at via V. Alfieri, 1, 31015 Conegliano (TV).

Capitalisation and indebtedness statement

The capitalisation and indebtedness of the Issuer as at the date of this Prospectus, adjusted for the issue of the Notes on the Issue Date, are as follows:

	€
<i>Issued equity capital</i>	<hr/>
€12,000 fully paid up	12,000
	<hr/>
	12,000
	<hr/>
<i>Borrowings</i>	

	€
€ 2,440,400,000 Class A – 2012 Mortgage-Backed Floating Rate Notes due 2058	1,997,886,172 .64
€ 1,148,455,000 Class B – 2012 Mortgage-Backed Notes due 2058	1,148,455,000 .00
€ 60,000,000 subordinated loan	60,000,000.00
	1,901,267,551 .00
€ 3,307,300,000 Class A – 2013 Asset-Backed Floating Rate Notes due 2056	
€ 1,942,480,000 Class B – 2013 Asset-Backed Notes due 2056	1,942,480,000 .00
€ 151,000,000 subordinated loan	151,000,000
Total	<u>7,201,088,723.64</u>
€ 1,077,400,000 Class A - 2014 Asset Backed Floating Rate Notes due 2054	1,077,400,000 .00
€ 269,300,000 Class B - 2014 Asset Backed Floating Rate Notes due 2054	269,300,000.0 0
€ 448,898,000 Class C - 2014 Asset Backed Notes due 2054	448,898,000 .00
€ 76,900,000 subordinated loan	<u>76,900,000.00</u>

Save for the foregoing, at the Issue Date the Issuer will not have borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees, or other contingent liabilities.

Financial Statements

The Issuer's accounting reference date is 31 December in each year.

Please see below the financial statements and the auditor's reports of the Issuer as of 2012 and as of 2013.

BPL MORTGAGES S.r.l.

*Via V. Alfieri 1, Conegliano (TV)
Quota Capital Euro 12,000.00 fully paid up
Treviso Register of Companies reg. no. 04078130269 and Econ. Admin. Index no. 321099
Tax Code and VAT number: 04078130269
Registered on the List of Special Purpose Vehicles with number. 33259.3 pursuant to the
Bank of Italy Instructions of 29 April 2011*

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

The present document is the English translation of the Italian Financial Statements, prepared for and used in Italy and translated only for the convenience of international readers. The Financial Statements were prepared using International Reporting Standards (IAS/IFRS). In the event of any incongruity the Italian text will prevail.

Dear Quotaholders,

The Financial Statements as at 31 December 2012, comprising the Balance sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Quotaholders' Equity, Cash Flow Statement, Notes to the Financial Statements and this accompanying Report on Operations, are hereby submitted for your approval.

These financial statements were prepared in application of international accounting standards issued by the International Accounting Standards Board (IASB) and related interpretations issued by IFRIC, all endorsed by the European Union, and in accordance with Bank of Italy Circular of 13 March 2012 "Instructions on the preparation of financial statements and reports of financial intermediaries pursuant to art. 107 of the Consolidated Banking Act, payment institutes, electronic money institutions (IMEL), asset management companies and securities trading companies (SIM)" containing the formats and rules on financial intermediaries' preparation of financial statements.

1) DIRECTOR'S REPORT ON OPERATIONS

Business operations

BPL Mortgages S.r.l. is a company established pursuant to Art. 3, Italian Law 130/1999. Following the entry into force on 13 May 2011 of the Bank of Italy Instructions of 29 April 2011, on "Reporting and statistical obligations of special purpose vehicles involved in securitisations" (implementing Italian Legislative Decree 141/2010, which amends Art. 3, paragraph 3, Italian Law no. 130 of 30 April 1999), pursuant to art. 11 securitisation, SPVs already registered in the General List according to Art. 106 of the Consolidated Banking Act were cancelled and officially entered in the List of SPVs as envisaged in art. 4 of the aforementioned Bank of Italy Instructions.

The quota capital of 12,000 euro is distributed as follows: SVM Securitisation Vehicles Management S.r.l. holds 100% of the nominal value of the quota capital. In accordance with the related "Agency and Accounts Agreement", with effect from completion of the securitisation, all costs incurred by the company are covered by an equal amount recognised from the segregated assets for each securitisation with a view to guaranteeing regular company operations.

In compliance with the Articles of Association and the aforementioned legal provisions, the sole purpose of the Company is the implementation of one or more loan securitisations pursuant to Italian Law no. 130 of 30 April 1999, as amended and according to subsequent implementing rules, by the purchase against payment of monetary loans and receivables, both existing and future, identified en bloc if multiple monetary loans are involved, financed through recourse to the Company's issue of notes as referred to in Art. 1 paragraph 1b) and Art. 5, Italian Law 130/1999. Pursuant to the provisions of Italian Law 130/1999, the loans related to each securitisation constitute segregated assets to all effects and purposes from those of the Company. The sole purpose of these segregated assets is to satisfy the rights incorporated in the notes issued, by the Company or other company, to finance the purchase of the loans of which the aforementioned assets form part, and to pay the costs of the related securitisation. Therefore no action is permitted on the segregated assets by creditors other than the holders of notes issued to finance the purchase of the loans in question. To the extent permitted by the provisions of Italian Law 130/1999, the Company may conclude accessory transactions, stipulated exclusively with a view to the success of its securitisations, or in any event instrumental to the corporate purpose, including reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned notes issued as part of the securitisation. Within the context of its securitisations, the Company may appoint third parties to collect the loans purchased and to provide cash and payment services.

By resolution of the Extraordinary Meeting of Investors held on 12 December 2008, arrangements were made to amend art. 4 of the Articles of Association, extending the expiry date of the Company to 31 December 2060.

As at 31 December 2012 there are two securitisations: one securitisation of residential and commercial mortgages ("BPL Mortgages 4") implemented in July 2009, and one securitisation of residential mortgages ("BPL Mortgages 5") which began in November 2012.

Significant events during the year

BPL Mortgages 4 securitisation

Interest Payment Date 31 May 2012

The cash flows generated from the securitisation proceeds for the period 11 November 2011 to 10 May 2012 were settled on 31 May 2012. In particular, the funds distributed by the company totalled 365.7 million of euro, of which Euro 164 million in Principal Available Funds, Euro 92.4 million in Interest Available Funds (of which 51.4 million of euro were interests collected on the loans and 40.6 million of euro were collected on the active portion of the swap) and 109 million of euro relating to the Cash Reserve.

The Principal Collections and use of the Cash Reserve allowed repayment of the senior notes for 198 million of euro (of which 164 million euro were Principal Collections and 34 million euro as the Repayment Amount in relation to loans reclassified to “default” during the period). The Interest Collections allowed the payment of expenses, settlement of the swap (42 million euro) and the payment of interests on senior class notes for 26 million of euro. The Cash Reserve was topped-up by a total of 98.4 million euro.

Interest Payment Date 30 November 2012

The cash flows generated from the securitisation proceeds for the period 11 May 2012 to 10 November 2012 were settled on 30 November 2012. In particular, the funds distributed by the company totalled 307 million of euro, of which 142 million euro in Principal Available Funds, 66.3 million euro in Interest Available Funds (of which 38.1 million of euro were interests collected on the loans and 28.2 million of euro collected on the active portion of the swap) and 98.4 million of euro relating to the Cash Reserve.

The Principal Collections and use of the Cash Reserve allowed repayment of the senior notes for 216 million euro (of which 142 million of euro were Principal Collections and 74 million euro as the Repayment Amount in relation to loans reclassified to “default” during the period). The Interest Collections allowed the payment of expenses, settlement of the swap (Euro 31.6 million) and the payment of interests on senior class notes for 16.6 million euro. The Cash Reserve was topped-up by a total of 41.7 million euro.

Winding-up of the securitisation

Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A., the securitisation’s Originators, resolved on 19 December 2012 and 20 December 2012, respectively, to repurchase all the securitised loans. This was completed on 28 January 2013. For further details, please refer to the paragraph “Subsequent events after the balance sheet date”.

Ratings of the notes issued

On 23 January 2012 the Class A Senior notes rating was downgraded by Standard & Poor’s from “AAA” to “AA+”. Furthermore, on 21 February 2012 the Class A notes rating was downgraded by Moody’s Investors Service from “Aaa” to “Aa2”, and again on 2 August 2012 from “Aa2” to “A2”. Downgrading of the ratings is mainly due to downgrading of the rating on the sovereign debt.

Downgrading of the swap counterparty

As a result of the downgrading by Standard & Poor’s in February 2012 of the swap counterparty Banca IMI S.p.A., in accordance with provisions of the current swap contract, it was necessary to arrange the opening of a collateral account. Later, on 30 April 2012, the Company made arrangements with the rating agencies to make a number of amendments to the servicing agreements in which a maximum renegotiation amount was established for the floating rate and fixed rate mortgages. The securitisation was wound up on 8 February 2013 with full redemption of the notes and subsequent settlement of the swap.

Downgrading of Banco Popolare

Following Banco Popolare’s loss of the minimum rating envisaged for the role of guarantor (in accordance with the “First Demand Guarantee”), in favour of the SPV on obligations assumed by Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A. as Servicers, the trigger event occurred as referred to in the contract and a new guarantee would have been necessary. Note that on 8 February 2013 the Company arranged full redemption of all note classes on the BPL Mortgages 4 securitisation.

Composition of mortgages portfolio by Originator

As at 31 December 2012 the mortgages portfolio amounted to 2,453,801,263 euro, divided between: -performing, delinquent, past due (according to Basel and EU regulatory provisions implemented by the Bank of Italy, these are defined as loans past due by more than 90 days) and restructured loans, net of related provisions for write-downs, of Euro 2,351,408,294; -defaulted loans, net of related provisions for write-downs, of Euro 102,392,969.

Total credit portfolio

	Value as at 31/12/2012	% Portfolio as at 31/12/2012	Value as at 31/12/2011	% Portfolio as at 31/12/2011	Value as at 13/06/2009	% Portfolio as at 13/06/2009
Bank		(*)				
Banco Popolare	2,047,785,771	83.45%	2,243,983,146	81.30%	3,334,412,868	83.56%
Credito Bergamasco	406,015,492	16.55%	516,016,770	18.70%	656,061,342	16.44%
Total	2,453,801,263	100.00%	2,759,999,916	100.00%	3,990,474,210	100.00%

As described above, the value of the loans is net of related provisions for write-downs, which at 31 December 2012 totalled: provision for write-downs of defaulted loans 10,605,894 euro, provision for write-downs of delinquent loans 6,099,791, provision for past due loans 504,158 euro and provision for write-downs of restructured loans 140,426 euro. Note that the classification indicated for defaulted, delinquent, past due and restructured loans is that recorded in the accounting records and IT systems of the Servicers.

b) of which performing, delinquent, past due and restructured loans

	Value as at 31/12/2012	% Portfolio as at 31/12/2012	Value as at 31/12/2011	% Portfolio as at 31/12/2011
Bank				
Banco Popolare	1,961,207,594	83.41%	2,188,821,216	81.24%
Credito Bergamasco	390,200,700	16.59%	505,557,704	18.76%
Total	2,351,408,294	100.00%	2,694,378,920	100.00%

c) of which defaulted loans

	Defaulted loans as at 31/12/2012	% Defaulted loans as at 31/12/2012	Defaulted loans as at 31/12/2011	% Defaulted loans as at 31/12/2011
Bank				
Banco Popolare	86,578,177	84.55%	55,161,930	84.06%
Credito Bergamasco	15,814,792	15.45%	10,459,066	15.94%
Total	102,392,969	100.00%	65,620,996	100.00%

BPL Mortgages 5 securitisation

On 26 November 2012 the Quotaholders' Meeting resolved to implement a new securitisation governed by Italian Law no. 130 of 30 April 1999, involving the purchase without recourse of portfolios of performing monetary loans, identifiable en bloc, resulting from residential mortgage-backed loans disbursed by Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A. (the "Originators"). Specifically, the securitisation envisages the transfer of an initial portfolio and an additional portfolio, as regulated by the Transfer Agreement signed on 7 December 2012. Purchase of the initial portfolio was completed with coupon payments maturing with effect from 19 November 2012, and the related purchase price was Euro 2,505,241,000.

In order to finance the purchase of the initial loans, the Company issued partly paid Asset Backed Securities on 21 December 2012 for a total of 2,501,918,000 euro. The notes have the following characteristics:

- Class A notes (Senior), legal maturity 31 October 2058, rated and listed on the Irish Stock Exchange for a total of 1,701,300,000 euro, and
- Junior notes, not rated, for 800,618,000 euro.

Both securities classes were subscribed to an extent proportionate to the portfolio transferred by the Originators. In accordance with the Transfer Agreement, the Originators will transfer an additional portfolio of loans to the Company by 31 March 2013 for an amount estimated at around 800 million of euro, to be financed by increasing the principal on the notes with a "partly paid" structure already issued by the Company. Furthermore, as at the date of issue, a Cash Reserve was set up for 64 million of euro through disbursement by the Originators of a subordinated loan with limited recourse of 60 million of euro.

Composition of mortgages portfolio by Originator

As at 31 December 2012 the total mortgages portfolio amounted to 2,475,836,679 euro, divided between performing, delinquent, past due and restructured loans, net of related provisions for write-downs.

Total credit portfolio

	Value as at 31/12/2012	% Portfolio as at 31/12/2012
Bank		
Banco Popolare	2,075,358,835	83.82%
Credito Bergamasco	400,477,844	16.18%
Total	2,475,836,679	100.00%

As described above, the value of the loans is net of related provisions for write-downs, which at 31 December 2012 totalled: 1,489 euro the provision for write-downs of delinquent loans and 6,176 euro of past due loans. Note that the classification indicated for delinquent and past due loans is that recorded in the accounting records and IT systems of the Servicers.

Group-related transactions

Banco Popolare acquisition of 35 Credito Bergamasco branches

The implementation of the plan for redistribution of the Group's network branches continued, as approved by the area banks in May 2011 and involving Credito Bergamasco's acquisition of 52 branches of the Group's former banks located in the Bank's traditional locations, against which Credito Bergamasco was required to transfer 35 branches to the Group's former banks. With effect from 1 August 2011 Credito Bergamasco implemented the first part of the transaction, whilst the transfer of 35 branches to the banks was postponed after the July 2011 approval's of the "grand co-operative bank" project.

On completion of the corporate process of merging the area banks into the Parent Company (except Credito Bergamasco) and the operational and IT integration of the merged banks, which continued until the end of the first half of 2012, on 26 September and 15 October, respectively, the Boards of Directors of Banco Popolare and Credito Bergamasco approved the transfer of 35 Credito Bergamasco branches to Banco Popolare. The transaction refers to a business unit comprising rights, tangible assets and intangible assets used in conducting banking activities. The transaction was finalised on 9 December 2012 with the signing of the transfer agreement that entered into force on 10 December 2012.

With the aim of improving management of the loans transferred, the transaction requires that Credito Bergamasco delegates certain activities, e.g. mortgage payment collection, handling of requests for takeover, granting of constraints on mortgages, credit collection and the management of procedures involving the early settlement of securitised mortgages to Banco Popolare as transferee of the branches at which the securitised positions were domiciled.

Report on corporate governance and ownership structure

The sole purpose of the Company is the implementation of one or more loan securitisations pursuant to Italian Law no. 130 of 30 April 1999 ("Law 130/1999), by the purchase against payment of monetary receivables, both existing and future, financed through recourse to the issue of notes as referred to in Art. 1 paragraph 1b), Law 130/1999. Pursuant to the provisions of Law 130/1999, the loans related to each securitisation constitute segregated assets to all effects and purposes from those of the Company and those of other securitisations performed on which no action is permitted by creditors other than the holders of notes issued to finance purchase of the aforementioned loans. To the extent permitted by the provisions of Law 130/1999, the Company may conclude accessory transactions, stipulated exclusively with a view to the success of its securitisations, or in any event instrumental to the corporate purpose, including reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned notes.

As described above, as part of its corporate purpose the Company arranged five securitisations through the purchase of performing loans and by issuing notes listed on regulated markets. Consequently, pursuant to Art. 123-bis, Italian Legislative Decree no. 58 of 24 February 1998, the report on operations of issuers with notes listed on regulated markets must contain a specific section, the "Report on corporate governance and ownership structure", which in accordance with paragraph 2b) of that article must provide information on the "main characteristics of the risk management and internal control systems for separate or consolidated financial reporting processes, as appropriate".

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

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

The main roles covered by such agents are as follows:

- (i) the Servicer, which amongst other things is responsible for management of the loans purchased;
- (ii) the Administrative Servicer, responsible for the Company's administrative and accounting management;
- (iii) the Cash Manager, Calculation Agent and Paying Agent, which provide cash management, calculation and payment services;
- (iv) the Corporate Servicer, responsible for corporate affairs.

Specifically, the Servicer is the "party appointed to collect the transferred loans and to perform collection and payment services" pursuant to Art. 2, paragraph 3c), Law 130/1999. In accordance with Art. 2, paragraph 6 of Law 130/1999, the role of Servicer may be performed by banks or by intermediaries entered on the Special List envisaged in art. 107, Italian Legislative Decree no. 385 of 1 September 1993, and are responsible for verifying that securitisations are performed in compliance with the law and the prospectus. Also pursuant to the Bank of Italy Instructions of 23 August 2000, Servicers are responsible for operational tasks and for ensuring the correct implementation of securitisations in the interest of investors and, in general, of the market. Lastly, with regard to the financial data, it should be mentioned that these are prepared by the Servicers based mainly on data provided by the entity appointed to manage the loans acquired.

Other information

On 4 April 2011 the Quotaholders' Meeting appointed the Board of Statutory Auditors (for the three-year period 2011-2013) in accordance with Art. 2477, paragraph 1 of the Italian Civil Code.

As the Company is a "public interest entity" pursuant to Art. 16, paragraph 1a), Italian Legislative Decree no. 39 of 27 January 2010 and since it has issued debt securities for trading on the Irish Stock Exchange, on 23 December 2010 the Quotaholders' Meeting appointed Reconta Ernst & Young S.p.A. the statutory audit of the Financial Statements for the nine-year period 2010-2018.

Secondary offices

The Company has no secondary offices.

Financial Instruments

Pursuant to Art. 2428, paragraph 6-bis of the Italian Civil Code, with regard to information on the Company's use of financial instruments and the data required for assessment of the equity and financial position and the result for the period, it is hereby specified that the Company did not use financial instruments for its ordinary operations during 2012.

Treasury shares

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

Research and development activities

Given the specific nature of the Company, no specific research and development activities were performed.

Subsequent events after the balance sheet date

- Winding-up of the BPL Mortgages 4 securitisation

In relation to the securitisation finalised in July 2009, on 22 January 2013 the Quotaholders' Meeting resolved upon early redemption of the Senior and Junior notes. Credito Bergamasco S.p.A. and Banco Popolare Soc. Coop. announced their intention to repurchase - en bloc and without recourse - the loans deriving from the portfolio of mortgages transferred to the Company originally, either directly or indirectly by each, as part of the Securitisation which (i) have not been repaid in full or settled by other means; and (ii) have not been subject to out-of-court settlements with the Company resulting in the complete cancellation, waiver, suspension or settlement of the debt. The Originators repurchased the securitised loans on 28 January 2013 on signing the repurchase agreement, and on 8 February 2013 arrangements were made to wind up the securitisation on the extraordinary payment date.

- BPL Mortgages 6 securitisation

On 12 February 2013 the Company resolved to implement a new securitisation involving two portfolios of loans deriving from land loan, mortgage, agricultural loan and unsecured loan agreements to be transferred to the Company by Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A. The transfer, performed on 16 February 2013, will be finalised when the Originators sign the transfer agreements, under the terms of which the Company will purchase the loans en bloc and without recourse from each Originator, including a portion (other than the unsecured loans) resulting from winding-up of the BPL Mortgages 4 securitisation. The residual debt on loans included in the portfolio is approximately 5.2 billion euro and will be settled as at the notes issue date.

- BPL Mortgages 5 securitisation

The senior notes issued on 21 December 2012, following the confirmation of assignability obtained in January 2013, are used in refinancing transactions with the European Central Bank. By the end of the first quarter of 2013 it is planned to transfer a second portfolio of residential mortgages and land loans to the SPV and, after this transfer, the value of the notes issued in December 2012 will be increased.

Program Document on Security

With regard to obligations according to Privacy regulations, note that art. 34 (g), Italian Legislative Decree 196/03 ("Privacy Code") and art. 26 of the technical regulations in Annex B of the Code, which envisage the obligation to "maintain an updated Program Document on Security" were repealed by art. 45, paragraph 1c), Italian Decree Law no. 5 of 9 February 2012, converted with amendments to Italian Law no. 35 of 4 April 2012.

Relations with subsidiaries, associates, parent companies and group companies

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

Transactions with related parties

With regard to transactions with related parties, reference should be made to Section 6 - Transactions with related parties, Part D - Other information in the Notes to the Financial Statements.

Business outlook

Future business will focus on the regular continuation of the existing securitisations. With regard to going concern assumptions, no situations have been recorded that would give any rise to doubt about the company's ability to continue operating normally.

Proposed resolution

The Financial Statements as at 31 December 2012 ended with a profit of 25,510 euro, which we propose to allocate as follows:

- Euro 2,368 to the Legal Reserve
- Euro 23,142 retained earnings.

Conegliano, 6 March 2013

-
BPL Mortgages S.r.l.
Single Member Company
The Sole Director
Claudia Calcagni



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**Independent auditors' report
Pursuant to articles 14 and 16 of Legislative Decree n. 39 of January 27, 2010
(Translation from the original Italian text)**

To the sole Quotaholder
of BPL Mortgages S.r.l.

1. We have audited the financial statements of BPL Mortgages S.r.l. as of and for the year ended December 31, 2012, comprising the statement of financial position, income, other comprehensive income, changes in quotaholders' equity and cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n. 38 of February 28, 2005 is the responsibility of the BPL Mortgages S.r.l.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For our opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 19, 2012.

3. In our opinion, the financial statements of BPL Mortgages S.r.l. at December 31, 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with art. 9 of Italian Legislative Decree n. 38 of February 28, 2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of BPL Mortgages S.r.l. for the year then ended.
4. The company performs solely securitization transactions according to Italian Law n. 130 of April 30, 1999 and, in compliance with Bank of Italy's instructions of March 13, 2012, has recognized the acquired loans, the issued notes and the other transactions accomplished during the course of the securitization in the explanatory notes to the financial statements and not in the statement of financial position. The recognition of financial assets and liabilities in the explanatory notes to the financial statements is done in conformity with the administrative provisions issued by the Bank of Italy based on art. 9 of Italian Legislative Decree n. 38 of February 28, 2005, in accordance with International Financial Reporting Standards.

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Such an approach is also in line with what is established by Law n. 130 of April 30, 1999, according to which the loans concerning each securitization represent, to all effects, net assets separated from the net assets of the Company and of the other securitizations. For completeness of information it is noted that according to International Financial Reporting Standards, the financial assets and/or groups of financial assets and financial liabilities deriving from securitization transactions is still the subject of discussion by the committees responsible for the interpretation of International Financial Reporting Standards.

5. The management of BPL Mortgages S.r.l. is responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance and ownership structure, limited to the information as required by paragraph 2, subparagraph b) of art. 123-bis of Italian Legislative Decree 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the report on operations and the information as required by paragraph 2, subparagraph b) of art. 123-bis of Italian Legislative Decree 58/98 presented in the specific section of the same report are consistent with the financial statements of BPL Mortgages S.r.l. as of December 31, 2012.

Verona, March 19, 2013

Reconta Ernst & Young S.p.A.
Signed by: Marco Bozzola, partner

2) BALANCE SHEET

	Assets	31.12.2012	31.12.2011
10.	Cash and cash equivalents	-	-
60.	Receivables	12,455	12,678
120.	Tax assets	1,028	936
	a) current	1,028	936
	b) deferred	-	-
140.	Other assets	2,638,461	2,514,902
	Total assets	2,651,944	2,528,516

	Liabilities and quotaholders' equity	31.12.2012	31.12.2011
70.	Tax liabilities	11,597	1,271
	a) current	11,597	1,271
	b) deferred	-	-
90.	Other liabilities	2,601,619	2,514,027
120.	Capital	12,000	12,000
160.	Reserves	1,218	1,188
180.	Net income (loss) for the period	25,510	30
	Total Liabilities and quotaholders' equity	2,651,944	2,528,516

3) INCOME STATEMENT

		31.12.2012	31.12.2011
10.	Interest and similar income	37,107	114
20.	Interest and similar expense	-	-
	Interest margin	37,107	114
30.	Fee and commission income	-	-
40.	Fee and commission expenses	(161)	(167)
	Net fee and commission income	(161)	(167)
	Net interest and other banking income	36,946	(53)
110.	Administrative expenses:	(46,054)	(68,215)
	a) personnel expenses	(15,673)	(19,165)
	b) other administrative expenses	(30,381)	(49,050)
160.	Other operating income and expenses	45,979	69,722
	Result from operations	36,871	1,454
	Income (loss) before tax from operations	36,871	1,454
190.	Income taxes on operations	(11,361)	(1,424)
	Net income (loss) after tax from operations	25,510	30
	Net income (loss) for the period	25,510	30

Note that as at 31 December 2012 the chargeback to the Segregated Assets of costs incurred by the company were reclassified from "Fee and commission income" to "Other operating income and expenses", and therefore the amount as at 31 December 2011 was restated.

4) STATEMENT OF COMPREHENSIVE INCOME

Item	31.12.2012	31.12.2011
10. Net income (loss) for the period	25,510	30
Other income after tax		
20. Financial assets available for sale		
30. Property and equipment		
40. Intangible assets		
50. Foreign investment hedges		
60. Cash flow hedges		
70. Currency differences		
80. Non-current assets held for sale		
90. Actuarial profit (losses) on defined benefit plans		
100. Reserves for valuation of equity investments carried at equity		
110. Total other income after tax		
120. Comprehensive income (Items 10 + 110)	25,510	30

5) STATEMENT OF CHANGES IN QUOTAHOLDERS' EQUITY AS AT 31 DECEMBER 2012

	Balance as at 31.12.11	Changes in opening balances	Balance as at 01.01.12	Allocation of prior year net income		Changes of the year					Comprehensive income 2012	Quotaholders' equity as at 31.12.12	
				Reserves	Dividends and other allocations	Changes in reserves	Operations on quotaholders' equity						
							Issue of new quotas	Repurchase of own quotas	Distribution of extraordinary dividends	Changes in equity instruments			Other changes
Quota Capital	12,000		12,000										12,000
Quota premium reserve													
Reserves:	1,188		1,188	30									1,218
a) retained earnings	(1,950)		(1,950)	30									(1,920)
b) other	3,138		3,138										3,138
Valuation reserves													
Equity instruments													
Treasury shares													
Net income (loss) for the period	30		30	(30)								25,510	25,510
Quotaholders' equity	13,218		13,218	-								25,510	38,728

5) STATEMENT OF CHANGES IN QUOTAHOLDERS' EQUITY AS AT 31 DECEMBER 2011

	Balance as at 31.12.10	Changes in opening balances	Balance as at 01.01.11	Allocation of prior year net income		Changes of the year					Comprehensive income 2011	Quotaholders' equity as at 31.12.11	
				Reserves	Dividends and other allocations	Changes in reserves	Operations on quotaholders' equity						
							Issue of new quotas	Repurchase of own quotas	Distribution of extraordinary dividends	Changes in equity instruments			Other changes
Quota Capital	12,000		12,000										12,000
Quota premium reserve													
Reserves:	1,186		1,186	2									1,188
a) retained earnings	(1,952)		(1,952)	2									(1,950)
b) other	3,138		3,138										3,138
Valuation reserves													
Equity instruments													
Treasury shares													
Net income (loss) for the period	2		2	(2)								30	30
Quotaholders' equity	13,188		13,188	-								30	13,218

6) CASH FLOW STATEMENT

A. OPERATING ACTIVITIES	31.12.2012	31.12.2011
1. Cash flow from operations	(10,520)	(1,979)
interest and similar income received (+)	17	114
interest expenses paid (-)		
dividends and similar income (+)		
net fee and commission income (+/-)	(161)	
personnel expenses (-)	(15,673)	(19,165)
other costs (-)	(14,979)	(66,694)
other revenues (+)	31,637	85,190
Taxes and duties (-)	(11,361)	(1,424)
income (loss) on non-current assets being sold, net of taxes (+/-)		
2. Cash flow from/used in financial assets	(72,218)	(2,471,497)
financial assets held for trading		
financial assets designated at fair value		
financial assets available for sale		
due from banks		
due from financial institutions		
due from customers		
other assets	(72,218)	(2,471,497)
3. Cash flow from/used in financial liabilities	82,515	2,473,300
due to banks		
due to financial institutions		
due to customers		
debt securities issued		
financial liabilities held for trading		
financial liabilities designated at fair value		
other liabilities	82,515	2,473,300
<i>Net cash flow from/used in operating activities</i>	(223)	(176)
B. INVESTING ACTIVITIES		
1. Cash flow from		
sales of equity investments		
dividends collected on equity investments		
sales/redemption of financial assets held to maturity		
sales of tangible assets		
sales of intangible assets		
sales of company branches		
2. Cash flow used in		
purchase of equity investments		
purchase of financial assets held to maturity		
purchase of tangible assets		
purchase of intangible assets		
purchase of company branches		
<i>Net cash flow from/used in investing activities</i>		
C. FINANCING ACTIVITIES		
issue/purchase of treasury shares		
issue/purchase of capital instruments		
dividends distribution and other allocations		
<i>Net cash flow from/used in financing activities</i>		
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(223)	(176)
RECONCILIATION		
Items	31.12.2012	31.12.2011
Cash and cash equivalents at the beginning of the year	12,678	12,854
Net increase/decrease in cash and cash equivalents during the year	(223)	(176)
Cash and cash equivalents at the end of the year	12,455	12,678

7) EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

PART A – ACCOUNTING POLICIES

A.1 General section

Section 1 - Statement of compliance with the international accounting standards

In compliance with Art. 4, paragraph 1, Italian Legislative Decree 38/2005, as an issuer of financial instruments admitted to trading on regulated markets, the Company prepares its financial statements according to international accounting standards as at 31 December 2012 issued by the International Accounting Standards Board (IASB) and related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission and introduced to Italian law by the aforementioned Italian Legislative Decree 38/2005. The IAS/IFRS standards and related interpretations (SIC/IFRIC) applied were those approved by the European Union and in force at the time of preparation of these financial statements.

Section 2 - General preparation principles

These financial statements were prepared in application of international accounting standards issued by the International Accounting Standards Board (IASB) and related interpretations issued by IFRIC, all endorsed by the European Union, and in accordance with Bank of Italy Instructions of 13 March 2012 on the formats and rules for preparing financial statements by financial intermediaries.

- (i) The financial statements comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in quotaholders' equity and notes to the financial statements, accompanied by the Director's Report on Operations and position of the Company.
- (ii) In line with the terms of Law 130/99, the loans relating to each securitisation constitute assets completely segregated from those of the Company and from those relating to other transactions.
- (iii)
- (iv) In order to provide complete information, it should be mentioned that, according to international accounting standards, the treatment of financial assets and/or groups of financial assets and financial liabilities arising from securitisations is still under consideration by the accounting standards interpretation committees.

In addition to figures for the year in question, the statements also provide corresponding comparison data as at 31 December 2011. In compliance with Art. 5, Italian Legislative Decree no. 38 of 28 February 2005 and IAS 1/46, the financial statements use euro as the functional currency. Unless indicated otherwise, all amounts are in euro.

- (v) The financial statements were prepared on going concern assumptions, in accordance with the accrual basis of accounting, in compliance with the principle of data materiality and significance, the principle of substance over form and with a view to consistency with future reports. Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless immaterial. Assets, liabilities, income and expenses are not offset unless required or permitted by a Standard or an Interpretation.
- (vi)
- (vii) The financial statements are subject to audit by Reconta Ernst & Young S.p.A. for the nine-year period 2010-2018.

Securitisations

As at 31 December 2012 there are two securitisations, implemented pursuant to Law 130/1999. The presentation of securitisation accounts complies with the aforementioned "Instructions for the preparation of financial statements for financial intermediaries entered on the Special List of electronic money institutions (IMEL), asset management companies (SGR) and securities trading companies (SIM)" issued by the Bank of Italy on 13 March 2012. In particular, the Bank of Italy requires that the Notes to the Financial Statements include at least the following in Part D "Other information": total amount of loans acquired (nominal and disposal value), the total amount of notes issued with a breakdown by class of notes and related level of subordination.

The provision requiring that all information, even where not specifically requested, is included to provide a full picture of the situation remains implicit, whilst information which by its nature or excessive content reduces the clarity and immediate understanding of the information documented should be omitted. For each securitisation a special section ("F") should be included, illustrating at least the related qualitative and quantitative information.

Information on the securitisations is provided in Section F of the Notes to the Financial Statements and does not form part of the actual Financial Statements. Consequently, the values relating to the securitisation were not affected by the adoption of IAS/IFRS. With reference to this type of transaction, Bank of Italy instructions specifically state that:

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

Section 3 – Events subsequent to the balance sheet date

The Sole Director examined the financial statements and, in accordance with IAS 10 authorised their disclosure on 6 March 2013. A copy of these financial statements will be disclosed to the Board of Statutory Auditors and to the Independent Auditors pursuant to Art. 2429 of the Italian Civil Code for the preparation of their respective reports. For events after year end reference should be made to the details provided in the Director's Report on Operations. (viii)

Section 4 – Other aspects

1. The Company has not prepared consolidated financial statements, as envisaged in paragraph 10 of IAS 27, as it does not have any controlling investments.

A.2 Information on the main aggregates of the Financial Statements

The main accounting standards adopted for preparation of the Financial Statements as at 31 December 2012, with reference to items of the balance sheet and income statement only, are described below. The recognition, classification, measurement, income item identification and elimination criteria are indicated for each item.

ASSETS

Loans and receivables

Recognition and classification criteria

Initial recognition of a loan or receivable occurs as at the date of disbursement, or the date of purchase if in reference to a debt security. Initial recognition is at fair value, normally corresponding with the total disbursed or price paid. This item includes amounts due from customers and due from banks, regardless of their contractual conditions, and also includes business loans.

Measurement criteria

After initial recognition, receivables are measured at amortised cost, equal to the initial recognition value less/plus capital repayments, write-downs/reversals and amortisation - calculated using the effective interest rate method – of the difference between the amount disbursed and that redeemable on maturity, normally attributed to cost/income items assigned directly to each loan or receivable. The amortised cost method is not used for loan or receivables for which the short-term residual life renders the effect of time-discounting negligible. These loans and receivables are measured at historic cost and the related costs/income are recognised to the income statement on a line-by-line basis throughout the contractual life of the loan or receivable. A similar measurement criterion is adopted for loans and receivables without a finite life or cancelled loans. At each annual or interim reporting date, loans and receivables impairment testing is performed if there have been signs of any post-recognition impairment, to confirm any impairment loss. Such impaired loans and receivables are subjected to analytical measurement. The amount of the impairment is recognised to the income statement. The original value of the loans and receivables is re-recognised in subsequent years to the extent that they may be objectively associated with an event occurring after write-down. The amount of the reversal is recognised to the income statement, and cannot in any event exceed the amortised cost that would have been recorded for the receivable had no write-down been made. Loans and receivables for which no objective evidence of impairment has been found, i.e. performing loans, are measured collectively. This measurement is performed on loans and receivables classes that are similar in terms of credit risk and the related loss percentages are estimated by taking into consideration time series that offer an estimation of the loss value latent in each loans and receivables class. Collective impairment amounts are recognised to the income statement. On each annual or interim reporting date any additional write-downs or reversals are recalculated on a differential basis with reference to the entire performing portfolio as at that date.

Elimination criteria

Loans and receivables are eliminated from the financial statements as soon as they are settled.

Current and deferred taxation

Recognition and classification criteria

Taxes are recognised at the time the various types of withholdings and taxes can be ascertained. This item includes current and prepaid tax assets and current and deferred tax liabilities, respectively.

Measurement criteria

Initial recognition of current and deferred tax assets and liabilities is without offsetting of any kind.

Current tax assets are recognised at the nominal value of receivables in relation to the tax prepayments made. Current tax liabilities are recognised at nominal value based on withholdings applied, whilst income tax allocations are calculated on a prudential forecast of the current and deferred tax charges in accordance with current tax regulations. Income taxes are recognised to the income statement except for those relating to items credited or debited directly to quotaholders' equity.

Prepaid and deferred tax assets are calculated on the temporary differences, without time limits, between the book values and tax values of each asset or liability.

Prepaid tax assets are recognised to the financial statements if their recovery, assessed on the basis of the Company's capacity to generate taxable income as a going concern in future years, is probable. Deferred tax liabilities are recognised to the financial statements regardless of the current or prospective tax loss position.

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

Elimination criteria

Current taxes (assets and liabilities) are eliminated when the various taxes levied as substitute taxes are paid by the legal deadline. Deferred taxes are eliminated when their recovery can no longer be expected.

Other assets

This item includes assets not recognisable to other asset items in the balance sheet. Specifically, it includes the mortgages purchased in the "Residential 2007", "Residential 2008" and "Residential 2009-1" securitisations after winding-up and includes securitisation receivables for the chargeback of costs recognised by the segregated assets as payable to the Company for normal business operations.

LIABILITIES

Other liabilities

This item includes liabilities not recognisable to other liability items in the balance sheet. It includes amounts due to suppliers and to the Originators for the "Residential 2007", "Residential 2008" and "Residential 2009-1" securitisations as liquidity respectively charged back to each in relation to withholdings on current account interest income from the securitisations.

COSTS AND REVENUES

For costs and revenues the accrual principle is adopted.

Given the exclusive nature of the Company's business operations, operating costs incurred are charged to the segregated assets to the extent necessary to guarantee the Company's economic and financial balance, as also contractually envisaged. This amount is classified under "Other operating income and expenses".

A.3 Fair value disclosure

No assets or liabilities measured at fair value are presented in the financial statements.

PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

Section 6 Loans and receivables - Item 60

6.1 Due from banks

Composition	31.12.2012	31.12.2011
1. Deposits and current accounts	12,455	12,678
2. Loans		
2.1 Repurchase agreements		
2.2 Finance leases		
2.3 Factoring		
- with recourse		
- without recourse		
2.4 Other loans		
3. Debt securities		
- structured securities		
- other debt securities		
4. Other assets		
Total book value	12,455	12,678
Total fair value	12,455	12,678

Amounts due from banks totalled 12,455 euro and refer to the current account with Deutsche Bank S.p.A. in which the quota capital is held.

Section 12 – Tax assets and tax liabilities

12.1 Composition of Item 120 “Tax assets: current and deferred”

	31.12.2012	31.12.2011
<i>Current tax assets</i>		
Advance IRES	34	-
Advance IRAP	701	592
Tax receivables on withholdings	3	31
IRES credit to be retained	5	7
IRAP credit to be retained	285	306
Total	1,028	936
<i>Prepaid tax assets</i>		
IRES		-
IRAP		-
Total		-
Total	1,028	936

In addition to IRES and IRAP advances, current tax assets again include tax receivables on withholdings of current account interest income and the IRES and IRAP credits to be retained.

12.2 Composition of Item 70 “Tax liabilities: current and deferred”

	31.12.2012	31.12.2011
Current tax liabilities		
IRES	9,940	-
IRAP	1,657	1,271
Total	11,597	1,271

Current tax liabilities include provisions for IRES calculated at 27.50% and provisions for IRAP calculated at 5.57%.

12.3 Changes in deferred tax assets (balancing entry in the Income Statement)

	31.12.2012	31.12.2011
1. Opening balance	-	153
2. Increases		
2.1 Prepaid tax assets recognised during the year		
a) related to previous years		
b) due to changes in accounting standards		
c) write-backs		
d) other		
2.2 New taxes or tax rate increases		
2.3 Other increases		
3. Decreases		(153)
3.1 Prepaid tax assets derecognised during the year		(153)
a) reversals		(153)
b) write-downs due to non-recoverability		
c) changes in accounting standards		
3.2 Tax rate decreases		
3.3 Other decreases		
4. Closing balance	-	-

Section 14 – Other assets - Item 140

14.1 Composition of Item 140 “Other assets”

	31.12.2012	31.12.2011
Tax receivables for bank interest withholdings	2,580,855	2,472,666
Securitisation receivables for maintenance expense	57,606	42,236
Total	2,638,461	2,514,902

“Tax receivables for bank interest withholdings” refer to the tax receivable on withholdings of interest income accrued on current accounts opened by the Company after the winding-up in 2010 of the two securitisations completed in December 2007 and December 2008 and the winding-up in 2011 of the securitisation completed in March 2009. This item also includes interest accrued on the receivables themselves for 37,090 euro.

Application was made for reimbursement at the time of submission of the Unico 2012 and 2011 tax returns for the three securitisations wound up and, after collection, will then be paid to the originators in each securitisation. This value has a balancing entry under “other liabilities” (see Section 9 - Other liabilities).

“Securitisation receivables for maintenance expense” includes the amount receivable from the segregated assets as chargebacks required to maintain Company business operations.

LIABILITIES

Section 7 - Tax liabilities - Item 70

See Section 12 under Assets.

Section 9 – Other liabilities – Item 90

9.1 Composition of Item 90 “Other liabilities”

	31.12.2012	31.12.2011
Due to suppliers for administrative services provided		-
Due to suppliers on invoices to be received or paid	55,409	40,007
Tax payables for the chargeback of third-party expenses	-	40
Due to segregated assets	2,445	1,314
Other payables	2,543,765	2,472,666
Total	2,601,619	2,514,027

Amounts “Due to suppliers for invoices to be received or paid” are represented by provisions allocated as at 31 December 2012 for costs for the period or for which the invoices were received after the closing date of the economic and financial position.

“Other payables” amounting to Euro 2,543,765 represent the amount due from the Company to the Originators for the securitisations wound up in 2010 and 2011, which the Company must pay on collection of the tax receivables on withholdings as commented in Item 140 under Assets. The composition of this item is as follows:

- Banco Popolare (formerly Banca Popolare di Crema S.p.A.) 142,722 euro;
- Banco Popolare (formerly Banca Popolare di Cremona S.p.A.) 217,776 euro;
- Banco Popolare (formerly Banca Popolare di Lodi S.p.A.) 1,079,499 euro;
- Banco Popolare (formerly Cassa di Risparmio di Lucca Pisa Livorno S.p.A.) 836,442 euro;
- Banco Popolare (formerly Banca Popolare di Verona S. Geminiano e S. Prospero S.p.A.) 124,615 euro;
- Banco Popolare (ex Banca Popolare di Novara S.p.A.) 112,540 euro;
- Credito Bergamasco S.p.A. 26,772 euro;
- Cassa Risparmio di Pescara S.p.A. 3,399 euro.

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

12.1 Composition of Item 120 “Capital”

Item/Amounts	31.12.2012
A. Capital	12,000
A.1 Ordinary shares	
A.2 Other shares/quotas	12,000

The capital is made composed of indivisible, fully paid-up quotas of the Company.

12.5 Composition of Item 160 “Reserves”

	Legal	Retained losses	Other reserves Reserve for capital account payments	Other reserves First Time Adoption IAS/IFRS	Total as at 31.12.2012
A. Opening balance	2	(1,952)	4,602	(1,464)	1,188
B. Increases					
B.1 Profit allocation	30				30
B.2 Other changes					
C. Decreases					

C.1 Uses					
- coverage of losses					
- distribution					
- transfer to capital					
C.2 Other changes					
D. Closing balance	32	(1,952)	4,602	(1,464)	1,218

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

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

Nature/description	Amount	Possibility of use	Available portion	Summary of the amount used in the three previous years	
				for coverage of losses	for other reasons
Capital	12,000				
Capital reserves	4,602				
Reserve for capital account payments	4,602	B			
Profit reserves:	(1,432)				
Legal reserve	32	B			
Other reserves	(1,464)				
Retained earnings	(1,952)	A,B,C	-	25	
TOTAL	13,218		-	25	
Restricted portion			-		
Unrestricted portion			-		

Key: A – for capital increases, B – for loss coverage, C – for distribution to quotaholders

PART C - INFORMATION ON THE INCOME STATEMENT

Section 1 - Interest - Items 10 and 20

1.1 Composition of Item 10 "Interest and similar income"

Items	Debt securities	Loans	Impaired assets	Other assets	31.12.2012	31.12.2011
1. Financial assets held for trading						
2. Financial assets designated at fair value						
3. Financial assets available for sale						
4. Financial assets held to maturity						
5. Loans and receivables						
5.1 Due from banks		17			17	114
5.2 Due from financial institutions						
5.3 Due from customers						
6. Other assets				37,090	37,090	
7. Hedging derivatives						
Total		17		37,090	37,107	114

1.2 Interest and similar income: other information

Interest and similar income refers to the current account with Deutsche Bank S.p.A., on which the quota capital is held, for 17 euro, and tax credits for which reimbursement has been claimed for 37,090 euro (see Section 14 - Other assets - Item 140).

Section 2 - Commissions - Item 40

As at 31 December 2011, fee and commission income were reclassified to item "160 Other operating income and expenses".

2.2 Composition of Item 40 "Fee and commission expense"

Details/Segment	31.12.2012	31.12.2011
1. guarantees received		
2. distribution of third party services		
3. collection and payment services		
4. other commissions	161	167
Total	161	167

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

Section 9 - Administrative expenses - Item 110

9.1 Composition of Item 110.a "Personnel expenses"

Item/Segment	31.12.2012	31.12.2011
1. Employed staff		
a) salaries and wages		
b) social security expenses		
c) employee termination indemnities		
d) social security costs		
e) allocation to employee termination indemnities		
f) allocation to the provision for pension and similar obligations:		
- defined contribution plans		
- defined benefit plans		
g) amounts paid to external complementary social security funds:		
- defined contribution plans		
- defined benefit plans		
h) other expenses		
2. Other staff employed		
3. Directors and Auditors	15,673	19,165
4. Non working personnel		
5. Recovery of expenses for staff seconded to other companies		
6. Reimbursement of expenses for staff seconded to the company		
Total	15,673	19,165

"Directors and Auditors" includes the Sole Director remuneration of 6,865 euro and the amount of 8,808 euro provisioned as Board of Statutory Auditors remuneration.

- 9.3 Composition of item 110.b "Other administrative expenses"

Description	31.12.2012	31.12.2011
1) Professional service costs:	27,512	46,200
- Advisory and audit services	26,218	38,709
- Notary expenses	709	6,889
- Other indirect taxes	585	602
2) Overheads	2,869	2,850
Total	30,381	49,050

Section 14 - Other operating income and expenses - Item 160

14.1 Composition of item 160 "Other operating income and expenses"

Item	31.12.2012	31.12.2011
Recovery of maintenance expense in favour of the issuer	45,979	69,722
Total	45,979	69,722

"Other operating income" refers to the chargeback of costs incurred by the Company and recognised from the Segregated Assets as payable for normal business operations. Note that as at 31 December 2011 this amount was recorded under item 30 "Interest income" and restated for comparison purposes.

Section 17 - Income taxes for the year on operations - Item 190

17.1 Composition of Item 190 "Income taxes on operations"

Component/Amounts	31.12.2012	31.12.2011
1. Current taxes	(11,597)	(1,271)
2. Changes in current taxes for previous years	236	-
3. Decreases in current taxes for the financial year		-
4. Change in prepaid taxes		(153)
5. Change in deferred taxes		-
Income taxes for the year	(11,361)	(1,424)

The taxes refer to the IRES provision for 2012 of 9,940 euro and IRAP for 2012 of 1,657, net of cancellation of the surplus tax provision from previous years of 236 euro.

- 17.2 Reconciliation between theoretical tax charge and actual tax charge booked

Item	Taxable amount	IRES
Profit before tax	37,107	
Theoretical tax charge (27.50%)		10,204
Permanent increases	236	65
Temporary increases		
Permanent decreases	(1,197)	(329)
Temporary decreases		
Actual tax charge for IRES		9,940
Economic result relevant for IRAP purposes	37,107	
Theoretical tax charge for IRAP (5.57%)		2,067
Permanent increases		
Temporary increases		
IRAP deductions	(7,350)	(409)
Actual tax charge for IRAP		1,657

PART D - OTHER INFORMATION

Section 1 – Specific business activities

F. SECURITISATIONS OF LOANS

Structure, format and measurement criteria adopted in preparing the summary statement of assets securitised and notes issued

The structure and format of the summary statement is in line with those envisaged for Financial Intermediaries, in compliance with provisions of the "Instructions for the preparation of financial statements for financial intermediaries entered on the Special List, electronic money institutions (IMEL), asset management companies (SGR) and securities trading companies (SIM)" issued by the Bank of Italy on 13 March 2012. The aforementioned Bank of Italy Instructions include guidance for securitisation SPVs on information that must be provided in the Notes to the Financial Statements to represent the securitisations implemented.

All items indicated correspond to values taken from accounting records and the IT systems of the Servicers.

Valuation criteria

The valuation criteria adopted for the more significant items are described below.

A. Securitised assets - Loans and receivables

Based on information received from the Servicers and on the measurement procedures adopted, the loans and receivables are initially recognised at their disposal value and are all backed by mortgages on property available to the borrower. Any impairment is recognised as a write-down of the acquisition cost of the loans and is determined analytically with reference to the solvency and objective impairment of the positions of each borrower. Default interest receivables are conservatively recorded as at the time of collection. Any write-downs are not retained when the reason for the write-down no longer applies, giving rise to reversal of part of the receivable recovered or measured in excess of the previous estimated realisable value. The calculation of accruals and deferrals is performed according to the accrual principle, to define the effective amount of expenses and revenues for the year.

B. Use of cash and cash equivalents

Amounts due from banks are recognised at their nominal value which corresponds to their estimated realisable value, including any accruing interest.

C. Notes issued

Notes issued and still outstanding are recognised at their respective nominal issue value.

D. Loans received

Loans received are recognised at their nominal value.

E. Other liabilities

Liabilities forming this item are recognised at their nominal value. The calculation of accruals and deferrals is performed according to the accrual principle, to define the effective amount of expenses and revenues for the year.

Costs and revenues

Costs and revenue are recognised on an accruals basis, including the recognition of accruals and deferrals as appropriate. Where technically due, accruals and deferrals directly adjust their related asset or liability items.

Derivatives are arranged for hedging purposes only and are measured according to their related asset and liability elements. Related spreads are recognised to other assets or other liabilities, with balancing entries in the income statement under interest income and expenses, in accordance with the accrual principle.

Tax treatment

Circular 8/E of 6 February 2003 issued by the Italian Inland Revenue defined the tax treatment of the segregated assets of companies incorporated for securitisation and repeated that the economic results deriving from management of the securitised assets, during execution of the transactions in question, do not qualify as cash and cash equivalents of the SPV. Essentially the restriction on the destination of "segregated" assets excludes the possession of taxable income. It is understood that any operating result from the securitised portfolio which remains once all creditors of the segregated assets - for which the SPV is recipient - have been paid, must be taxed from the moment it enters into the possession of the beneficiary, therefore on expiry of each securitisation.

By Resolution no. 77 of 4 August 2010, the Italian Inland Revenue clarified the tax treatment of withholdings on interest paid to current accounts of the securitisation SPV. These withholding taxes can be deducted in the tax year in which the securitisation was concluded.

F.1 - Summary statement of securitised assets and notes issued

RESIDENTIAL AND COMMERCIAL SECURISATION JULY 2009

	Situation as at 31/12/12	Situation as at 31/12/11	Change during the year
A. Securitised assets	2,453,801,263	2,759,999,916	-306,198,653
A.1) Mortgages	2,351,408,294	2,694,378,920	-342,970,626
A.2) Securities	0	0	0
A.3) Other (defaulted loans)	102,392,969	65,620,996	36,771,973
B. Use of cash and cash equivalents from securitised assets	103,785,079	202,064,400	-98,279,321
B.1) Debt securities	0	0	0
B.2) Capital instruments	0	0	0
B.3) Liquidity	98,901,585	192,994,094	-94,092,509
B.5) Other loans and receivables	4,883,494	9,070,306	-4,186,812
C. Notes issued	2,226,149,046	2,640,486,839	-414,337,793
C.1 Class A notes	1,647,525,046	2,061,862,839	-414,337,793
C.2 Class B notes	578,624,000	578,624,000	0
C.3 Class C notes		0	0
C.1 Class D notes		0	0
D. Subordinated loans	222,771,400	222,771,400	0
D.2) Subordinated loans	222,771,400	222,771,400	0
E. Other liabilities	108,665,896	98,806,077	9,859,819
E.1) Payable to the Company	0	0	0
E.2) Other payables	101,236,994	85,110,532	16,126,462
E.3) Accrued expenses	7,428,902	13,695,545	-6,266,643
F. Interest payable on notes issued	49,331,170	80,937,450	-31,606,280
G. Commissions and fees related to the transaction	71,482,996	96,158,143	-24,675,147
G.1) for the Servicing	1,012,809	1,499,396	-486,587
G.2) for other services	70,470,187	94,658,747	-24,188,560
G.2a) Placement and Rating Commissions on Notes issued	4,243	1,800	2,443
G.2b) Bank commissions	170	740	-570
G.2c) Cash Manager	0	0	0
G.2d) Issuer	44,958	68,453	-23,495
G.2e) Paying Agent, RoN and others	52,451	41,900	10,551
G.2f) Loss margins on swaps	70,368,365	94,545,854	-24,177,489
H. Other expenses	19,286,194	13,104,010	6,182,184
H.1) Legal, professional and administrative expenses	35,988	34,140	1,848
H.2) Losses on loans	12,717,338	6,896,034	5,821,304
H.4) Interest expense on loans	6,499,757	6,164,116	335,641
H.5) Contingent losses	33,111	9,720	23,391
I. Interest generated by securitised assets	72,331,182	97,657,520	-25,326,338
L. Other revenues	67,769,178	92,542,083	-24,772,905
L.1) Interest income	196,594	4,224,327	-4,027,733
L.2) Fee and commission income	751,503	1,349,946	-598,443
L.3) Profit margins on swaps	65,020,548	85,379,423	-20,358,875
L.4) Write-backs on loans	1,621,762	1,552,578	69,184
L.5) Contingent assets	178,771	35,809	142,962

Note that for comparison purposes as at 31 December 2011, the Additional Return of 16,814,630 euro was stated under item "F. Interest expense on notes issued", whilst the accrued Additional Return as at 31 December 2011 of 60,488,738 euro was stated under item "E.2) Other payables".

QUALITATIVE INFORMATION

The positive difference between costs and revenue for the year, amounting to 9,290,052 euro, is the result of the securitisation and represents remuneration of the Junior note (Additional Return or Excess Spread), recognised to item "F. Interest payable on notes issued". The spread between costs and revenue from the start of the securitisation to 31 December 2012 totalled 69,778,790 euro, stated under item "E.2) Other payables", represents the total amount accrued for distribution to subscribers of the Junior notes on closure of the securitisation in the order established in the "Intercreditor Agreement".

Item B.3) refers to liquidity deposited on current accounts held with Banco Popolare Soc. Coop. and BNP Paribas S.A., and mainly refers to amounts collected as capital and interest on the securitisation's underlying assets and to the cash reserve held as securitisation guarantee for a total of 41,749,908 euro.

Item B.5) mainly refers to accrued income of 3,301,941 euro on positive IRS spreads regarding the swap signed with Banca IMI S.p.A., in addition to interest accrued on the mortgages of approximately 1,123,091 euro and other receivables of 458,462 euro.

In addition to the Additional Return accrued as at 31 December 2012 as described above, item E.2) includes accruals on the original mortgages and interest expense matured on the debt triggered by the temporary gap between purchase of the loans and issue of the notes, necessary to fund the purchase of assets and still payable to the Originators, for a total of 18,166,165 euro. This item also includes interest accrued and not yet paid for 12,281,170 euro on the Subordinated Loan, plus invoices to be paid or received and allocations for the period amounting to 1,010,869 euro.

Item E.3) includes accrued expenses on negative differences on the IRS regarding the swap with Banca IMI S.p.A. for 5,801,650 euro and accrued interest expense on notes issued for 1,627,252 euro.

F.2) Description and performance of the securitisation

Securitisation status

The securitisation was performed in 2 steps: the first on 16 June 2009 on signing of the agreement regarding transfer without recourse of a portfolio of loans disbursed as residential and commercial mortgages. Subsequently, on 30 July 2009, Asset Backed Securities were issued, used to finance the purchase of the loans.

Originators

Banca Popolare di Verona S.G.S.P. S.p.A., Banca Popolare di Novara S.p.A., Banca Popolare di Lodi S.p.A., Cassa di Risparmio di Lucca Pisa Livorno S.p.A., Banca Popolare di Crema S.p.A. and Banca Popolare di Cremona S.p.A., now Banco Popolare Soc. Coop. following the merger of the area banks on 27 December 2011, and Credito Bergamasco S.p.A.

Loans transferred

The loans transferred included a portfolio of performing monetary loans based on classification criteria adopted by the Originators in compliance with Bank of Italy instructions, relating to a portfolio of (i) residential and commercial land loans ("Land Loans") disbursed pursuant to land loan agreements and (ii) mortgages backed by voluntary mortgages on residential and commercial properties (the "Mortgages") disbursed pursuant to mortgage agreements.

Characteristics of the loans transferred

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

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

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

Specifically:

(i) mortgages disbursed by Banca Popolare di Verona S. Geminiano and S. Prospero S.p.A. (now Banco Popolare Soc. Coop.) which at the date of signing included: - only mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, signed between 10 January 1995 and 20 April 2009, inclusive; - only mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.), signed between 22 July 1997 and 7 May 2009, inclusive;

- (i) mortgages disbursed by Banca Popolare di Novara S.p.A. (now Banco Popolare Soc. Coop.) which at the date of signing included: - only mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, signed between 22 October 1991 and 6 April 2009, inclusive;- only mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.), signed between 28 April 1998 and 30 April 2009, inclusive;
- (iii) mortgages disbursed by Credito Bergamasco S.p.A. which at the date of signing included: - only mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, signed between 30 September 1991 and 6 June 2008, inclusive;- only mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.), signed between 28 January 1999 and 30 April 2009, inclusive;
- (iv) mortgages disbursed by Banca Popolare di Lodi S.p.A. (now Banco Popolare Soc. Coop.) on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, signed between 13 January 1995 and 2 March 2009, inclusive; - only mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.), signed between 19 May 1997 and 30 April 2009, inclusive;
- (v) mortgages disbursed by Cassa di Risparmio di Lucca Pisa Livorno S.p.A. (now Banco Popolare Soc. Coop.) which at the date of signing included: - only mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, signed between 23 March 1994 and 30 March 2009, inclusive; - only mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.), signed between 21 August 1996 and 20 April 2009, inclusive;
- (vi) mortgages disbursed by Banca Popolare di Crema S.p.A. (now Banco Popolare Soc. Coop.) on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, signed between 23 November 1995 and 30 March 2009, inclusive;- only mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.), signed between 1 April 1999 and 23 April 2009, inclusive;
- (vii) mortgages disbursed by Banca Popolare di Cremona S.p.A. (now Banco Popolare Soc. Coop.), only in relation to mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are natural persons, signed between 26 October 1998 and 30 March 2009, inclusive; - only mortgages on which the main borrowers (if appropriate, also after mortgage takeover and/or split) are one or more public limited companies (S.p.A.), limited liability partnerships (S.r.l.), ordinary partnerships (S.n.c.) and limited partnership interests (S.a.s.), signed between 19 July 1999 and 8 May 2009, inclusive;
- mortgages on which instalments past due as at 12 June 2009 were paid in full;
 - mortgages with at least one instalment, including capital, due and paid;
 - (A) mortgages for which the ratio between (i) the original amount of the mortgage and (ii) the estimated value of the property pursuant to criterion no. 11 below, calculated near to the date of stipulation of the mortgage, is equal to or less than 100%.
 - mortgages backed by a first mortgage on property, i.e.:
 - (i) a voluntary first degree mortgage; or
 - (ii) a voluntary second mortgage in cases in which the mortgage-backed securities on the first degree mortgage are fully satisfied;
 - mortgages for which the outstanding capital is equal to or higher than Euro 5,000;
 - mortgages for which the outstanding capital is equal to or lower than Euro 5,000,000.
 - mortgages with a contractual interest rate in one of the following categories:
 - fixed rate mortgages on which the interest rate is equal to or not less than 1% per year. "Fixed rate mortgages" are those on which the interest rate applied under contract envisages no changes for the entire residual duration of the mortgage;
 - floating rate mortgages:
 - on which the spread over and above the benchmark rate is higher than zero per year; or
 - in relation to which an interest rate cap is envisaged.
- "Floating rate mortgages" are those on which the interest rate is indexed to the Euribor rate;
- "discounted rate" mortgages. "Discounted rate mortgages" envisage a compulsory step established under contract from a fixed-rate interest calculation to a floating rate calculation method using the Euribor as benchmark;
 - "flexible" mortgages. "Flexible" mortgages allow the borrower the option of changing the interest calculation method from Euribor-indexed floating rate to fixed rate, once or more during the residual term of the loan.

Composition of mortgages portfolio by Originator

As at 31 December 2012 the total mortgages portfolio amounted to 2,453,801,263 euro, divided between performing, delinquent, past due and restructured loans, net of related provisions for write-downs, of 2,351,408,293

euro and defaulted loans, net of related provisions for write-downs, of 102,392,969 euro. Note that the classification indicated for defaulted, delinquent, past due and restructured loans is that recorded in the accounting records and IT systems of the Servicers.

Total credit portfolio

	Value as at 31/12/2012	% Portfolio as at 31/12/2012	Value as at 31/12/2011	% Portfolio as at 31/12/2011	Value as at 13/06/2009	% Portfolio as at 13/06/2009
Bank						
Banco Popolare	2,047,785,771	83.45%	2,243,983,146	81.30%	3,334,412,868	83.56%
Credito Bergamasco	406,015,492	16.55%	516,016,770	18.70%	656,061,342	16.44%
Total	2,453,801,263	100.00%	2,759,999,916	100.00%	3,990,474,210	100.00%

As described above, the value of the loans is net of related provisions for write-downs, which at 31 December 2012 totalled: provision for write-downs of defaulted loans 10,605,894 euro, provision for write-downs of delinquent loans 6,099,792 euro, provision for write-downs of past due loans 504,158 euro and provision for write-downs of restructured loans 140,426 euro.

The table below summarises the non performing loans as indicated in the accounting records and IT system of the Servicers, which include defaulted, delinquent, past due and restructured loans net of related provisions for write-downs.

a) Total non performing loans

Bank	Non performing loans as at 31/12/2012	% loans as at 31/12/2012	Non performing loans as at 31/12/2011	% loans as at 31/12/2011
Banco Popolare	188,551,753	80.47%	135,099,323	80.80%
Credito Bergamasco	45,772,076	19.53%	32,093,670	19.20%
Total	234,323,829	100.00%	167,192,993	100.00%

b) of which defaulted loans

Bank	Defaulted loans as at 31/12/2012	% Defaulted loans as at 31/12/2012	Defaulted loans as at 31/12/2011	% Defaulted loans as at 31/12/2011
Banco Popolare	86,578,177	84.55%	55,161,930	84.06%
Credito Bergamasco	15,814,792	15.45%	10,459,066	15.94%
Total	102,392,969	100.00%	65,620,996	100.00%

c) of which delinquent loans

Bank	Delinquent loans as at 31/12/12	% Delinquent loans as at 31/12/12	Delinquent loans as at 31/12/11	% Delinquent loans as at 31/12/11
Banco Popolare	81,615,604	78.75%	63,964,779	80.03%
Credito Bergamasco	22,026,699	21.25%	15,965,871	19.97%
Total	103,642,303	100.00%	79,930,650	100.00%

d) of which past due loans

Bank	Past due loans as at 31/12/12	% Past due loans as at 31/12/12	Past due loans as at 31/12/11	% Past due loans as at 31/12/11
Banco Popolare	17,588,459	72.48%	12,277,701	75.04%
Credito Bergamasco	6,678,430	27.52%	4,082,932	24.96%
Total	24,266,889	100.00%	16,360,633	100.00%

e) of which restructured loans

Bank	Restructured loans as at 31/12/12	% Restructured loans as at 31/12/12	Restructured loans as at 31/12/11	% Restructured loans as at 31/12/11
Banco Popolare	2,769,512	68.86%	3,694,915	69.97%
Credito Bergamasco	1,252,155	31.14%	1,585,801	30.03%
Total	4,021,667	100.00%	5,280,716	100.00%

Note that on the basis of the Servicer Report prepared as at 30 November 2012, the total loans classified as “defaulted”, determined according to classification criteria as stated in the Prospectus (i.e. loans that (i) have been classified as defaulted by the Servicer in compliance with Bank of Italy regulations or (ii) have 7 monthly instalments, 3 quarterly instalments, 3 four-monthly instalments or 2 half-yearly instalments past due) amounts to 257 million euro, whilst “Delinquent Loans” (i.e. loans that (i) have been classified as delinquent by the Servicer in compliance with Bank of Italy regulations or (ii) have 6 monthly instalments, 2 quarterly instalments or 1 half-yearly instalment past due) amount to 32.8 million.

Cash Reserve and Subordinated Loan

Following the European Central Bank’s (“BCE”) decision in relation to eligibility criteria for monetary policy transactions of notes originating from securitisations, on 28 February 2011 the Class A notes were also assigned the “AAA” rating by Moody’s Investors Services, resulting amongst other things in necessary contractual amendments. With regard to the Cash Reserve, note the significant increase required in the target level, which from 3% of the notes issued (i.e. 119,714,220 euro) was raised to 5.47% of the notes (i.e. 218,233,230 euro). In this respect, on 25 February 2011 the Originators disbursed a limited recourse loan to the Company for a total of 222,771,399 euro. As at 31 December 2012 the Cash Reserve amounts to 41,749,908 euro.

Ratings of the notes issued

On 23 January 2012 the Class A Senior notes rating was downgraded by Standard & Poor’s from “AAA” to “AA+”. Furthermore, on 21 February 2012 the Class A notes rating was downgraded by Moody’s Investors Service from “Aaa” to “Aa2”, and again on 2 August 2012 from “Aa2” to “A2”. Downgrading of the ratings is mainly due to downgrading of the rating on the sovereign debt.

Downgrading of the swap counterparty

As a result of the downgrading by Standard & Poor’s in February 2012 of the swap counterparty Banca IMI S.p.A., in accordance with provisions of the contractual documentation it was necessary to arrange the opening of a collateral account with BNP Paribas, London branch. No payment was made to this account as, following agreements reached with the rating agencies on 30 April 2012, the SPV made an amendment to the servicing agreements with a view to specifying a maximum renegotiation amount for the floating rate and fixed rate mortgages. Note that after winding-up of the securitisation on 8 February 2013, the swap contract was settled in full.

Downgrading of Banco Popolare

Following Banco Popolare’s loss of the minimum rating envisaged for the role of guarantor (in accordance with the “First Demand Guarantee”), in favour of the SPV on Servicer obligations, the trigger event occurred as referred to in the contract and a new guarantee would have been necessary. Note that on 8 February 2013 the Company arranged full redemption of all note classes on the BPL Mortgages 4 securitisation.

F.3 - Information about the entities involved

<i>Purchaser of loans</i>	BPL Mortgages S.r.l., a company established on 30 June 2006, pursuant to art. 3, Italian Law no. 130 of 30 April 1999, under the name Giano Finance S.r.l., later renamed BPL Mortgages S.r.l. on 11 May 2007, with registered office at Via V. Alfieri 1, Conegliano (TV), Italy, registration no. 04078130269 in the Treviso Register of Companies and registered on the List of SPVs pursuant to Bank of Italy Instructions issued 29 April 2011.
<i>Originators</i>	Banca Popolare di Verona S. Geminiano e S. Prospero S.p.A., Banca Popolare di Novara S.p.A., Banca Popolare di Lodi S.p.A., Cassa di Risparmio di Lucca Pisa Livorno S.p.A., Banca Popolare di Crema S.p.A. and Banca Popolare di Cremona, now Banco Popolare Soc. Coop. following the merger of 27 December 2011, and Credito Bergamasco S.p.A.
<i>Originator obligations</i>	As at the date of transfer the Originators issued a guarantee statement confirming the existence of the loans transferred and any contingent mortgage or collateral security. In addition, the Originators agreed to hold the Issuer harmless from all losses, costs, charges, expense and liabilities incurred in the event of default of Originator obligations under the terms of the transfer agreement or if Originator statements should prove incorrect with respect to said agreement and related attachments. By this Statement the Originators guaranteed the following: a) the Originator status and general issues relating to the Transfer Agreement and Servicing Contract; b) statements and guarantees regarding the loans, mortgage agreements and related contingent mortgage and collateral security; c) statements and guarantees regarding the properties; d) statements and guarantees regarding the truthfulness of data disclosed;

	e) statements and guarantees regarding insurance policies linked to the mortgage agreements.
<i>Servicers</i>	Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A. Under the terms of the Servicing Contract signed on 16 June 2009, the Servicers are empowered to act on behalf of the Issuer in reference to the entire mortgage portfolio in administrative tasks, collection and recovery of mortgage-related debts, related recovery action in enforcement and insolvency proceedings, and any related legal investigations. In addition, the Servicers are required to transfer to the Acquirer all sums collected on the Company's behalf in relation to the loans, including amounts deriving from the recovery of sums due as capital, interest and arrears interest on positions reclassified as delinquent and defaulted loans.
<i>Arranger</i>	Banco Popolare Soc. Coop.
<i>Shareholder</i>	SVM Securitisation Vehicles Management S.r.l.
<i>Representative of Noteholders</i>	BNP Paribas Securities Services S.A.
<i>Swap Counterparty</i>	Banca IMI S.p.A.
<i>Calculation Agent</i>	BNP Paribas Securities Services S.A., Milan branch
<i>Principal Paying Agent and Agent Bank</i>	BNP Paribas Securities Services S.A., Milan branch
<i>Transaction Bank</i>	BNP Paribas Securities Services S.A., London branch
<i>Interim Account Bank</i>	Banco Popolare Soc. Coop.
<i>Corporate Servicer</i>	Securitisation Services S.p.A.
<i>Administrative Servicer</i>	Banco Popolare Soc. Coop.

F.4 - Issue characteristics

On 30 July 2009 BPL Mortgages S.r.l. issued senior notes (Class A) for 3,411,850,000 euro and junior notes (Class B) for 578,624,000 euro. The Junior notes were fully subscribed by the Originators in amounts proportionate to the loans transferred. All notes issued have limited recourse on the loans purchases, on other related rights and on additional guarantees (if any) issued in support of the transaction.

<i>Class A Senior</i>	ISIN	IT0004516040
	Currency	EURO
	Amount	3,411,850,000 euro
	Rate	Floating
	Benchmark	6M Euribor + 0.80% per year spread
	Coupon	half-yearly
	Legal maturity	May 2055
	Redemption	Amortisation linked to collection performance of the loans
	Initial rating	Standard & Poor's AAA, Moody's Investors Services Aaa
	Current rating	Standard & Poor's AA+, Moody's Investors Services A2 Standard & Poor's downgraded the Senior note from "AAA" to "AA" on 23 January 2012. The note rating was downgraded by Moody's Investors Service on 21 February 2012 from "Aaa" to "Aa2" and again on 2 August 2012 from "Aa2" to "A2".
<i>Class B Junior</i>	Listing	Irish Stock Exchange
	Governing law	Italian
	ISIN	IT0004516057
	Currency	EURO
	Amount	578,624,000 euro
	Rate	n/a
	Benchmark	n/a
	Coupon	n/a
	Additional Return	Additional Return
	Legal maturity	May 2055
	Redemption	Amortisation linked to collection performance of the loans
	Ratings	no rating
	Governing law	Italian

Security	Issue value	Residual value 31/12/2011	Redemptions 2012	Residual value 31/12/2012
Class A Senior notes	3,411,850,000	2,061,862,839	(414,337,793)	1,647,525,046
Class B Junior notes	578,624,000	578,624,000	-	578,624,000

Total	3,990,474,000	2,640,486,839	(414,337,793)	2,226,149,046
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The Junior notes were subscribed by the Originators on a pro quota basis with respect to the portfolio transferred. In detail:

Bank		Amount as at 31/12/2012 (*)	Amount 31/12/2011
Banco Popolare	478,991,000	467,970,000	
Credito Bergamasco	99,633,000	110,654,000	
Total	578,624,000	578,624,000	

(*) As a result of the branch redistribution completed on 9 December 2012 on signing of the transfer agreement between Banco Popolare Group banks (with effective date of 10 December 2012), Credito Bergamasco reduced its investment in the securitisation.

The senior notes, subscribed by Banco Popolare Soc. Coop., and the junior notes, subscribed by the Originators, were redeemed in full on the extraordinary payment date of 8 February 2013, following the early winding-up of the securitisation.

Allocation of cash flows generated by the portfolio

The allocation of cash flows generated by the transferred loans aims to ensure, as priority, the payment of third parties involved in the securitisation, first subject to payments of the interest and principal on the rated notes, and lastly to repayment of the cash credit facility followed by the Junior Notes with the allocation to these of any residual amount.

The payments in relation to the more frequent items are essentially made in the following order:

- (i) tax charges;
- (ii) third party expenses;
- (iii) reimbursement of expenses to guarantee going concern of the issuer in compliance with current regulations;
- (iv) securitisation-related commissions and SPV overheads (representative of noteholders, paying agent, servicer, corporate servicer, administrative costs);
- (v) amounts due to the swap counterparty;
- (vi) interest on Class A notes;
- (vii) principal on Class A notes (until fully repaid);
- (viii) Cash Reserve Amount;
- (ix) interest on Class B notes;
- (x) Additional Return on Class B notes.

F.5) Accessory financial transactions

Swap transaction

On issue of the notes the Company concluded a Swap agreement with Banca IMI S.p.A. to hedge mismatching risk between rates on the securitised loans and returns on the bonds issued. More precisely, the company pays Banca IMI S.p.A. the interest collected on the loans and receives an amount equal to the outstanding principal on the performing portfolio (this equal to the sum of the outstanding principal at the beginning and end of the reporting period), for the number of "collection period" days, at the 360-day 6M Euribor rate plus a fixed spread. The securitisation was wound up on 8 February 2013 with full redemption of the notes and subsequent settlement of the swap.

Subordinated Loan and Cash Reserve

As part of the procedure to obtain the second rating in 2011, support funding was provided by the Originators in the form of a subordinated loan. In particular, in order to assign the rating, Moody's Investors Services requested certain changes to the structural elements of the securitisation, including a significant increase in the target level of the cash reserve, which from 3% was raised to 5.47% of the notes issued (218,233,231 euro). On 25 February 2011 the Originators disbursed a limited recourse loan for a total of 222,771,400 euro. Against the ongoing allocations for the "Total Repayment Amount" mechanism, the Cash Reserve of the securitisation was partly used, and as at 31 December 2012 amounted to 41,749,908 euro.

Bank	Amount as at 31/12/2012 (*)	Amount 31/12/2011
Banco Popolare	184,413,327	180,170,253
Credito Bergamasco	38,358,073	42,601,147
Total	222,771,400	222,771,400

(*) As a result of the branch redistribution completed on 9 December 2012 on signing of the transfer agreement between Banco Popolare Group banks (with effective date of 10 December 2012), Credito Bergamasco reduced its investment in the securitisation.

Interest accrues on the loans at annual rates equal to the 6M Euribor plus one spread, payable in arrears on each payment date in accordance with the payments waterfall. Repayment of the capital on the loan will be based on funds available to the Company. If on the date of settlement (contractually envisaged as the later of (i) the last business day in May 2057; (ii) the date on which the portfolio is zeroed out; (iii) the date on which all loans payable for any reason are cancelled from the SPV) the capital has not yet been fully repaid, the amount still outstanding will be considered waived.

As at 31 December 2012 the accrued interest totals approximately 12.6 million euro.

The Subordinated Loans and related accrued interest were repaid in full on the extraordinary payment date of 8 February 2013, following the early winding-up of the securitisation.

Total Repayment Amount

Credit protection mechanisms are in place, calculated according to the performance of “default” loans as defined in the securitisation contracts. These mechanisms envisage the allocation of funds from the Principal Collections to Principal Available Funds in amounts required to maintain a balance between the performing portfolio and the notes. In particular, the capital repayments on the notes issued equals the “Total Repayment Amount”, which is the sum of all principal collections on the mortgages plus the total of mortgages reclassified to “defaulted” in the reference period.

F.6) Operating powers of the transferring Company

The operating powers of BPL Mortgages S.r.l. (as transferring company and issuer) are limited by the Articles of Association. In particular, art. 3 states:

“The sole purpose of the Company is the implementation of one or more loan securitisations pursuant to Italian Law no. 130 of 30 April 1999, by the purchase against payment by the Company, or other company established pursuant to Law 130/1999, of monetary receivables, both existing and future, financed through the issue (by the Company, or other company established pursuant to Law 130/99) of notes as referred to in Art. 1 paragraph 1b) and Art. 5, Law 130/1999, by means that exclude any assumption of risk by the Company.

Pursuant to the provisions of Law 130/1999, the loans related to each securitisation constitute segregated assets to all effects and purposes from those of the Company and those of other securitisations performed on which no action is permitted by creditors other than the holders of notes issued to finance purchase of the aforementioned loans.

To the extent permitted by the provisions of Law 130/1999, the Company may conclude accessory financial transactions, stipulated exclusively with a view to the success of its securitisations, or in any event instrumental to the corporate purpose, including reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned notes.” All the main operations associated with management of the securitisation were assigned to third parties (see paragraph F.3)

- 2
- QUANTITATIVE INFORMATION
 - F.7 - Cash flows relating to the loans

INITIAL SITUATION UPON TRANSFER	3,990,474,210
INCREASES	
- Default interest	1,283,737
- Interest to be collected	7,093,081
DECREASES	
- Write-downs of loans for default interest	1,283,737
- Decrease in loans	1,223,531,397
- Decrease for loan loss and write-downs	14,035,977
SITUATION AS AT 31/12/2011	2,759,999,916
INCREASES	
- Default interest and expenses	3,180,920
- Increase in interest to be collected	1,630,804
Total increases	4,811,724
DECREASES	
- Write-downs of default interest	3,180,920
- Decrease in interest to be received	
- Decrease in loans	300,634,747
Total decreases	303,815,667
SITUATION AS AT 31/12/2012 (gross value)	2,460,995,974
Write-downs as at 31/12/2012	7,194,710
FINAL SITUATION AS AT 31/12/2012	2,453,801,263

F.8) Changes in expired loans

The loans, all performing as at the time of purchase, were classified into their relevant categories. Each Servicer handles the recovery of past due loans on the basis of policies specified in the special Servicing Contract. In order to highlight the prospects for recovery of the past due loans, in reference to the date of this cash flow position the Servicer arranged the analysis and assessment of the loans in question, and after appropriate write-downs these are recorded at their estimated realisable value.

The table below summarises the non performing loans as indicated in the accounting records and IT system of the Servicers, which include defaulted, delinquent, past due and restructured loans net of related provisions for write-downs. For further details, please refer to section F.2 - Description and performance of the securitisation.

Total non performing loans

Bank	Non performing loans	% loans	Non performing loans	% loans
	as at 31/12/2012	as at 31/12/2012	as at 31/12/2011	as at 31/12/2011
Banco Popolare	188,551,753	80.47%	135,099,323	80.80%
Credito Bergamasco	45,772,076	19.53%	32,093,670	19.20%
Total	234,323,829	100.00%	167,192,993	100.00%

SITUATION AS AT 10/11/2011	165,787,410
INCREASES	117,215,213
DECREASES	15,919,237
FINAL SITUATION AS AT 10/11/2012	267,083,385

Note that on the basis of the Servicer Report prepared as at 30 November 2012, the total loans classified as "defaulted", determined according to classification criteria as stated in the Prospectus (i.e. loans that (i) have been classified as defaulted by the Servicer in compliance with Bank of Italy regulations or (ii) have 7 monthly instalments, 3 quarterly instalments, 3 four-monthly instalments or 2 half-yearly instalments past due) amounts to 257 million euro, whilst "Delinquent Loans" (i.e. loans that (i) have been classified as delinquent by the Servicer in compliance with Bank of Italy regulations or (ii) have 6 monthly instalments, 2 quarterly instalments or 1 half-yearly instalment past due) amount to 32.8 million.

The total for past due loans is based therefore on the loans classified as such by the servicing contracts stipulated between the Company and the Originators, which envisage classification rules different to those applied by the Originators on their own receivables.

F.9 - Cash flows

LIQUIDITY AS AT 31/12/2011	192,994,094
INCREASES IN LIQUIDITY	
Loans received	
Capital collected	295,103,077
Interest collected	73,151,626
Commissions collected	751,503
Positive difference on IRS	
Contingent assets	178,771
Increase in payables	378,387
Decrease in receivables	
TOTAL INCREASES	369,563,364
USE OF LIQUIDITY	
Purchase of securitised loans	
Redemption of Class A notes	414,337,793
Interest expense on notes issued and loans	42,865,027
Fee and commission expenses	1,138,001
Legal, professional and other expenses	54,351
Negative Difference on IRS	5,050,493
Contingent liabilities	33,111
Increases in receivables	177,097
Decreases in payables	
TOTAL USE OF LIQUIDITY	463,655,873
LIQUIDITY AS AT 31/12/2012	98,901,585

F.10 - Situation of the guarantees and liquidity lines

No guarantees have been given or received in relation to the securitisation, and no recourse has been made to banking system credit facilities or overdrafts. Furthermore, to hedge against any periods of illiquidity, the SPV has allocated a Cash Reserve which at 31 December 2012 totalled 41,749,908 euro.

F.11) Distribution by residual life

Item/residual life	up to 3 months	3 months-1 year	1-5 years	over 5 years	Unlimited duration
A. Securitised assets					
A.1) Mortgages	2,351,408,294				
A.3) Other (defaulted loans)	102,392,969				
B. Use of cash and cash equivalents from securitised assets					
B.3) Liquidity	98,901,585				
B.5) Other loans and receivables	4,881,068			2,426	
Total	2,557,583,916			2,426	
C. Notes issued					
C.1 Class A notes	1,647,525,046				
C.2 Class B notes	578,624,000				
D. Loans received	222,771,400				
E. Other liabilities					
E.1 Payable to the Company					
E.2 Other payables	101,236,994				
E.3 Accrued expenses	7,428,902				
Total	2,487,807,552				

Note that in the table were included only values for payables due within three months in view of the winding-up of the securitisation on 8 February 2013.

F.12) Distribution by territory

All the loans were disbursed in euro to borrowers resident in Italy and referring to property located in Italy.

F.13) Concentration of the risk

Loan size	No. of positions as at 31/12/2012	Value as at 31/12/2012	% portfolio
-----------	-----------------------------------	------------------------	-------------

From 0 to 25,000	11,502	41,244,434	1.75%
From 25,001 to 75,000	6,632	327,587,626	13.93%
From 75,001 to 250,000	9,287	1,187,888,728	50.52%
Over 250,000	1,415	794,687,505	33.80%
Total	28,836	2,351,408,294	100.00%

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

As envisaged in the agreement, there are no loans with a value of more than 2% of the loans portfolio.

F.2 - Summary statement of securitised assets and notes issued

RESIDENTIAL SECURITISATION NOVEMBER 2012

	Situation as at 31/12/2012
A. Securitised assets	2,475,836,679
A.1) Mortgages	2,475,836,679
A.2) Securities	
A.3) Other (defaulted loans)	
B. Use of cash and cash equivalents from securitised assets	96,131,567
B.1) Debt securities	
B.2) Capital instruments	
B.3) Liquidity	95,668,401
B.5) Other loans and receivables	463,166
C. Notes issued	2,501,918,000
C.1 Class A notes	1,701,300,000
C.2 Class B notes	800,618,000
C.3 Class C notes	
C.1 Class D notes	
D. Subordinated loans	60,000,000
D.2) Subordinated loans	60,000,000
E. Other liabilities	10,050,246
E.1) Payable to the Company	1,021
E.2) Other payables	9,772,291
E.3) Accrued expenses	276,934
F. Interest payable on notes issued	5,323,058
G. Commissions and fees related to the transaction	25,942
G.1) for the Servicing	24,826
G.2) for other services	1,116
G.2a) Placement and Rating Commissions on Notes issued	0
G.2b) Bank commissions	95
G.2c) Cash Manager	0
G.2d) Issuer	1,021
G.2e) Paying Agent, RoN and others	0
G.2f) Loss margins on swaps	0
H. Other expenses	1,385,527
H.1) Legal, professional and administrative expenses	7,735
H.2) Losses on loans	7,665
H.4) Interest expense on loans	1,370,127
H.5) Contingent losses	0
I. Interest generated by securitised assets	6,646,821
L. Other revenues	87,706
L.1) Interest income	2,141
L.2) Fee and commission income	85,565
L.3) Profit margins on swaps	0
L.4) Write-backs on loans	0
L.5) Contingent assets	0

QUALITATIVE INFORMATION

The positive difference between costs and revenue for the year, amounting to 5,046,124 euro, is the result of the securitisation and represents remuneration of the Junior note (Additional Return or Excess Spread), recognised to item "F. Interest payable on notes issued". The spread between costs and revenue from the start of the securitisation to 31 December 2012 totalled 5,046,124 euro, stated under item "E.2) Other payables", represents the total amount accrued for distribution to subscribers of the Junior notes on closure of the securitisation in the order established in the "Intercreditor Agreement".

Item B.3) refers to liquidity deposited on current accounts held with Banco Popolare Soc. Coop., and refers to amounts collected as capital and interest on the securitisation's underlying assets and to the cash reserve held with Banco Popolare London branch as securitisation guarantee for a total of 64,001,678 euro.

Item B.5) includes accrued interest on the mortgages of 352,346 euro and other receivables of 110,820 euro.

In addition to the Additional Return accrued as at 31 December 2012 as described above, item E.2) includes accruals on the original mortgages and interest expense matured on the debt triggered by the temporary gap between purchase of the loans and issue of the notes, necessary to fund the purchase of assets and still payable to the Originators, for a total of 4,662,836 euro.

Item E.3) includes accrued interest expense on notes issued for 276,934 euro.

F.2) Description and performance of the securitisation

Securitisation status

The securitisation was performed in 2 steps: the first on 19 November 2012 with the purchase without recourse of a portfolio of loans disbursed as residential mortgages. The transfer agreement was signed on 7 December 2012, effective from the date of signing and with coupons maturing from the assessment date of 19 November 2012. Subsequently, on 21 December 2012, Asset-backed securities (ABS) were issued as "Partly Paid", used to finance the purchase of the loans.

Originators

Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A.

Loans transferred

The loans transferred included a portfolio of performing monetary receivables, classified according to the classification criteria adopted by the Originator in compliance with regulations issued by the Bank of Italy, deriving from residential land loans and residential mortgages backed by voluntary first mortgages on residential property or by mortgage agreements signed pursuant to real estate financing regulations under art. 38 et seq. of the Consolidated Banking Act.

Characteristics of the loans transferred

The transfer to the Acquirer includes loans disbursed by the Originator (including capital, interest, default interest accrued and accruing, accessory charges, expense, other non-life repayments, etc.), effective from and including 19 November 2012, deriving from mortgage agreements or mortgages stipulated pursuant to real estate financing regulations under article 38 et seq. of the Consolidated Banking Act ("Mortgages"), which as at that date had the following characteristics:

- mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are persons or entities which (i) in compliance with classification criteria adopted by the Bank of Italy in Circular no. 140 of 11 February 1991 (as later amended), are included in one of the following income categories: no. 600 (consumer households), no. 614 (craftsmen) or no. 615 (family businesses) and (ii) resident (if natural persons) or with registered office (if businesses) in Italy;
- fully disbursed loans, for which there is no obligation and no option for further disbursements;
- mortgages denominated in euro;
- mortgages for which the ratio between (i) the outstanding capital on the mortgage as at the Assessment Date and (ii) the estimated value of the property close to the Assessment Date, is equal to or lower than 130%; For the purpose of this criterion, "estimated value of the property" refers to the estimated value calculated on the basis of technical and economic benchmarks, used by the lending bank in the property value monitoring process. In order to assess compliance of a mortgage with this criterion, if such information is not already known, each borrower can be made aware of the estimated value of the related property by contacting the branch to which the mortgage repayments are made;
- mortgages deriving from mortgage agreements governed by Italian law;

- if mortgages granted to persons or entities which (i) in compliance with classification criteria adopted by the Bank of Italy in Circular no. 140 of 11 February 1991 (as later amended), are included in one of the following income categories: no. 614 (craftsmen) or no. 615 (family businesses): mortgage-backed loans on residential property located in Italy with residential characteristics, i.e. mainly mortgage-backed properties which at the time of signing of the mortgage qualified in at least one of the following land registry categories: A-1, A-2, A-3, A-4, A-5, A-6, A-7, A-8, A-9, A-11;
- mortgages with a contractual interest rate in one of the following categories: fixed-rate mortgages. "Fixed rate mortgages" are those on which the interest rate applied under contract envisages no changes for the entire residual duration of the mortgage; floating rate mortgages (including mortgages for which an interest rate cap is envisaged). "Fixed rate mortgages" are those on which the interest rate applied under contract envisages no changes for the entire residual duration of the mortgage; "discounted rate" mortgages. "Discounted rate" mortgages envisage a compulsory step established under contract from a fixed rate interest calculation method to a floating rate calculation method, or vice versa;
- "Flexible" mortgages. "Flexible" mortgages allow the borrower the option of changing the interest calculation method from Euribor-indexed floating rate to fixed rate, once or more during the residual term of the mortgage, the interest calculation method (A) from a floating rate to (B) a fixed rate equal to the sum of (i) the IRS rate for the reference period as at the date of exercise by the borrower of the option to change the calculation method and up to the end of the period of application of the fixed interest rate calculation method chosen by the borrower, and (ii) the contractually-agreed spread over and above the benchmark as determined in accordance with paragraph (i) above.
- mortgages: (i) non-land loans for which the related mortgage agreement was signed between 28 June 1996 and 18 May 2012, inclusive; or (ii) stipulated in accordance with land loan regulations pursuant to Art. 38 et seq., Italian Legislative Decree no. 385 of 1 September 1993, for which the related mortgage agreement was signed between 1 August 1998 and 25 October 2012, inclusive; mortgages on which instalments past due as at 19 October 2012 were paid in full; mortgages with at least one instalment due and paid, except for mortgages identified by the following account numbers which are specifically included: 542943, 570309;
- mortgages on which repayments are monthly, every two months, quarterly, half-yearly or yearly;
- mortgages for which the outstanding capital is equal to or higher than 10,000 euro;
- mortgages for which the outstanding capital is equal to or less than 10,000,000 euro;
- mortgages not granted individually or in joint names to persons who as at the Assessment Date were employees of the Originator or of any other company in the Banco Popolare Soc. Coop. Banking Group;
- mortgages not deriving from subsidised mortgages or in any event making use of financial contributions of any kind pursuant to law or special arrangements;
- mortgages not granted to religious organisations;
- mortgages not classed as agricultural loans pursuant to articles 43, 44 and 45 of Italian Legislative Decree no. 385 of 1 September 1993;
- mortgages not granted to public authorities;
- mortgages without one or more instalments, not yet due but fully or partially paid in advance as at the Assessment Date;
- mortgages for which, as at 19 November 2012, the Originator and the related borrower have no agreement in place involving suspended payment of the instalments (either global suspension or on capital repayments only);
- mortgage-backed loans on residential property located in Italy;
- mortgages for which the deadlines for recovery action on the related loans have been reached pursuant to art. 67, Royal Decree no. 267 of 16 March 1942;

Composition of mortgages portfolio by Originator

As at 31 December 2012 the total mortgages portfolio amounted to 2,475,836,679 euro, divided between performing, delinquent and past due loans, net of related provisions for write-downs. Note that the classification indicated for defaulted, delinquent and past due loans is that recorded in the accounting records and IT systems of the Servicers.

Total credit portfolio

Bank	Value as at 31/12/2012	% Portfolio as at 31/12/2012
Banco Popolare	2,075,358,835	83.82%
Credito Bergamasco	400,477,844	16.18%
Total	2,475,836,679	100.00%

As described above, the value of the loans is net of related provisions for write-downs, which at 31 December 2012 totalled 1,489 euro the provision for write-downs of delinquent loans and 6,176 euro of past due loans.

Securitisation performance

The table below summarises the non performing loans as indicated in the accounting records and IT system of the Servicers, which include delinquent and past due loans net of related provisions for write-downs.

<i>a) Total non performing loans</i>		
Bank	Non performing loans as at 31/12/2012	% loans as at 31/12/2012
Banco Popolare	667,207	63.22%
Credito Bergamasco	388,154	36.78%
Total	1,055,361	100.00%

<i>b) of which delinquent loans</i>		
Bank	Delinquent loans as at 31/12/12	% Delinquent loans as at 31/12/12
Banco Popolare	120,449	45.76%
Credito Bergamasco	142,779	54.24%
Total	263,228	100.00%

<i>c) of which past due loans</i>		
Bank	Past due loans as at 31/12/12	% Past due loans as at 31/12/12
Banco Popolare	546,758	69.02%
Credito Bergamasco	245,376	30.98%
Total	792,134	100.00%

F.3) Information on the entities involved

<i>Purchaser of loans</i>	BPL Mortgages S.r.l., a company established on 30 June 2006, pursuant to art. 3, Italian Law no. 130 of 30 April 1999, under the name Giano Finance S.r.l., later renamed BPL Mortgages S.r.l. on 11 May 2007, with registered office at Via V. Alfieri 1, Conegliano (TV), Italy, registration no. 04078130269 in the Treviso Register of Companies and registered on the List of SPVs pursuant to Bank of Italy Instructions issued 29 April 2011.
<i>Originators</i>	Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A.
<i>Originator obligations</i>	As at the date of transfer the Originators issued a guarantee statement confirming the existence of the loans transferred and any contingent mortgage or collateral security. In addition, the Originators agreed to hold the Issuer harmless from all losses, costs, charges, expense and liabilities incurred in the event of default of Originator obligations under the terms of the transfer agreement or if Originator statements should prove incorrect with respect to said agreement and related attachments. By this Statement the Originators guaranteed the following: a) the Originator status and general issues relating to the Transfer Agreement and Servicing Contract; b) statements and guarantees regarding the loans, mortgage agreements and related contingent mortgage and collateral security; c) statements and guarantees regarding the properties; d) statements and guarantees regarding the truthfulness of data disclosed; e) statements and guarantees regarding insurance policies linked to the mortgage agreements.
<i>Servicers</i>	Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A. Under the terms of the Servicing Contract signed on 7 December 2012, the Servicers are empowered to act on behalf of the Issuer in reference to the entire mortgage portfolio in administrative tasks, collection and recovery of mortgage-related debts, related recovery action in enforcement and insolvency proceedings, and any related legal investigations. In addition, the Servicers are required to transfer to the Acquirer all sums collected on the Company's behalf in relation to the loans, including amounts deriving from the recovery of sums due as capital, interest and arrears interest on positions reclassified as delinquent and defaulted loans.

<i>Arranger</i>		Banco Popolare Soc. Coop.
<i>Shareholder</i>		SVM Securitisation Vehicles Management S.r.l.
<i>Representative</i>	<i>of</i>	BNP Paribas Securities Services S.A.
<i>Noteholders</i>		
<i>Computation Agent</i>		BNP Paribas Securities Services, Milan Branch
<i>Principal Paying Agent and Agent Bank</i>		BNP Paribas Securities Services, Milan Branch
<i>Transaction Bank</i>		Banco Popolare London Branch
<i>Interim Account Bank</i>		Banco Popolare Soc. Coop.
<i>Corporate Servicer</i>		Securitisation Services S.p.A.
<i>Administrative Servicer</i>		Banco Popolare Soc. Coop.

F.4) Issue characteristics

On 21 December 2012 BPL Mortgages S.r.l. issued senior notes (Class A) for 1,701,300,000 euro and junior notes for 800,618,000 euro. The Senior notes were subscribed on that date by Banco Popolare Soc. Coop. for 1,426,400,000 euro and by Credito Bergamasco S.p.A. for 274,900,000 euro. The Junior notes were subscribed on that date by Banco Popolare for 671,207,000 euro and by Credito Bergamasco for 129,411,000 euro. The Asset Backed Securities offer limited recourse and a “partly paid” structure.

<i>Class A Senior</i>	ISIN	IT0004883051
	Currency	EURO
	Amount	1,701,300,000 euro
	Rate	Floating
	Benchmark	3M Euribor + 0.30% per year spread
	Coupon	quarterly
	Legal maturity	31 October 2058
	Redemption	Amortisation linked to collection performance of the loans
	Initial rating	Moody's Investors Services A2", DBRS "A"
	Listing	Irish Stock Exchange
	Governing law	Italian
<i>Class B Junior</i>	ISIN	IT0004883374
	Currency	EURO
	Amount	800,618,000 euro
	Rate	n/a
	Benchmark	n/a
	Coupon	n/a
	Additional Return	Additional Return
	Legal maturity	31 October 2058
	Redemption	Amortisation linked to collection performance of the loans
	Ratings	no rating
	Governing law	Italian

The Issuer has the right to full (but not partial) early redemption on the residual capital of notes issued and still outstanding, provided the Company has sufficient funds to complete the redemption of at least the Senior Class (if consent has been obtained from the Junior note holders). The Issuer also has the right to dispose the receivables in order to finance the optional redemption of the notes.

Allocation of cash flows generated by the portfolio

The allocation of cash flows generated by the transferred loans aims to ensure, as priority, the payment of third parties involved in the securitisation, first subject to payments of the interest and principal on the rated notes, and lastly to repayment of the cash credit facility followed by the Junior Notes with the allocation to these of any residual amount.

The payments in relation to the more frequent items are essentially made in the following order:

- (i) tax charges, expenses to ensure the continued operations of the Issuer, costs and taxes relating to the listing or rating of the notes, to the extent not covered by sufficient Expense Account funds
- (ii) expenses payable to the Representative of Noteholders and the amount payable to the Expense Account to reach the Retention Amount of 50 thousand euro (as reimbursement of expenses incurred by the Issuer to guarantee continued operations).

- (iii) commissions payable to the Principal Paying Agent, Agent Bank, Computation Agent, Servicers, Corporate Servicer, Administrative Servicer, Interim Account Bank and Transaction Bank
- (iv) interest on Class A notes
- (v) allocation to the Cash Reserve Account until the target level is reached (64 million euro), until the Class A note is fully redeemed
- (vi) principal payments on the Class A notes (until fully repaid)
- (vii) amounts due to the Originators in reference to accruals on the mortgages purchased
- (viii) interest and capital payments on the Subordinated Loan in accordance with the contractual terms
- (iv) principal payments on the Junior notes
- (ix) Additional Return on the Junior notes

F.5) Accessory financial transactions

Subordinated Loan and Cash Reserve

The structure of the securitisation envisages the setting up of a Cash Reserve of 64 million euro. The Cash Reserve, which as at 31 December 2012 amounts to 64,001,678 euro, was set up through disbursement on 21 December 2012 by the Originators of a subordinated loan for 60,000,000 euro, and for the residual amount from interest collections during the period between the assessment date (19 November 2012) and the contract signing date (7 December 2012).

The composition of the Subordinated Loan by Originator is provided below:

Bank	Amount 31/12/12
Banco Popolare	50,301,696
Credito Bergamasco	9,698,304
Total	60,000,000

Interest accrues on the loans at annual rates equal to the 3M Euribor plus one spread, payable in arrears on each payment date in accordance with the payments waterfall. Amounts accrued as interest payments, but not paid due to lack of funds, will not accrue further interest and will be paid on the next Interest Payment Date thereafter in compliance with the Priority Order of Payments.

The Company must repay the capital on the amount loaned on the Interest Payment Dates with effect from the initial Interest Payment Date in April 2013, and repayment will be based on funds available to the Company.

If on the date of settlement (contractually envisaged as the later of (i) the last business day in October 2060; (ii) the date on which the portfolio is zeroed out; (iii) the date on which all loans payable for any reason are cancelled from the SPV) the capital has not yet been fully repaid, the amount still outstanding will be considered waived.

F.6) Operating powers of the transferring Company

See the note relating to the BPL Mortgages 4 securitisation.

QUANTITATIVE INFORMATION

F.7) Cash flows relating to the loans

INITIAL SITUATION UPON TRANSFER	2,505,241,476
INCREASES	
- Default interest	
- Interest to be collected	
DECREASES	
- Write-downs of loans for default interest	
- Decrease in loans	
- Decrease for loan loss and write-downs	
INCREASES	
- Default interest and expenses	3,921
- Increase in interest to be collected	1,362,620
Total increases	1,366,541
DECREASES	
- Write-downs of default interest	3,921
- Decrease in interest to be received	0
- Decrease in loans	30,759,753
Total decreases	30,763,673

SITUATION AS AT 31/12/12 (gross value)	2,475,844,343
Write-downs as at 31/12/12	7,665
FINAL SITUATION AS AT 31/12/12	2,475,836,679

F.8) Changes in expired loans

The loans, all performing as at the time of purchase, were classified into their relevant categories. The Servicer handles the recovery of past due loans on the basis of policies specified in the special Servicing Contract. In order to highlight the prospects for recovery of the past due loans, in reference to the date of this cash flow position the Servicer arranged the analysis and assessment of the loans in question, and after appropriate write-downs these are recorded at their estimated realisable value.

The table below summarises the non performing loans as indicated in the accounting records and IT system of the Servicers, which include delinquent and past due loans net of related provisions for write-downs. For further details, please refer to section "F.2 - Description and performance of the securitisation".

Bank	Non performing loans as at 31/12/2012	% loans as at 31/12/2012
Banco Popolare	667,207	63.22%
Credito Bergamasco	388,154	36.78%
Total	1,055,361	100.00%

F.9) Cash flows

LIQUIDITY AS AT 31/12/11	0
INCREASES IN LIQUIDITY	
Loans received	60,000,000
Capital collected	29,397,132
Interest collected	6,296,619
Commissions collected	85,565
Positive difference on IRS	0
Contingent assets	0
Increase in payables	5,605
Decrease in receivables	0
TOTAL INCREASES	95,784,921
USE OF LIQUIDITY	
Purchase of securitised loans	0
Redemption of notes	0
Interest expense on notes issued and loans	0
Fee and commission expenses	1,116
Legal, professional and other expenses	4,584
Negative difference on IRS	0
Contingent liabilities	0
Increases in receivables	110,820
Decreases in payables	0
TOTAL USE OF LIQUIDITY	116,520
LIQUIDITY AS AT 31/12/2012	95,668,401

For 2013, as provided by the securitisation repayment plan, collections of capital on the initial portfolio alone are estimated at approximately 136 million euro while collections of interest are estimated at around 62 million euro.

F.10) Situation of the guarantees and liquidity lines

No guarantees have been given or received in relation to the securitisation, and no recourse has been made to banking system credit facilities or overdrafts.

Furthermore, to hedge against any periods of illiquidity, the SPV has allocated a Cash Reserve which at 31 December 2012 totalled 64,001,678 euro.

F.11) Distribution by residual life

Item/residual life	up to 3 months	3 months-1 year	1-5 years	over 5 years	Unlimited duration
A. Securitised assets					
A.1) Mortgages loans	10,885	1,324,835	64,150,121	2,410,350,838	
A.3) Other (defaulted loans)					
B. Use of cash and cash equivalents from securitised assets					
B.3) Liquidity	95,668,401				
B.5) Other loans and receivables	352,345	110,820			
Total	96,031,631	1,435,655	64,150,121	2,410,350,838	0
C. Notes issued					
C.1 Class A notes				1,701,300,000	
C.2 Class B notes				800,618,000	
D. Loans received				60,000,000	
E. Other liabilities					
E.1 Payable to the Company	1,021				
E.2 Other payables	64,350			9,707,941	
E.3) Accrued expenses	276,934				
Total	342,305	0	0	2,571,625,941	00

F.12) Distribution by territory

All the loans were disbursed in euro to borrowers resident in Italy and referring to property located in Italy.

F.13) Concentration of the risk

Loan size	No. of positions as at 31/12/2012	Value as at 31/12/2012	% Portfolio as at 31/12/2012
0-25,000	3,536	61,305,214	2.48%
25,001 – 75,000	9,203	418,494,048	16.90%
75,001 – 250,000	11,186	1,506,367,613	60.84%
Over 250,000	1,187	489,669,804	19.78%
Total	25,112	2,475,836,679	100.00%

As envisaged in the agreement, there are no loans with a value of more than 2% of the loans portfolio.

Section 3 - Information on risks and related hedging policy

3.1 CREDIT RISK

QUALITATIVE INFORMATION

The Company has only receivables payable on demand and therefore it is considered that there is no exposure to credit risk.

QUANTITATIVE INFORMATION

1. Distribution of financial assets by portfolio pertinence and by credit quality

Portfolios/quality	Defaulted loans	Delinquent assets	Restructured assets	Past due assets	Other assets	Total
1. Financial assets held for trading						
2. Financial assets designated at fair value						
3. Financial assets available for sale						
4. Financial assets held to maturity						
5. Due from banks					12,455	12,455
6. Due from financial institutions						
7. Due from customers						
8. Hedging derivatives						
Total 2012					12,455	12,455
Total 2011					12,678	12,678

3.2 MARKET RISK

3.2.1 Interest rate risk

QUALITATIVE INFORMATION

The Company is not exposed to interest rate risk.

QUANTITATIVE INFORMATION

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

Item/residual life	On demand	Up to 3 months	3-6 months	6 months-1 year	1-5 years	5-10 years	Over 10 years	Unlimited duration
1. Assets								
1.1 Debt securities								
1.2 Loans and receivables	12,455							
1.3 Other assets			57,599			2,580,862		
2. Liabilities								
2.1 Debts								
2.2 Debt securities								
2.3 Other liabilities			57,853			2,543,765		
3. Derivatives								
Options								
3.1 Long positions								
3.2 Short positions								

Other derivatives									
3.3 Long positions									
3.4 Short positions									

3.2.2 Price risk

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

3.2.3 Exchange rate risk

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

3.3 OPERATIONAL RISKS

With regard to operational risk, note that the Company has no employees and has outsourced its functions and related operational risk to entities contractually appointed for this purpose. In particular, with regard to services assigned to Banco Popolare Group banks, note that as part of the securitisations management model, processes have been defined for the correct execution of activities relating to securitisation management; activities regarding collection accounting management, reporting, arrears management, financial statements preparation, ordinary swap operations and support activities. These processes ensure compliance with reference regulations and execution of first and second level controls, also by means of the risk management performed by the Group Finance Department.

3.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

The Company considers it has sufficient cash and cash equivalents to meet its commitments.

QUANTITATIVE INFORMATION

1. Distribution of assets and liabilities by residual duration of the contracts

Item/Residual duration	On demand	More than 1 day and up to 7 days	More than 7 days and up to 15 days	More than 15 days and up to 1 month	More than 1 month and up to 3 months	More than 3 months and up to 6 months	More than 6 months and up to 1 year	More than 1 year and up to 3 years	Over 3 years	Unlimited duration
Cash assets										
A.1 Government securities										
A.2 Other debt securities										
A.3 Loans										
A.4 Other assets										
	12,455					57,599			2,580,862	
Cash liabilities										
B.1 Amounts due to:										
- Banks										
- Financial institutions										
- Customers										
B.2 Debt securities										
B.3 Other liabilities										
						57,853			2,543,765	
Off-balance sheet transactions										
C.1 Derivatives with underlying asset exchange										
- Long positions										
- Short positions										
C.2 Derivatives without underlying asset exchange										
- Positive spread										
- Negative spread										
C.3 Loans to be received										
- Long positions										
- Short positions										

C.4 Irrevocable commitment to disburse funds - Long positions - Short positions										
C.5 Financial guarantees given										

Section 4 – Information on equity

4.1 COMPANY EQUITY

4.1.1 Qualitative information

The company's equity comprises the fully paid-up quota capital of 12,000 euro divided into investment units, Reserves amounting to 1.188 euro and the year-end profit. As at 31 December 2012 the quota capital of 12,000 euro is held by SVM Securitisation Vehicles Management S.r.l., 100% owner of the nominal value of the quota capital. The company is not subject to external minimum mandatory capital requirements or special regulations on regulatory capital.

4.1.2 Quantitative information

4.1.2.1 Company equity: composition

Item/Amounts	31/12/2012	31/12/2011
1. Capital	12,000	12,000
2. Share premium reserve		
3. Reserves		
- profits	(1,952)	(1,952)
a) legal	32	2
b) statutory		
c) treasury shares		
d) other	(1,464)	(1,464)
- other	4,602	4,602
4. (Treasury shares)		
5. Valuation reserves		
- Available-for-sale financial assets		
- Tangible assets		
- Intangible assets		
- Foreign investment hedges		
- Cash flow hedges		
- Exchange difference		
- Non-current assets or disposal groups held for sale		
- Special revaluation laws		
- Actuarial gains (losses) on defined benefit plans		
- Share of valuation reserves related to investments carried at equity		
6. Equity instruments		
7. Net income (loss) for the period	25,510	30
Total	38,728	13,218

4.2 REGULATORY CAPITAL AND CAPITAL RATIOS

The company is not subject to external minimum mandatory capital requirements or special regulations on regulatory capital.

Section 5 - Statement of comprehensive income

		Gross amount	Income taxes	Net amount
10.	Net income (loss) for the period	36,871	(11,361)	25,510
120.	Comprehensive income	36,871	(11,361)	25,510

Items of the table which as at 31 December 2012 had a zero value are not indicated.

Section 6 – Transactions with related parties

6.1 Information on remuneration of directors and executives with strategic responsibilities

The fees payable to the sole director for 2012 amounted to 6,865 euro and remuneration of the Board of Statutory Auditors totalled 8,808 euro.

6.2 Loans and guarantees given to Directors and Statutory Auditors

The company has not issued guarantees in favour of the Sole Director or the Board of Statutory Auditors.

6.3 Transactions with related parties

The company has no employees as the management of assets purchased is outsourced to the Originators under the terms of the Servicing Contract. Administrative, accounting and tax-related activities are assigned to Banco Popolare.

Section 7 - Other information

Pursuant to Art. 149-duodecies of Consob Issuers' Regulation, under the terms of the transitional regime envisaged in art. 43, paragraph 2, Italian Legislative Decree 39/2010, the table below provides information on fees paid to the independent auditors Reconta Ernst & Young S.p.A. The amounts indicated in the table for 2012 are those determined and stated in the contract (excluding any indexing, non-deductible VAT, out-of-pocket expenses and any regulatory contributions).

Type of service (amounts in euro)	Reconta Ernst & Young S.p.A.	Other Reconta Ernst & Young S.p.A. Group companies
Audit	23,000	-
Certification services	-	-
Other services	-	-
Total	23,000	-

Conegliano, 6 March 2013

BPL Mortgages S.r.l.
Single Member Company
The *Sole Director*
Claudia Calcagni

BPL MORTGAGES S.r.l.

*Via V. Alfieri 1, Conegliano (TV)
Quota Capital Euro 12,000.00, fully paid up
Treviso Register of Companies no. 04078130269, Econ. Admin. Index no. 321099
Tax Code and VAT no. 04078130269
Registered on the List of Special Purpose Vehicles with no. 33259.3 pursuant to the Bank of Italy Instructions
of 29 April 2011*

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

Dear Quotaholder,

The Financial Statements as at 31 December 2013, comprising the Balance sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Quotaholders' Equity, Cash Flow Statement, Notes to the Financial Statements and this accompanying Director's Report on Operations, are hereby submitted for your approval.

These financial statements were prepared in application of international accounting standards issued by the International Accounting Standards Board (IASB) and related interpretations issued by IFRIC, all endorsed by the European Union, and in accordance with Bank of Italy Circular of 21 January 2014 "Instructions on the preparation of financial statements and reports of financial intermediaries pursuant to art. 107 of the Consolidated Banking Act, payment institutes, electronic money institutions (IMEL), asset management companies (SGR) and securities trading companies (SIM)" containing the formats and rules on financial intermediaries' preparation of financial statements.

1) REPORT ON OPERATIONS

Business operations

BPL Mortgages S.r.l. is a company established pursuant to art. 3, Italian Law 130/1999. Following the entry into force on 13 May 2011 of the Bank of Italy Supervisory Instructions of 29 April 2011, on "Reporting and statistical obligations of special purpose vehicles involved in securitisations" (implementing Italian Legislative Decree 141/2010, which amends art. 3, paragraph 3, Italian Law no. 130 of 30 April 1999), pursuant to art. 11 securitisation SPVs already registered in the General List according to Art. 106 of the Consolidated Banking Act were cancelled and officially entered in the List of SPVs as envisaged in art. 4 of the aforementioned Bank of Italy Instructions.

The quota capital of Euro 12,000.00 is distributed as follows: SVM Securitisation Vehicles Management S.r.l. holds 100% of the nominal value of the quota capital. As envisaged in the "Agency and Accounts Agreement" signed as part of the fifth securitisation on 20 December 2012 and the "Agency and Accounts Agreement" signed as part of the sixth securitisation on 8 March 2013, with effect from completion of each securitisation, all costs incurred by the company are covered by equal amounts recognised from the segregated assets for each securitisation with a view to guaranteeing regular company operations.

In compliance with the Articles of Association and the aforementioned legal provisions, the sole purpose of the Company is the implementation of one or more loan securitisations pursuant to Italian Law no. 130 of 30 April 1999, as amended, by the purchase against payment of monetary receivables, both existing and future, identified en bloc if multiple monetary loans are involved, financed through recourse to the Company's issue of notes as referred to in Art. 1 paragraph 1b) and Art. 5, Italian Law 130/1999. Pursuant to the provisions of Law 130/1999, the loans related to each securitisation constitute segregated assets to all effects and purposes from those of the Company and those of other transactions performed by the Company. The sole purpose of these segregated assets is to satisfy the rights incorporated in the notes issued, by the Company or other company, to finance the purchase of the loans of which the aforementioned assets form part, and to pay the costs of the related securitisation. Therefore no action is permitted on the segregated assets by creditors other than the holders of notes issued to finance the purchase of the loans in question. To the extent permitted by the provisions of Italian Law 130/1999, the Company may conclude accessory transactions, stipulated exclusively with a view to the success of its securitisations, or in any event instrumental to the corporate purpose, including reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned notes issued as part of the securitisation. Within the context of its securitisations, the Company may appoint third parties to collect the loans purchased and to provide cash and payment services.

Note that by resolution of the Quotaholders' Meeting of 12 December 2008, arrangements were made to amend art. 4 of the Articles of Association, extending the expiry date of the Company to 31 December 2060.

As at 31 December 2013 there are two securitisations. Specifically, one securitisation of residential mortgages ("BPL Mortgages 5") implemented following transfer of a mortgages portfolio in November 2012, and one of land loans, mortgage loans, agricultural loans and unsecured loans disbursed to SMEs ("BPL Mortgages 6") which began on transfer of a new portfolio in February 2013.

Significant events during the year

Winding-up of the BPL Mortgages 4 securitisation

In relation to the securitisation finalised by the Company in July 2009, on 22 January 2013 the Quotaholders' Meeting resolved upon early redemption of the Class A and Junior notes. Credito Bergamasco S.p.A. ("Creberg")

and Banco Popolare Soc. Coop. ("Banco Popolare") (the "Originators") announced their intention to repurchase - en bloc and without recourse - the loans deriving from the portfolio of mortgages originally transferred to the Company, either directly or indirectly by each, as part of the Securitisation which (i) have not been repaid in full or settled by other means; and (ii) have not been subject to out-of-court settlements with the Company resulting in the complete cancellation, waiver, suspension or settlement of the debt.

The Originators repurchased the securitised loans on 28 January 2013 on signing the repurchase agreements, and on 8 February 2013 arrangements were made for an extraordinary payment date so that winding-up of the securitisation and early redemption of the notes could proceed.

The repurchase price and residual debt of the loans repurchased (excluding accruals) are as follows:

Bank	Repurchase price	Residual debt as at 26/01/2013	% Residual debt as at 26/01/2013
Banco Popolare	2,042,099,632	2,052,171,564	83.43%
Credito Bergamasco	404,930,242	407,716,680	16.57%
Total	2,447,029,874	2,459,888,244	100.00%

BPL Mortgages 5 securitisation

The securitisation covers loans originated by Banco Popolare and Creberg (the Originators) and envisages the transfer of an initial portfolio and an additional portfolio. On 17 November 2012, the Originators transferred to the Company a portfolio of residential mortgages with a total residual debt (excluding accruals) of Euro 2,501,918,445. The related transfer agreements were signed on 7 December 2012. Specifically, the residual debt (accruals excluded) of the portfolio as at the transfer date was as follows:

Bank	Residual debt as at 18/11/2012 (*)	% Portfolio as at 18/11/2012
Banco Popolare	2,050,686,975	81.96%
Credito Bergamasco	451,231,470	18.04%
Total	2,501,918,445	100.00%

(*) the residual debt comprises (i) capital up to maturity of Euro 2,500,933,984 and (ii) capital and interest past due of Euro 984,461.

On 21 December 2012 the Company issued two classes of notes: a class of Senior Notes, listed on the Irish Stock Exchange, with an "A2" rating from Moody's Investors Service and an "A" rating from DBRS, for a total nominal value of Euro 2,585,300,000 and a class of unrated Junior Notes, not listed on a regulated market, for a total nominal value of Euro 1,216,618,000 with a "partly paid" structure.

On the issue date of 21 December 2012 the Originators subscribed the Senior Notes and the Junior Notes according to their respective investments in the total assets transferred. The amount of notes subscribed as at 21 December 2012 was as follows:

Bank	Senior Notes	Junior Notes
Banco Popolare	1,394,500,000	656,186,000
Credito Bergamasco	306,800,000	144,432,000
Total	1,701,300,000	800,618,000

The Senior Notes envisage a return at the 1M Euribor rate plus 0.30%, whereas the return on the Junior Notes is represented by the excess spread generated by the securitisation.

The structure of the securitisation envisages a Cash Reserve of Euro 64,000,000, of which Euro 60,000,000 established as at the date of issue through a Subordinated Loan granted to the Company by the Originators, and Euro 4,000,000 from interest collected on the portfolio from the date of transfer to the date of issue of the notes. The Company has to pay interest on the aforementioned loan at the 3M Euribor rate plus 165 bps spread, which will be paid in accordance with the contractually established payments waterfall. As at 31 December 2013 the interest accrued and not yet paid on the Subordinated Loan totals Euro 1,167,841.

The Senior Notes issued by the Company, following the confirmation of assignability obtained in January 2013, are used by Banco Popolare in refinancing transactions with the ECB.

On 9 March 2013 the Originators transferred to the Company a portfolio of residential mortgages with a total residual debt (excluding accruals) of Euro 1,087,260,550. In order to guarantee retention of an adequate level of rating on the notes issued for their allocation options with the European Central Bank, on 9 March 2013 the Originators arranged the repurchase of a number of loans previously transferred to the Company, for a total residual

debt (excluding accruals) of Euro 30,343,224, which had instalments past due by at least 65 days or had been classified as non-performing in accordance with Bank of Italy Instructions.

The residual debt on the portfolios transferred and repurchased by the two Originators was as follows:

Bank	Residual debt as at 10/03/2013 Assets transferred (*)	Residual debt as at 10/03/2013 Assets repurchased (**)
Banco Popolare	922,544,753	26,464,530
Credito Bergamasco	164,715,797	3,878,694
Total	1,087,260,550	30,343,224

(*) the residual debt includes capital up to maturity of Euro 1,086,543,872, plus capital and interest past due of Euro 716,678.

(**) the residual debt includes capital up to maturity of Euro 29,527,203, plus capital and interest past due of Euro 816,021.

On 28 March 2013 (the Notes Increase Date), the total notes subscribed was increased by Euro 739,100,000 for the Senior Notes and Euro 347,837,000 for the Junior Notes.

The Originators subscribed the Senior Notes and the Junior Notes according to their respective investments in the total assets transferred. The amount of notes subscribed was as follows:

Bank	Senior Notes	Junior Notes
Banco Popolare	627,100,000	295,145,000
Credito Bergamasco	112,000,000	52,692,000
Total	739,100,000	347,837,000

A summary of the total notes subscribed is provided below:

	1st tranche December 2012	2nd tranche March 2013	Total
Senior Notes	1,701,300,000	739,100,000	2,440,400,000
Junior Notes	800,618,000	347,837,000	1,148,455,000

The Senior Notes, as reported by the Originators, were subscribed by Banco Popolare for Euro 2,053,500,000 and by Creberg for Euro 386,900,000. The Junior notes were subscribed by Banco Popolare for Euro 966,352,000 and by Creberg for Euro 182,103,000.

BPL Mortgages 5 - Interest Payment Date 30 April 2013

The cash flows generated from the securitisation proceeds for the period 19 November 2012 to 31 March 2013 were settled on 30 April 2013. In particular, the Total Issuer Available Funds amounted to Euro 162,878,822, of which Euro 98,878,822 in Total Collections (including Euro 74,323,294 capital and Euro 24,479,420 interest) and Euro 64,000,000 relating to the Cash Reserve.

The available funds allowed payment of all items envisaged in the order of priorities established in the payments waterfall. Specifically, interest of Euro 3,710,674 was paid on the Senior Notes, the Cash Reserve was restored for Euro 64,000,000 and capital was repaid on the Senior Notes for Euro 94,918,138.

BPL Mortgages 5 - Interest Payment Date 31 July 2013

The cash flows generated from the securitisation proceeds for the period 1 April 2013 to 30 June 2013 were settled on 31 July 2013. In particular, the Total Issuer Available Funds amounted to Euro 175,437,200, of which Euro 85,191,388 in Total Collections (including Euro 64,096,692 capital and Euro 21,016,226 interest), Euro 26,245,812 relating to collections on mortgages repurchased by the Originators and Euro 64,000,000 relating to the Cash Reserve.

The available funds allowed payment of all items envisaged in the order of priorities established in the payments waterfall. Specifically, interest of Euro 2,499,502 was paid on the Senior Notes, the Cash Reserve was restored for Euro 64,000,000 and capital was repaid on the Senior Notes for Euro 108,765,211.

BPL Mortgages 5 - Interest Payment Date 30 October 2013

The cash flows generated from the securitisation proceeds for the period 1 July 2013 to 30 September 2013 were settled on 30 October 2013. In particular, the Total Issuer Available Funds amounted to Euro 143,557,906, of which Euro 79,557,906 in Total Collections (including Euro 59,189,917 capital and Euro 20,291,961 interest) and Euro 64,000,000 relating to the Cash Reserve.

The available funds allowed payment of all items envisaged in the order of priorities established in the payments waterfall. Specifically, interest of Euro 2,431,187 was paid on the Senior Notes, the Cash Reserve was restored for Euro 64,000,000 and capital was repaid on the Senior Notes for Euro 76,957,526.

Collections 1 October 2013-31 December 2013

The total collections on the securitisation for the period 1 October 2013 to 31 December 2013, as indicated in the Servicer Report, amounted to Euro 85,103,633, of which Euro 20,903,795 interest and Euro 64,199,838 capital. The next Interest Payment Date will be 31 January 2014.

Composition of mortgages portfolio by Originator

Starting from the 2013 Financial Statements, the Company has used the terms "Bad loans" and "Substandard loans" instead of respectively "Defaulted loans" and "Delinquent loans" with a view to ensure an alignment to the terminology used by the Originators Banco Popolare and Credito Bergamasco in their 2013 Annual Reports.

As at 31 December 2013 the total mortgages portfolio amounted to Euro 3,299,008,017, divided between performing, substandard, past due and restructured loans (as defined in Bank of Italy instructions) for Euro 3,298,141,568 net of related provisions for write-downs, and bad loans for Euro 866,449 net of related provision for write-downs.

Total credit portfolio

Bank	Value as at 31/12/2013	% Portfolio as at 31/12/2013	Value as at 31/12/2012	% Portfolio as at 31/12/2012
Banco Popolare	2,777,231,219	84.18%	2,075,358,835	83.82%
Credito Bergamasco	521,776,798	15.82%	400,477,844	16.18%
Total	3,299,008,017	100.00%	2,475,836,679	100.00%

As described above, the value of the loans is net of related provisions for write-downs, which at 31 December 2013 totalled: Euro 181,147 provision for write-downs of bad loans, Euro 978,775 provision for write-downs of substandard loans, Euro 270,845 provision for write-downs of past due loans and Euro 84 provision for write-downs of restructured loans. Note that the classification indicated for bad loans, substandard loans, past due loans and restructured loans is that recorded in the accounting records and IT systems of the Servicers.

b) of which performing, substandard, past due and restructured loans

Bank	Value	% Portfolio	Value	% Portfolio
	as at 31/12/2013	as at 31/12/2013	as at 31/12/2012	as at 31/12/2012
Banco Popolare	2,776,432,285	84.18%	2,075,358,835	83.82%
Credito Bergamasco	521,709,283	15.82%	400,477,844	16.18%
Total	3,298,141,568	100.00%	2,475,836,679	100.00%

c) of which bad loans

Bank	Bad loans	% Bad loans	Bad loans	% Bad loans
	as at 31/12/2013	as at 31/12/2013	as at 31/12/2012	as at 31/12/2012
Banco Popolare	798,934	92.21%	-	-
Credito Bergamasco	67,515	7.79%	-	-
Total	866,449	100.00%	-	-

Securitisation performance*Contractual amendments*

On 29 May 2013 amendments were made to the contractual documentation, including to the Prospectus and the Agency and Accounts Agreement, in order to vary the minimum rating levels required for the role of Transaction Bank and to introduce a new rating level for the role of Cash Reserve Bank, equal to a Moody's Investors Service rating of "Ba3" and a DBRS rating of "BBB".

BPL Mortgages 5 - Banco Popolare downgrading

Following Moody's Investors Service's downgrading of the Banco Popolare rating on 8 July 2013 (from "Baa3/P3" to "Ba3/NP"), the minimum rating for the role of securitisation Servicer was lost. Under the terms of the Servicing Contract signed on 7 December 2012, as later amended and supplemented, with the aid of the Back-Up Servicer Facilitator, the Company has to choose a Back-Up Servicer ready to replace the Servicer in the event of termination of the Servicing Contract for contractually envisaged reasons.

Furthermore, pursuant to the provisions of the securitisation's contractual documentation, the minimum rating requirement for Banco Popolare to act as Transaction Account Bank in managing the Collection Account was lost.

The Company and counterparties involved in the securitisation are currently defining a number of contractual amendments to be agreed with the rating agencies and the Representative of Noteholders, with the aim of lowering the minimum rating level envisaged in the Servicing Contract for appointment of a Back-Up Servicer.

Lastly, with reference to the Collection Account, currently held with Banco Popolare Soc. Coop, under the terms of the contractual documentation the Company will have to appoint a financial intermediary or bank that meets the contractual requirements in replacing Banco Popolare as Transaction Account Bank to manage the Collection Account. Discussions are in progress with the rating agencies and Representative of Noteholders regarding the action to be taken, also given the publication on 23 December last year of Italian Law Decree 145/2013 (the "Destination Italy Decree") which introduces major new provisions on the segregation of current accounts held by the SPV.

Other information

Note that as part of the ABS loan-level initiative promoted by the European Central Bank to encourage securitisation market transparency, specific information requirements must be satisfied that envisage the periodic disclosure - in accordance with certain standards - of data concerning the loans underlying securitisations. For securities used in ECB refinancing transactions, failure to comply with this obligation results in the loss of the option to allocate such securities.

On 15 October 2013 the templates were submitted, adapted to the required European standard. The figures must be updated at least every quarter.

BPL Mortgages 6 securitisation

On 16 February 2013, Banco Popolare and Creberg (the Originators) transferred to the Company a portfolio of land loans, mortgage loans, agricultural loans and unsecured loans disbursed to SMEs, for a total residual debt (excluding accruals) as at 16 February 2012 of Euro 5,250,374,510.

The total residual debt (accruals excluded) on the portfolios of the two Originators is as follows:

Bank	Residual debt as at 16/02/2013 (*)	% Portfolio as at 16/02/2013
Banco Popolare	4,308,933,429	82.07%
Credito Bergamasco	941,441,081	17.93%
Total	5,250,374,510	100.00%

1. (*) the residual debt includes capital up to maturity of Euro 5,243,543,807, plus capital and interest past due of Euro 6,830,703.

On 11 March 2013 the Company issued two classes of notes: a class of Senior Notes, listed on the Irish Stock Exchange, with an “A2” rating from Moody’s Investors Service and an “A” rating from DBRS, for a total nominal value of Euro 3,307,300,000 and a class of unrated Junior Notes for a total nominal value of Euro 1,942,480,000. The Originators subscribed the Senior Notes and the Junior Notes according to their respective investments in the total assets transferred. The amount of notes subscribed was as follows:

Bank	Senior Notes	Junior Notes
Banco Popolare	2,714,400,000	1,594,201,000
Credito Bergamasco	592,900,000	348,278,000
Total	3,307,300,000	1,942,480,000

The Senior Notes envisage a return at the 3M Euribor rate plus 0.60%, whereas the return on the Junior Notes is represented by the excess spread generated by the securitisation.

The structure of the securitisation envisages a Cash Reserve of Euro 157,493,400, of which Euro 151,000,000 established as at the date of issue through a Subordinated Loan granted to the Company by Banco Popolare, and Euro 6,943,400 from interest collected on the portfolio from the date of transfer to the date of issue of the notes. Creberg has to pay Banco Popolare its own share of the subordinated loan, i.e. Euro 27,071,239. The Company has to pay interest on the aforementioned loan at the 3M Euribor rate plus 2.50% spread, which will be paid in accordance with the contractually established payments waterfall. As at 31 December 2013 the interest accrued and not yet paid on the Subordinated Loan totals Euro 3,356,952.

Note that in April 2013, the Senior Notes issued by the Company received confirmation of assignability and are used by Banco Popolare in refinancing transactions with the ECB.

BPL Mortgages 6 - Interest Payment Date 2 December 2013

On 2 December 2013, the initial payment date of the securitisation, the cash flows deriving from collections on the securitisation for the period 18 February 2013 to 31 October 2013 were settled, net of collections already used to set up the Expense Account for Euro 50,000, the Cash Reserve for Euro 6,493,400 and the claw-back risk Cash Reserve for Euro 52,435,438. In particular, on the Interest Payment Date of 2 December 2013 the Total Issuer Available Funds amounted to Euro 1,101,211,310, of which Euro 943,276,580 in Total Collections (including Euro 853,538,646 capital and Euro 89,737,934 interest) and Euro 157,493,400 relating to the Cash Reserve.

The available funds allowed payment of all items envisaged in the order of priorities established in the payments waterfall. Specifically, interest of Euro 24,903,969 was paid on the Senior Notes, the Cash Reserve was restored for Euro 157,493,400 and capital was repaid on the Senior Notes for Euro 915,196,056.

Collections 1 November 2013-31 December 2013

The total collections on the securitisation for the period 1 November 2013 to 31 December 2013, as indicated in the Servicer Report, amounted to Euro 215,867,095, of which Euro 23,245,391 interest and Euro 192,621,704 capital.

Composition of mortgages portfolio by Originator

Starting from the 2013 Financial Statements, the Company has used the terms “Bad loans” and “Substandard loans” instead of respectively “Defaulted loans” and “Delinquent loans” with a view to ensure an alignment to the terminology used by the Originators Banco Popolare and Credito Bergamasco in their 2013 Annual Reports.

As at 31 December 2013 the total mortgages portfolio amounted to Euro 4,147,568,799, divided between performing, substandard and past due loans (as defined in Bank of Italy instructions) for Euro 4,140,463,820 net of related provisions for write-downs, and bad loans for Euro 7,104,979 net of related provisions for write-downs.

Total credit portfolio

Bank	Value as at 31/12/2013	% Portfolio as at 31/12/2013	Value as at 17/02/2013	% Portfolio as at 17/02/2013
Banco Popolare	3,443,226,712	83.02%	4,308,600,859	82.07%
Credito Bergamasco	704,342,087	16.98%	941,179,148	17.93%
Total	4,147,568,799	100.00%	5,249,780,007	100.00%

As described above, the value of the loans is net of related provisions for write-downs, which at 31 December 2013 totalled: Euro 442,473 provision for write-downs of bad loans, Euro 7,885,103 provision for write-downs of substandard loans and Euro 2,907,742 provision for write-downs of past due loans. Note that the classification indicated for bad loans, substandard loans and past due loans is that recorded in the accounting records and IT systems of the Servicers.

b) of which performing, substandard, past due and restructured loans

Bank	Value as at 31/12/2013	% Portfolio as at 31/12/2013
Banco Popolare	3,436,504,658	63.00%
Credito Bergamasco	703,959,162	17.00%
Total	4,140,463,820	100.00%

c) of which bad loans

Bank	Value as at 31/12/2013	% Portfolio as at 31/12/2013
Banco Popolare	6,722,054	94.61%
Credito Bergamasco	382,925	5.39%
Total	7,104,979	100.00%

Securitisation performance

BPL Mortgages 6 - Banco Popolare downgrading

Following Moody's Investors Service's downgrading of the Banco Popolare rating on 8 July 2013 (from "Baa3/P3" to "Ba3/NP"), the minimum rating for the role of securitisation Servicer was lost. Under the terms of the Servicing Contract signed on 22 February 2013, with the aid of the Back-Up Servicer Facilitator, the Company has to choose a Back-Up Servicer ready to replace the Servicer in the event of termination of the Servicing Contract for contractually envisaged reasons. Furthermore, pursuant to the provisions of the securitisation documents, the minimum ratings required by Moody's Investors Service for Banco Popolare to act as Transaction Account Bank in managing the Collection Account ("Baa3") and that required to manage the Cash Reserve Account ("Ba1") were lost.

The Company and counterparties involved in the securitisation are currently defining a number of contractual amendments to be agreed with the rating agencies and the Representative of Noteholders, with the aim of lowering the minimum rating level envisaged in the Servicing Contract for appointment of a Back-Up Servicer. In addition, under the terms of the contractual documentation, the Company has to appoint a bank or financial intermediary that meets the contractually envisaged requirements for replacement of Banco Popolare as Transaction Account Bank, and to set up additional cash reserves to hedge against set-off risk² and commingling risk³. In this respect, too, negotiations are in progress between the Company and the rating agencies for a possible restructuring of the securitisation, also in the light of the publication on 23 December last year of Italian Law Decree 145/2013 (the "Destination Italy Decree") which introduces major new provisions on the segregation of current accounts held by the SPV.

Other information

² Set-off Risk: the risk of the SPV not receiving all or part of the collections deriving from repayment of the loans due to the offsetting effect of receivables due to the assigned borrowers from the relevant Originators.

³ Commingling Risk: the risk of the SPV not receiving all or part of the repayment instalments on the loans already collected by the Originators in their role as Servicers, but not yet transferred to the SPV due to the Servicer becoming subject to bankruptcy proceedings.

Note that as part of the ABS loan-level initiative promoted by the European Central Bank to encourage securitisation market transparency, specific information requirements must be satisfied that envisage the periodic disclosure - in accordance with certain standards - of data concerning the loans underlying securitisations. For securities used in ECB refinancing transactions, failure to comply with this obligation results in the loss of the option to allocate such securities.

On 15 October 2013 the templates were submitted, adapted to the required European standard. The figures must be updated at least every quarter.

Group-related transactions

Approval of the plan to merge Credito Bergamasco and Banca Italease into Banco Popolare

In November 2013 the Boards of Directors of Banco Popolare Soc. Coop., Credito Bergamasco S.p.A. and Banca Italease S.p.A. prepared and approved the plan to merge Credito Bergamasco S.p.A. and Banca Italease S.p.A. into Banco Popolare during 2014. The aforementioned transactions complete the rationalisation of the corporate structure that began in 2011, which led to the merger of the Group's "area banks", allowing the efficiency and profitability objectives to be achieved and at the same time safeguarding the individual banks' brand names and business vocation in serving their communities.

Report on corporate governance and ownership structure

The sole purpose of the Company is the implementation of one or more loan securitisations pursuant to Italian Law no. 130 of 30 April 1999 ("Law 130/1999"), by the purchase against payment of monetary receivables, both existing and future, financed through recourse to the issue of notes as referred to in Art. 1 paragraph 1b), Law 130/1999. Pursuant to the provisions of Law 130/1999, the loans related to each securitisation constitute segregated assets to all effects and purposes from those of the Company and those of other transactions performed on which no action is permitted by creditors other than the holders of notes issued to finance purchase of the aforementioned loans. To the extent permitted by the provisions of Law 130/1999, the Company may conclude accessory transactions, stipulated exclusively with a view to the success of its securitisations, or in any event instrumental to the corporate purpose, including reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned notes.

As described above, as part of its corporate purpose the Company arranged six securitisations through the purchase of performing loans and by issuing notes listed on regulated markets. Consequently, pursuant to Art. 123-bis, Italian Legislative Decree no. 58 of 24 February 1998, the report on operations of issuers with notes listed on regulated markets must contain a specific section, the "Report on corporate governance and ownership structure", which in accordance with paragraph 2b) of that article must provide information on the "main characteristics of the risk management and internal control systems for separate or consolidated financial reporting processes, as appropriate".

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

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

The main roles covered by such agents are as follows:

- (i) the Servicer, which amongst other things is responsible for management of the loans purchased;
- (ii) the Administrative Servicer, responsible for the Company's administrative and accounting management;
- (iii) the Cash Manager, Calculation Agent and Paying Agent, which provide cash management, calculation and payment services;
- (iv) the Corporate Servicer, responsible for corporate affairs.

Specifically, the Servicer is the "party appointed to collect the transferred loans and to perform collection and payment services" pursuant to Art. 2, paragraph 3c), Law 130/1999. In accordance with Art. 2, paragraph 6 of Law 130/1999, the role of Servicer may be performed by banks or by intermediaries entered on the Special List envisaged in art. 107, Italian Legislative Decree no. 385 of 1 September 1993, and are responsible for verifying that securitisations are performed in compliance with the law and the prospectus. Also pursuant to the Bank of Italy Instructions of 23 August 2000, Servicers are responsible for operational tasks and for ensuring the correct implementation of securitisations in the interest of investors and, in general, of the market. Lastly, with regard to the financial data, it should be mentioned that these are prepared by the Servicers based mainly on data provided by the entity appointed to manage the loans acquired.

Other information

On 4 April 2011 the Quotaholders' Meeting appointed the Board of Statutory Auditors (for the three-year period 2011-2013) in accordance with Art. 2477, paragraph 1 of the Italian Civil Code.

As the Company is a "public interest entity" pursuant to Art. 16, paragraph 1a), Italian Legislative Decree no. 39 of 27 January 2010 and since it has issued debt securities for trading on the Irish Stock Exchange, on 23 December 2010 the Quotaholders' Meeting appointed Reconta Ernst & Young S.p.A. the statutory audit of the Financial Statements for the nine-year period 2010-2018.

As regards the description of the main risks and uncertainties to which the Company is exposed, it should be emphasised that, given the special nature of regulatory provisions concerning securitisation SPVs, there is no information to report in relation to the Company's own assets. In particular, note that as already mentioned previously the Company was incorporated with the sole purpose of performing one or more securitisations, and this purpose is achieved with the implementation of the securitisation transactions described in this report. The securitisations were structured by a leading international bank and the activities necessary in terms of operations have been assigned by the company to professional operators specialised in providing financial and regulatory services within the framework of such transactions. With regard to the securitisations, which constitute the Company's segregated assets, reference should be made to Section 1, Part D of the Notes to the Financial Statements. Given the special nature of activities conducted and the absence of personnel, there is no information to report on environmental and personnel aspects.

Secondary offices

The Company has no secondary offices.

Financial Instruments

Pursuant to Art. 2428, paragraph 6-bis of the Italian Civil Code, with regard to information on the Company's use of financial instruments and the data required for assessment of the equity and financial position and the result for the period, it is hereby specified that the Company did not use financial instruments for its ordinary operations during 2013.

Treasury shares

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

Research and development

Given the specific nature of the Company, no specific research and development activities were performed.

Subsequent events after the balance sheet date

BPL Mortgages 5 - Interest Payment Date 31 January 2014

The cash flows generated from the securitisation proceeds for the period 1 October 2013 to 31 December 2013 were settled on 31 January 2014. In particular, the Total Issuer Available Funds amounted to Euro 149,169,948, of which Euro 85,169,948 in Total Collections (including Euro 64,199,838 capital and Euro 20,903,795 interest) and Euro 64,000,000 relating to the Cash Reserve.

The available funds allowed payment of all items envisaged in the order of priorities established in the payments waterfall. Specifically, interest of Euro 2,399,132 was paid on the Senior Notes, the Cash Reserve was restored for Euro 64,000,000 and capital was repaid on the Senior Notes for Euro 82,567,761.

Other information

On 21 February 2014 Italian Law Decree no. 145 of 23 December 2013 on urgent action to launch the "Destination Italy" plan, was converted to law.

Security Policy Document

With regard to obligations according to Privacy regulations, note that art. 34 (g), Italian Legislative Decree 196/03 ("Privacy Code") and art. 26 of the technical regulations in Annex B of the Code, which envisage the obligation to

“maintain an updated security policy document” were repealed by art. 45, paragraph 1c), Italian Decree Law no. 5 of 9 February 2012, converted with amendments to Italian Law no. 35 of 4 April 2012.

Relations with subsidiaries, associates, parent companies and group companies

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

Transactions with related parties

With regard to transactions with related parties, reference should be made to Section 6 - Transactions with related parties, Part D - Other information in the Notes to the Financial Statements.

Business outlook

Future business will focus on the regular continuation of the existing securitisations. With regard to going concern assumptions, no situations have been recorded that would give any rise to doubt about the company's ability to continue operating normally.

Proposed resolution

The Financial Statements ended with a profit of Euro 4,732, which we propose to allocate as retained earnings.

Conegliano, 21 February 2014

BPL Mortgages S.r.l.
Single Member Company
Sole Director
Claudia Calcagni

INDEPENDENT AUDITORS' REPORT



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Independent auditors' report Pursuant to articles 14 and 16 of Legislative Decree n. 39 of January 27, 2010 (Translation from the original Italian text)

To the sole Quotaholder
of BPL Mortgages S.r.l.

1. We have audited the financial statements of BPL Mortgages S.r.l. as of and for the year ended December 31, 2013, comprising the statement of financial position, income, other comprehensive income, changes in quotaholders' equity and cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n. 38 of February 28, 2005 is the responsibility of the BPL Mortgages S.r.l.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For our opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 19, 2013.

3. In our opinion, the financial statements of BPL Mortgages S.r.l. at December 31, 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with art. 9 of Italian Legislative Decree n. 38 of February 28, 2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of BPL Mortgages S.r.l. for the year then ended.
4. The company performs solely securitization transactions according to Italian Law n. 130 of April 30, 1999 and, in compliance with Bank of Italy's instructions of January 21, 2014, has recognized the acquired loans, the issued notes and the other transactions accomplished during the course of the securitization in the explanatory notes to the financial statements and not in the statement of financial position. The recognition of financial assets and liabilities in the explanatory notes to the financial statements is done in conformity with the administrative provisions issued by the Bank of Italy based on art. 9 of Italian Legislative Decree n. 38 of February 28, 2005, in accordance with International Financial Reporting Standards. Such an approach is also in line with what is established by Law n. 130 of April 30, 1999, according to which the loans concerning each securitization represent, to all effects, net assets separated from the net assets of the Company and of the other securitizations. For completeness of information it is noted that according to International Financial Reporting Standards, the financial assets and/or groups of financial assets and financial liabilities deriving from securitization transactions is still the subject of discussion by the committees responsible for the interpretation of International Financial Reporting Standards.

Reconta Ernst & Young S.p.A.
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5. The management of BPL Mortgages S.r.l. is responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance and ownership structure, limited to the information as required by paragraph 2, subparagraph b) of art. 123-bis of Italian Legislative Decree 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the report on operations and the information as required by paragraph 2, subparagraph b) of art. 123-bis of Italian Legislative Decree 58/98 presented in the specific section of the same report are consistent with the financial statements of BPL Mortgages S.r.l. as of December 31, 2013.

Verona, February 28, 2014

Reconta Ernst & Young S.p.A.
Signed by: Marco Bozzola, partner

2) BALANCE SHEET

	Assets	31.12.2013	31.12.2012
60.	Receivables	12,193	12,455
120.	Tax assets	2,154	1,028
	a) current	2,154	1,028
	b) deferred	-	-
	of which pursuant to Italian Law 214/2011	-	-
140.	Other assets	2,667,434	2,638,461
	Total assets	2,681,781	2,651,944

	Liabilities and quotaholders' equity	31.12.2013	31.12.2012
70.	Tax liabilities	4,458	11,597
	a) current	4,458	11,597
	b) deferred	-	-
90.	Other liabilities	2,633,863	2,601,619
120.	Capital	12,000	12,000
160.	Reserves	26,728	1,218
180.	Net income (loss) for the period	4,732	25,510
	Total Liabilities and quotaholders' equity	2,681,781	2,651,944

3) INCOME STATEMENT

		31.12.2013	31.12.2012
10.	Interest and similar income	49,454	37,107
20.	Interest and similar expense	(49,453)	-
	Interest margin	1	37,107
30.	Fee and commission income	-	-
40.	Fee and commission expenses	(154)	(161)
	Net fee and commission income	(154)	(161)
	Net interest and other banking income	(153)	36,946
110.	Administrative expenses:	(79,079)	(46,054)
	a) personnel expenses	(21,330)	(15,673)
	b) other administrative expenses	(57,749)	(30,381)
160.	Other operating income and expenses	88,367	45,979
	Result from operations	9,135	36,871
	Income (loss) before tax from operations	9,135	36,871
190.	Taxes on income from operations	(4,403)	(11,361)
	Net income (loss) after tax from operations	4,732	25,510
	Net income (loss) for the period	4,732	25,510

4) STATEMENT OF COMPREHENSIVE INCOME

	Item	31.12.2013	31.12.2012
10.	Net income (loss) for the period	4,732	25,510
	Other comprehensive income after tax without reversal to the income statement		
20.	Tangible assets		
30.	Intangible assets		
40.	Defined benefit plans		
50.	Non-current assets held for sale		
60.	Share of valuation reserves related to investments carried at equity		
	Other comprehensive income after tax with reversal to the income statement		
70.	Foreign investment hedges		
80.	Currency differences		
90.	Cash flow hedges		
100.	Financial assets available for sale		
110.	Non-current assets held for sale		
120.	Share of valuation reserves related to investments carried at equity		
130.	Total other income after tax		
140.	Comprehensive income (Items 10 + 130)	4,732	25,510

5) STATEMENT OF CHANGES IN QUOTAHOLDERS' EQUITY AS AT 31 DECEMBER 2013

	Balance as at 31.12.12	Changes in opening balances	Balance as at 01.01.13	Allocation of prior year net income		Changes of the year						Comprehensive income 2013	Quotaholders' equity as at 31.12.13
				Reserves	Dividends and other allocations	Changes in reserves	Operations on quotaholders' equity						
							Issue of new quotas	Repurchase of own quotas	Distribution of extraordinary dividends	Changes in equity instruments	Other changes		
Quota Capital	12,000		12,000										12,000
Quota premium reserve													
Reserves:	1,218		1,218	25,510									26,728
a) retained earnings	(1,920)		(1,920)	25,510									23,590
b) other	3,138		3,138										3,138
Valuation reserves													
Equity instruments													
Treasury shares													
Net income (loss) for the period	25,510		25,510	(25,510)								4,732	4,732
Quotaholders' equity	38,728		38,728	-								4,732	43,460

5) STATEMENT OF CHANGES IN QUOTAHOLDERS' EQUITY AS AT 31 DECEMBER 2012

	Balance as at 31.12.11	Changes in opening balances	Balance as at 01.01.12	Allocation of prior year net income		Changes of the year					Comprehensive income 2012	Quotaholders' equity as at 31.12.12	
				Reserves	Dividends and other allocations	Changes in reserves	Operations on quotaholders' equity						
							Issue of new quotas	Repurchase of own quotas	Distribution of extraordinary dividends	Changes in equity instruments			Other changes
Quota Capital	12,000		12,000									12,000	
Quota premium reserve													
Reserves:	1,188		1,188	30								1,218	
a) retained earnings	(1,950)		(1,950)	30								(1,920)	
b) other	3,138		3,138									3,138	
Valuation reserves													
Equity instruments													
Treasury shares													
Net income (loss) for the period	30		30	(30)							25,510	25,510	
Quotaholders' equity	13,218		13,218	-							25,510	38,728	

6) CASH FLOW STATEMENT

A. OPERATING ACTIVITIES	31.12.2013	31.12.2012
1. Cash flow from operations	(6,023)	(10,520)
interest and similar income received (+)	1	17
interest expenses paid (-)		
dividends and similar income (+)		
net fee and commission income (+/-)	(154)	(161)
personnel expenses (-)	(21,330)	(15,673)
other expenses (-)	(76,412)	(14,979)
other revenues (+)	96,275	31,637
taxes (-)	(4,403)	(11,361)
income (loss) on non-current assets being sold, net of taxes (+/-)		
2. Cash flow from/used in financial assets	12,565	(72,218)
financial assets held for trading		
financial assets designated at fair value		
financial assets available for sale		
due from banks		
due from financial institutions		
due from customers		
other assets	12,565	(72,218)
3. Cash flow from/used in financial liabilities	(6,804)	82,515
due to banks		
due to financial institutions		
due to customers		
debt securities issued		
financial liabilities held for trading		
financial liabilities designated at fair value		
other liabilities	(6,804)	82,515
<i>Net cash flow from/used in operating activities</i>	(262)	(223)
B. INVESTING ACTIVITIES		
1. Cash flow from		
sales of equity investments		
dividends collected on equity investments		
sales/repayment of financial assets held to maturity		
sales of tangible assets		
sales of intangible assets		
sales of business units		
2. Cash flow used in		
purchase of equity investments		
purchase of financial assets held to maturity		
purchase of tangible assets		
purchase of intangible assets		
purchase of business units		
<i>Net cash flow from/used in investing activities</i>		
C. FINANCING ACTIVITIES		
issue/purchase of own quotas		
issue/purchase of capital instruments		
dividends distribution and other allocations		
<i>Net cash flow from/used in financing activities</i>		
NET CASH FLOW FROM/USED IN ACTIVITIES DURING THE YEAR	(262)	(223)
RECONCILIATION		
Items	31.12.2013	31.12.2012
Cash and cash equivalents at the beginning of the year	12,455	12,678
Net cash flow from/used in activities during the year	(262)	(223)
Cash and cash equivalents at the end of the year	12,193	12,455

7) NOTES TO THE FINANCIAL STATEMENTS

PART A – ACCOUNTING POLICIES

A.1 General section

Section 1 - Statement of compliance with the international accounting standards

In compliance with Art. 4, paragraph 1, Italian Legislative Decree 38/2005, as an issuer of financial instruments admitted to trading on regulated markets, the Company prepares its financial statements according to international accounting standards as at 31 December 2013 issued by the International Accounting Standards Board (IASB) and related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission and introduced to Italian law by the aforementioned Italian Legislative Decree 38/2005. The IAS/IFRS standards and related interpretations (SIC/IFRIC) applied were those approved by the European Union and in force at the time of preparation of these financial statements.

Section 2 - General preparation principles

These financial statements were prepared in application of international accounting standards issued by the International Accounting Standards Board (IASB) and related interpretations issued by IFRIC, all endorsed by the European Union, and in accordance with Bank of Italy Instructions of 21 January 2014 on the formats and rules for preparing financial statements by financial intermediaries.

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

In line with the terms of Law 130/99, the loans relating to each securitisation constitute assets completely segregated from those of the Company and from those relating to other transactions.

In order to provide complete information, it should be mentioned that, according to international accounting standards, the treatment of financial assets and/or groups of financial assets and financial liabilities arising from securitisations is still under consideration by the accounting standards interpretation committees.

In addition to figures for the year in question, the statements also provide corresponding comparison data as at 31 December 2012. In compliance with Art. 5, Italian Legislative Decree no. 38 of 28 February 2005 and IAS 1/46, the financial statements use Euro as the functional currency. Unless indicated otherwise, all amounts are in Euro.

The financial statements were prepared on going concern assumptions, in accordance with the accrual basis of accounting, in compliance with the principle of data materiality and significance, the principle of substance over form and with a view to consistency with future reports. Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless immaterial. Assets, liabilities, income and expenses are not offset unless required or permitted by a Standard or an Interpretation.

The financial statements are subject to audit by Reconta Ernst & Young S.p.A. for the nine-year period 2010-2018.

Securitisations

As at 31 December 2013 there are two securitisations, implemented pursuant to Law 130/1999. The presentation of securitisation accounts complies with the aforementioned "Instructions for the preparation of financial statements for financial intermediaries pursuant to art. 107 of the Consolidated Banking Act, payment institutes, electronic money institutions (IMEL), asset management companies (SGR) and securities trading companies (SIM)" issued by the Bank of Italy on 21 January 2014. In particular, the Bank of Italy requires that Part D, "Other information" in the notes to the financial statements provide at least the following information: total amount of loans acquired (nominal and disposal value), the total amount of notes issued with a breakdown by class of notes and related level of subordination.

The provision requiring that all information, even where not specifically requested, is included to provide a full picture of the situation remains implicit, whilst information which by its nature or excessive content reduces the clarity and immediate understanding of the information documented should be omitted. For each securitisation a special section ("F") should be included, illustrating at least the related qualitative and quantitative information.

Information on the securitisations is provided in Section F of the Notes to the Financial Statements and does not form part of the actual Financial Statements. Consequently, the values relating to the securitisation were not affected by the adoption of IAS/IFRS. With reference to this type of transaction, Bank of Italy instructions specifically state that:

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

Section 3 – Subsequent events after the balance sheet date

The Sole Director examined the financial statements and, in accordance with IAS 10 authorised their disclosure on 21 February 2014. A copy of these financial statements will be disclosed to the Board of Statutory Auditors and to the Independent Auditors pursuant to Art. 2429 of the Italian Civil Code for the preparation of their respective reports. For events after year end reference should be made to the details provided in the Report on Operations.

Section 4 – Other aspects

The Company has not prepared consolidated financial statements, as envisaged in paragraph 10 of IAS 27, as it does not have any controlling investments.

A.2 - Information on the main aggregates of the Financial Statements

The main accounting standards adopted for preparation of the Financial Statements as at 31 December 2013, with reference to items of the balance sheet and income statement only, are described below. The recognition, classification, measurement, income item identification and elimination criteria are indicated for each item.

ASSETS

Receivables

Recognition and classification criteria

Initial recognition of a loan occurs as at the date of disbursement, or the date of purchase if in reference to a debt security. Initial recognition is at fair value, normally corresponding with the total disbursed or price paid. This item includes amounts due from customers and due from banks, regardless of their contractual conditions, and also includes business loans.

Measurement criteria

After initial recognition, receivables are measured at amortised cost, equal to the initial recognition value less/plus capital repayments, write-downs/reversals and amortisation - calculated using the effective interest rate method – of the difference between the amount disbursed and that redeemable on maturity, normally attributed to cost/income items assigned directly to each receivable. The amortised cost method is not used for receivables for which the short-term residual life renders the effect of time-discounting negligible. These receivables are measured at historic cost and the related costs/income are recognised to the income statement on a line-by-line basis throughout the contractual life of the loan or receivable. A similar measurement criterion is adopted for receivables without a finite life or cancelled loans. At each annual or interim reporting date, receivables impairment testing is performed if there have been signs of any post-recognition impairment, to confirm any impairment loss. Such impaired receivables are subjected to analytical measurement. The amount of the impairment is recognised to the income statement. The original value of the receivables is re-recognised in subsequent years to the extent that they may be objectively associated with an event occurring after write-down. The amount of the reversal is recognised to the income statement, and cannot in any event exceed the amortised cost that would have been recorded for the receivable had no write-down been made. Receivables for which no objective evidence of impairment has been found, i.e. performing loans, are measured collectively. This measurement is performed on receivables classes that are similar in terms of credit risk and the related loss percentages are estimated by taking into consideration time series that offer an estimation of the loss value latent in each receivables class. Collective impairment amounts are recognised to the income statement. On each annual or interim reporting date any additional write-downs or reversals are recalculated on a differential basis with reference to the entire performing portfolio as at that date.

Elimination criteria

Receivables are eliminated from the financial statements as soon as they are settled.

Tax assets and liabilities

Recognition and classification criteria

Taxes are recognised at the time the various types of withholdings and taxes can be ascertained. This item includes current and deferred tax assets and current and deferred tax liabilities, respectively.

Measurement criteria

Initial recognition of current and deferred tax assets and liabilities is without offsetting of any kind.

Current tax assets are recognised at the nominal value of receivables in relation to the tax prepayments made. Current tax liabilities are recognised at nominal value based on withholdings applied, whilst income tax allocations are calculated on a prudential forecast of the current and deferred tax charges in accordance with current tax regulations. Income taxes are recognised to the income statement except for those relating to items credited or debited directly to quotaholders' equity.

Deferred tax assets are calculated on the temporary differences, without time limits, between the book values and tax values of each asset or liability.

Deferred tax assets are recognised to the financial statements if their recovery, assessed on the basis of the Company's capacity to generate taxable income as a going concern in future years, is probable. Deferred tax liabilities are recognised to the financial statements regardless of the current or prospective tax loss position.

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

Elimination criteria

Current taxes (assets and liabilities) are eliminated when the various taxes levied as substitute taxes are paid by the legal deadline. Deferred taxes are eliminated when their recovery can no longer be expected.

Other assets

This item includes assets not recognisable to other asset items in the balance sheet. Specifically, it includes the mortgages purchased in the "Residential 2007", "Residential 2008" and "Residential 2009-1" securitisations after winding-up and includes securitisation receivables for the chargeback of costs recognised by the segregated assets as payable to the Company for normal business operations.

LIABILITIES

Other liabilities

This item includes liabilities not recognisable to other liability items in the balance sheet. It includes amounts due to suppliers and to the Originators for the "Residential 2007", "Residential 2008" and "Residential 2009-1"

securitisations as liquidity respectively charged back to each in relation to withholdings on current account interest income from the securitisations.

EXPENSES AND REVENUES

For expenses and revenues the accrual principle is adopted.

Given the exclusive nature of the Company's business operations, operating costs incurred are charged to the segregated assets to the extent necessary to guarantee the Company's economic and financial balance, as also contractually envisaged. This amount is classified under "Other operating income and expenses".

A.3 - Information on transfers of financial assets among portfolios

With regard to information required under IFRS 7, note that no reclassification of financial assets among the various portfolios was performed.

A.4 - Information on fair value

With effect from 2013, the application of the new standard IFRS 13, "Fair value measurement", became mandatory. The standard establishes a single reference framework for the calculation of fair value, replacing the rules contained in the various accounting standards and providing a complete guide on how to measure the fair value of assets and liabilities, financial or otherwise.

QUALITATIVE INFORMATION

No assets or liabilities measured at fair value are presented in the financial statements. "Receivables" refer to the balance on the bank current account as at 31 December 2013, the book value of which is a reasonable approximation of their fair value, conventionally classified as Level 2 in the fair value hierarchy.

QUANTITATIVE INFORMATION

A.4.5.4 Assets and liabilities not measured at fair value, or measured at fair value on a non-recurring basis: distribution by fair value hierarchy

Assets/Liabilities not measured at fair value, or measured at fair value on a non-recurring basis	31.12.2013				31.12.2012			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets held to maturity								
2. Receivables	12,193		12,193		12,455		12,455	
3. Tangible assets held for investment purposes								
4. Non-current assets or disposal groups held for sale								
Total	12,193		12,193		12,455		12,193	
1. Payables								
2. Debt securities issued								
3. Liabilities associated with assets held for sale								
Total								

With regard to the comparative information relating to 2012, though not required under IFRS 13, note that as the qualitative composition of the item "Receivables" (i.e. the current account balance) has not changed, this item was assigned the same fair value as for 2013.

A.5 - Information on "day one profit/loss"

As the Company has made no use of financial instruments during 2013 as part of its ordinary operations, there is no information on Day One Profit/Loss to report.

PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

Section 6 - Receivables - Item 60

6.1 Due from banks

Composition	31.12.2013			31.12.2012				
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
1. Deposits and current accounts	12,193		12,193		12,455		12,455	
2. Loans								
2.1 Repurchase agreements								
2.2 Finance leases								
2.3 Factoring								
- with recourse								
- without recourse								
2.4 Other loans								
3. Debt securities								
- structured securities								
- other debt securities								
4. Other assets								
Total	12,193		12,193		12,455		12,455	

L1 = Level 1 L2 = Level 2 L3 = Level 3

Amounts due from banks totalled Euro 12,193 and refer to the current account with Deutsche Bank S.p.A. in which the quota capital is held. The book value is a reasonable approximation of the item's fair value, which is conventionally classified as level 2 in the fair value hierarchy.

Section 12 – Tax assets and liabilities

12.1 Composition of Item 120 “Tax assets: current and deferred”

	31.12.2013	31.12.2012
<i>Current tax assets</i>		
Advance IRES	-	34
Advance IRAP	2,154	701
Tax receivables on withholdings	-	3
IRES credit to be retained	-	5
IRAP credit to be retained	-	285
Total	2,154	1,028

Current tax assets refer to the advance IRAP.

12.2 Composition of Item 70 “Tax liabilities: current and deferred”

	31.12.2013	31.12.2012
Current tax liabilities		
IRES	4,458	9,940
IRAP		1,657
Total	4,458	11,597

Current tax liabilities include provisions for IRES calculated at 36% (the standard rate of 27.50% plus the additional 8.5% introduced for 2013 only by Italian Law Decree 133/2013).

Section 14 – Other assets - Item 140

14.1 Composition of Item 140 “Other assets”

	31.12.2013	31.12.2012
Tax receivables for bank interest withholdings	2,531,097	2,543,765
Tax receivables for interest on tax credits	86,543	37,090
Securitisation receivables for maintenance expense	49,794	57,606
Total	2,667,434	2,638,461

“Tax receivables for bank interest withholdings” represents the tax receivable for withholdings on interest income accrued on current accounts opened by the Company after the winding-up in 2010 of the two securitisations completed in December 2007 and December 2008 and the winding-up in 2011 of the securitisation completed in March 2009. These values have a balancing entry under “Other liabilities” as, after collection, they will be paid to the originators in each securitisation (see Section 9 - Other liabilities).

For the first two securitisations wound up, a request for reimbursement of the amount of withholdings on interest income accrued on the current accounts was made at the time of filing of the Unico 2011 tax return for the 2010 tax year. For the securitisation wound up during 2011, on the other hand, when filing the Unico 2012 tax return for 2011 it was decided to opt for offsetting of the tax credit due in relation to the amount of withholdings on interest income accrued on the current accounts. During the year this tax credit has been partially offset against direct taxes payable for 2013.

“Securitisation receivables for maintenance expense” includes the amount receivable from the segregated assets as chargebacks required to maintain Company business operations.

LIABILITIES

Section 7 - Tax liabilities - Item 70

See Section 12 under Assets.

Section 9 – Other liabilities - Item 90

9.1 Composition of Item 90 “Other liabilities”

	31.12.2013	31.12.2012
Due to suppliers for administrative services provided	-	-
Due to suppliers on invoices to be received or paid	40,646	55,409
Tax payables for the chargeback of third-party expenses	-	-
Due to segregated assets	-	2,445
Other payables	2,593,218	2,543,765
Total	2,633,864	2,601,619

Amounts “Due to suppliers for invoices to be received or paid” are represented by provisions allocated as at 31 December 2013 for costs for the period or for which the invoices were received after the closing date of the economic and financial position.

“Other payables” amounting to Euro 2,543,765 represent the amount due from the Company to the Originators for the securitisations wound up in 2010 and 2011, which the Company must pay on collection of the tax receivables on withholdings as commented in Item 140 under Assets. The composition of this amount is as follows:

- Banco Popolare (former Banca Popolare di Crema S.p.A.) Euro 142,722;
- Banco Popolare (former Banca Popolare di Cremona S.p.A.) Euro 217,776;
- Banco Popolare (former Banca Popolare di Lodi S.p.A.) Euro 1,079,499;
- Banco Popolare (former Cassa di Risparmio di Lucca Pisa Livorno S.p.A.) Euro 836,442;
- Banco Popolare (former Banca Popolare di Verona S. Geminiano e S. Prospero S.p.A.) Euro 124,615;
- Banco Popolare (former Banca Popolare di Novara S.p.A.) Euro 112,540;
- Credito Bergamasco S.p.A. Euro 26,772;
- Cassa Risparmio di Pescara S.p.A. Euro 3,399.

On this debt an amount of Euro 49,453 was recognised as interest accrued for the period, payable to the Originators after collection.

Section 12 – Equity – Items 120 and 160

12.1 Composition of Item 120 “Capital”

Type	31.12.2013
1. Capital	12,000
1.1 Ordinary shares	-
1.2 Other shares (quotas)	12,000

The capital is made up of a single, fully paid-up quota of the Company.

12.5 Composition and changes in Item 160 “Reserves”

	Legal	Retained earnings/losses	Other reserves Reserve for capital account payments	Other reserves First Time Adoption IAS/IFRS	Total as at 31.12.2013
A. Opening balance	32	(1,952)	4,602	(1,464)	1,218
B. Increases					
B.1 Profit allocation	2,368	23,142			25,510

B.2 Other changes					
C. Decreases					
C.1 Uses					
- coverage of losses					
- distribution					
- transfer to capital					
C.2 Other changes					
D. Closing balance	2,400	21,190	4,602	(1,464)	26,728

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

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

Nature/description	Amount	Possibility of use	Available portion	Summary of the amount used in the three previous years	
				for coverage of losses	for other reasons
Capital	12,000				
Capital reserves	4,602				
Reserve for capital account payments	4,602	B			
Profit reserves:	936				
Legal reserve	2,400	B			
Other reserves	(1,464)				
Retained earnings	21,190	A,B,C	21,190		
TOTAL	38,728		21,190		
Restricted portion			1,464		
Unrestricted portion			19,726		

Key: A – for capital increases, B – for loss coverage, C – for distribution to quotaholders

PART C - INFORMATION ON THE INCOME STATEMENT

Section 1 - Interest - Items 10 and 20

1.1 Composition of Item 10 "Interest and similar income"

Items	Debt securities	Loans	Impaired assets	Other assets	31.12.2013	31.12.2012
1. Financial assets held for trading						
2. Financial assets designated at fair value						
3. Financial assets available for sale						
4. Financial assets held to maturity						
5. Receivables						
5.1 Due from banks		1			1	17
5.2 Due from financial institutions						
5.3 Due from customers						
6. Other assets				49,453	49,453	37,090
7. Hedging derivatives						
Total		1		49,453	49,454	37,107

1.2 Interest and similar income: other information

Interest and similar income refers to the current account with Deutsche Bank S.p.A., on which the quota capital is held, for Euro 1, and tax credits accrued during the year for which reimbursement has been claimed for Euro 49,453 (see Section 14 - Other assets - Item 140). These amounts match those found under "Interest and similar expense" given that, once collected, they are paid to the Originators of securitisations wound up.

1.3 Composition of Item 20 "Interest and similar expense"

Items	Loans	Notes	Other	31.12.2013	31.12.2012
1. Due to banks					
2. Due to financial institutions					
3. Due to customers					
4. Debt securities issued					
5. Financial liabilities held for trading					
6. Financial liabilities designated at fair value					
7. Other liabilities			(49,453)	(49,453)	-
8. Hedging derivatives					
Total			(49,453)	(49,453)	-

Section 2 - Commissions - Item 40

2.2 Composition of Item 40 "Fee and commission expenses"

Details/Segment	31.12.2013	31.12.2012
1. guarantees received		
2. distribution of third party services		
3. collection and payment services		
4. other commissions	154	161
Total	154	161

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

Section 9 - Administrative expense - Item 110

9.1 Composition of Item 110.a "Personnel expenses"

Item/Segment	31.12.2013	31.12.2012
1. Employed staff		
a) salaries and wages		
b) social security contributions		
c) employee termination indemnities		
d) social security costs		
e) provision to employee termination indemnities		
f) provision to pension fund and similar obligations:		
- defined contribution plans		
- defined benefit plans		
g) payments to external complementary social security funds:		
- defined contribution plans		
- defined benefit plans		
h) other expenses		
2. Other personnel employed		
3. Directors and Auditors	21,330	15,673
4. Retired personnel		
5. Recovery of expenses for employees seconded to other companies		
6. Reimbursement of expenses for employees seconded to the company		
Total	21,330	15,673

“Directors and Auditors” includes the Sole Director remuneration of Euro 12,522 and the amount of Euro 8,808 provisioned as Board of Statutory Auditors remuneration.

9.2 Average number of employees by category

The Company has no employees.

9.3 Composition of item 110.b “Other administrative expenses”

Description	31.12.2013	31.12.2012
1) Professional service expenses		
- Advisory and audit services	53,768	26,218
- Notary expenses	355	709
- Other indirect taxes	510	585
2) Overheads	3,115	2,869
Total	57,748	30,381

Section 14 - Other operating income and expenses - Item 160

14.1 Composition of item 160 “Other operating income and expenses”

Item	31.12.2013	31.12.2012
Recovery of maintenance expense in favour of the issuer	78,971	45,979
Contingent assets	10,514	-
Contingent liabilities	(1,118)	-
Total	88,367	45,979

“Other operating income” refers to the chargeback of costs incurred by the Company and recognised from the Segregated Assets as payable for normal business operations.

Section 17 – Taxes on income from operations - Item 190

17.1 Composition of Item 190 “Taxes on income from operations”

Component/Amounts	31.12.2013	31.12.2012
1. Current taxes	(4,403)	(11,597)
2. Changes in current taxes for previous years		236
3. Decreases in current taxes for the year		
4. 3.bis Decreases in current taxes for the year due to tax credits pursuant to Italian Law 214/2011 Change in deferred tax assets		
5. Change in deferred tax liabilities		
Income taxes for the year	(4,403)	(11,361)

Taxes refer to the 2013 allocation to IRES (standard rate of 27%) for Euro 3,363, plus the allocation of additional IRES for 2013 (at 8.5%) for Euro 1,040.

17.2 Reconciliation between theoretical tax charge and actual tax charge booked

Item	Taxable amount	IRES
Profit before tax	9,135	
Theoretical tax charge 36% (IRES 27.50% + additional IRES 8.50%)		3,289
permanent increases	3,095	1,114
temporary increases		
permanent decreases		
temporary decreases		
Taxable amount for IRES	12,230	
Actual tax charge for IRES		4,403
	Taxable amount	IRAP
Economic result relevant for IRAP purposes	1,728	
Actual tax charge for IRAP		96
permanent increases		
temporary increases		
permanent decreases		
temporary decreases		
IRAP deductions	(1,728)	(96)
Taxable amount for IRAP	-	
Actual tax charge for IRAP		-

PART D - OTHER INFORMATION

Section 1 – Specific business activities

F. SECURITISATION OF LOANS

Starting from the 2013 Financial Statements, the Company has used the terms “Bad loans” and “Substandard loans” instead of respectively “Defaulted loans” and “Delinquent loans” with a view to ensure an alignment to the terminology used by the Originators Banco Popolare and Credito Bergamasco in their 2013 Annual Reports.

Structure, format and measurement criteria adopted in preparing the summary statement of assets securitised and notes issued

The structure and format of the summary statement are in line with those envisaged for Financial Intermediaries, in compliance with provisions of the “Instructions for the preparation of financial statements for financial intermediaries pursuant to art. 107 of the Consolidated Banking Act, payment institutes, electronic money institutions (IMEL), asset management companies (SGR) and securities trading companies (SIM)” issued by the Bank of Italy on 21 January 2014. The aforementioned Bank of Italy Instructions include guidance for securitisation SPVs on information that must be provided in the Notes to the Financial Statements to represent the securitisations implemented. All items indicated correspond to values taken from accounting records and the IT systems of the Servicers.

Valuation criteria

The valuation criteria adopted for the more significant items are described below.

A. Securitised assets - Loans and receivables

Based on information received from the Servicers and on the measurement procedures adopted, the loans and receivables are initially recognised at their disposal value and are all backed by mortgages on property available to the borrower. Any impairment is recognised as a write-down of the acquisition cost of the loans and is determined analytically with reference to the solvency and objective impairment of the positions of each borrower. Default interest receivables are conservatively recorded as at the time of collection. Any write-downs are not retained when the reason for the write-down no longer applies, giving rise to reversal of part of the receivable recovered or measured in excess of the previous estimated realisable value. The calculation of accruals and deferrals is performed according to the accrual principle, to define the effective amount of expenses and revenues for the year.

B. Use of cash and cash equivalents

Amounts due from banks are recognised at their nominal value which corresponds to their estimated realisable value, including any accruing interest.

C. Notes issued

Notes issued and still outstanding are recognised at their respective nominal issue value.

D. Subordinated loans

The subordinated loans are recognised at their nominal value.

E. Other liabilities

Liabilities forming this item are recognised at their nominal value. The calculation of accruals and deferrals is performed according to the accrual principle, to define the effective amount of expenses and revenues for the year.

Costs and revenues

Costs and revenue are recognised on an accruals basis, including the recognition of accruals and deferrals as appropriate. Where technically due, accruals and deferrals directly adjust their related asset or liability items. Derivatives are arranged for hedging purposes only and are measured according to their related asset and liability elements. Related spreads are recognised to other assets or other liabilities, with balancing entries in the income statement under interest income and expenses, in accordance with the accrual principle.

Tax treatment

Circular 8/E of 6 February 2003 issued by the Italian Revenue Agency defined the tax treatment of the segregated assets of companies incorporated for securitisation and repeated that the economic results deriving from management of the securitised assets, during execution of the transactions in question, do not qualify as cash and cash equivalents of the SPV. Essentially the restriction on the destination of "segregated" assets excludes the possession of taxable income. It is understood that any operating result from the securitised portfolio which remains

once all creditors of the segregated assets - for which the SPV is recipient - have been paid, must be taxed from the moment it enters into the possession of the beneficiary, therefore on expiry of each securitisation.
By Resolution no. 77 of 4 August 2010, the Italian Revenue Agency clarified the tax treatment of withholdings on interest paid to current accounts of the securitisation SPV. These withholding taxes can be deducted in the tax year in which the securitisation was concluded.

**F.1 - Summary statement of securitised assets and notes issued
BPL Mortgages 4 securitisation**

RESIDENTIAL AND COMMERCIAL JULY 2009

	Situation as at 31/12/2013	Situation as at 31/12/2012
A. Securitised assets	-	2,453,801,263
A.1) Mortgages	-	2,351,408,294
A.2) Securities	-	-
A.3) Other (bad loans)	-	102,392,969
B. Use of cash and cash equivalents from securitised assets	2,426	103,785,079
B.1) Debt securities	-	-
B.2) Capital instruments	-	-
B.3) Liquidity	-	98,901,585
B.4) Repurchase agreements	-	-
B.5) Other loans and receivables	2,426	4,883,494
C. Notes issued	-	2,226,149,046
C.1 Class A notes	-	1,647,525,046
C.2 Class B notes	-	578,624,000
C.3 Class C notes	-	-
C.4 Class D notes	-	-
D. Subordinated loans	-	222,771,400
D.1) Securities lending	-	-
D.2) Subordinated loans	-	222,771,400
E. Other liabilities	2,426	108,665,896
E.1) Payable to the Company	-	-
E.2) Other payables	2,426	101,236,994
E.3) Accrued expenses	-	7,428,902
F. Interest expense payable on notes issued	2,934,497	49,331,170
G. Commissions and fees related to the transaction	5,023,897	71,482,996
G.1) for the Servicing	35,787	1,012,809
G.2) for other services	4,988,110	70,470,187
G.2a) Placement and Rating Commissions on notes issued	3,509	4,243
G.2b) Bank commissions	167	170
G.2c) Cash Manager	-	-
G.2d) Issuer	5,081	44,958
G.2e) Paying Agent, RoN and others	8,721	52,451
G.2f) Loss margins on swaps	4,970,632	70,368,365
H. Other expenses	538,851	19,286,194
H.1) Legal, professional and administrative expenses	51,644	35,988
H.2) Losses on loans	-	12,717,338
H.3) Non-deductible VAT	-	-
H.4) Interest expenses on loans	481,465	6,499,757
H.5) Contingent liabilities	5,742	33,111
I. Interest generated by securitised assets	4,251,587	72,331,182
L. Other revenues	4,245,658	67,769,178
L.1) Interest income	-	196,594
L.2) Commission income	26,590	751,503
L.3) Profit margins on swaps	4,144,919	65,020,548
L.4) Write-backs on loans	-	1,621,762
L.5) Contingent assets	74,149	178,771

QUALITATIVE INFORMATION

F.2) Description and performance of the securitisation

On 28 January 2013 the Originators repurchased the loans involved in the securitisation wound up by the Company in July 2009 (BPL Mortgages 4). On 8 February 2013 an extraordinary payment date was arranged to allow winding up of the securitisation and early redemption of the notes.

Item B.5) Other receivables refers to tax receivables from withholdings on current account interest income, which has a corresponding entry under item E.2) Other payables as the amount payable to the Originators.

F.4) Characteristics of the Notes issued

Note	Issue value	Residual value 31/12/2012	Redemptions 2013	Residual value 31/12/2013
Class A Senior notes	3,411,850,000	1,647,525,046	(1,647,525,046)	-
Class B Junior notes	578,624,000	578,624,000	(578,624,000)	-
Total	3,990,474,000	2,226,149,046	(2,226,149,046)	-

QUANTITATIVE INFORMATION

F.7) Cash flows relating to the loans

INITIAL SITUATION UPON TRANSFER	3,990,474,210
INCREASES	
- Default interest	3,180,920
- Interest to be collected	8,723,885
DECREASES	
- Write-downs of loans for default interest	3,180,920
- Decrease in loans	1,518,643,517
- Decrease for loan loss and write-downs	26,753,315
INITIAL SITUATION AS AT 01/01/2013	2,453,801,263
INCREASES	
- Default interest and expenses	-
- Increase in interest to be collected	-
Total increases	-
DECREASES	
- Write-downs of loans for default interest	-
- Decrease in interest to be received	8,723,885
- Decrease in loans	2,462,427,650
Total decreases	2,471,151,534
SITUATION AS AT 31/12/2013 (gross value)	(17,350,271)
Write-downs as at 31/12/2013	(17,350,271)
FINAL SITUATION AS AT 31/12/2013	-

F.9) Cash flows

LIQUIDITY AS AT 31/12/2012	98,901,585
INCREASES IN LIQUIDITY	
Capital collections	2,453,801,263
Interest collections	5,374,678
Fee and commission collections	26,590
Positive difference on IRS	-
Contingent assets	74,148
Increase in payables	-
Decrease in receivables	456,036
TOTAL INCREASES	2,459,732,715
USE OF LIQUIDITY	
Purchase of securitised loans	-
Redemption of notes	2,226,149,046
Repayment of subordinated loan	222,771,400
Interest expense on notes issued and loans	23,404,081
Fee and commission expenses	112,021
Legal, professional and other expenses	58,280
Negative difference on IRS	3,325,422
Contingent liabilities	5,742
Increases in receivables	-
Decreases in payables	82,808,308
TOTAL USE OF LIQUIDITY	2,558,634,299
LIQUIDITY AS AT 31/12/2013	-

Note that in the tables the figures for the "Residential July 2009 - BPL Mortgages 4" portfolio are not provided as the portfolio was repurchased in full.

**F.1) Summary statement of securitised assets and notes issued
BPL Mortgages 5 securitisation**

RESIDENTIAL DECEMBER 2012

	Situation as at 31/12/2013	Situation as at 31/12/2012	Change during the year
A. Securitised assets	3,299,008,017	2,475,836,679	823,171,338
A.1) Mortgages	3,298,141,568	2,475,836,679	822,304,889
A.2) Securities	-	-	-
A.3) Other (bad loans)	866,449	-	866,449
B. Use of cash and cash equivalents from securitised assets	149,679,729	96,131,567	53,548,162
B.1) Debt securities	-	-	-
B.2) Capital instruments	-	-	-
B.3) Liquidity	149,175,780	95,668,401	53,507,379
B.4) Repurchase agreements	-	-	-
B.5) Other loans and receivables	503,949	463,166	40,783
C. Notes issued	3,308,214,125	2,501,918,000	806,296,125
C.1 Class A notes	2,159,759,125	1,701,300,000	458,459,125
C.2 Class B notes	1,148,455,000	800,618,000	347,837,000
C.3 Class C notes	-	-	-
C.4 Class D notes	-	-	-
D. Subordinated loans received	60,000,000	60,000,000	-
D.1) Securities lending	-	-	-
D.2) Subordinated loans	60,000,000	60,000,000	-
E. Other liabilities	80,473,621	10,050,246	70,423,375
E.1) Payable to the Company	25,707	1,021	24,686
E.2) Other payables	78,848,492	9,772,291	69,076,201
E.3) Accrued expenses	1,599,422	276,934	1,322,488
F. Interest expense payable on notes issued	76,322,691	5,323,058	70,999,633
G. Commissions and fees related to the transaction	612,117	25,942	586,175
G.1) for the Servicing	499,125	24,826	474,299
G.2) for other services	112,992	1,116	111,876
G.2a) Placement and Rating Commissions on notes issued	3,154	-	3,154
G.2b) Bank commissions	332	95	237
G.2c) Cash Manager	-	-	-
G.2d) Issuer	41,303	1,021	40,282
G.2e) Paying Agent, RoN and others	68,203	-	68,203
G.2f) Loss margins on swaps	-	-	-
H. Other expenses	2,958,537	1,385,527	1,573,010
H.1) Legal, professional and administrative expenses	29,936	7,735	22,201
H.2) Losses on loans	1,490,977	7,665	1,483,312
H.3) Non-deductible VAT	-	-	-
H.4) Interest expenses on loans	1,429,461	1,370,127	59,334
H.5) Contingent liabilities	8,163	-	8,163
I. Interest generated by securitised assets	78,665,046	6,646,821	72,018,225
L. Other revenues	1,228,299	87,706	1,140,593
L.1) Interest income	130,801	2,141	128,660
L.2) Commission income	781,181	85,565	695,616
L.3) Profit margins on swaps	-	-	-
L.4) Write-backs on loans	311,981	-	311,981
L.5) Contingent assets	4,336	-	4,336

QUALITATIVE INFORMATION

The positive difference between costs and revenue for the year, amounting to Euro 66,358,841, is the result of the securitisation and represents remuneration of the Junior note (Additional Return or Excess Spread), recognised to item "F. Interest expense on notes issued". The spread between costs and revenue from the start of the securitisation to 31 December 2013 totalled Euro 71,404,965, stated under item "E.2) Other payables", represents the total amount accrued for distribution to subscribers of the Junior notes on closure of the securitisation in the contractually agreed order of payments.

Item B.3) refers mainly to liquidity deposited on current accounts held with Banco Popolare Soc. Coop., and refers to amounts collected as capital and interest on the securitisation's underlying assets and to the Cash Reserve deposited with Banco Popolare London branch for a total of Euro 64,020,318.

Item B.5) includes accrued interest on the mortgages of Euro 497,957 and other receivables of Euro 5,992.

In addition to the Additional Return accrued as at 31 December 2013 as described above, item E.2) includes accruals on the original mortgages and interest expense matured on the debt triggered by the temporary gap between purchase of the loans and issue of the notes, necessary to fund the purchase of assets and still payable to the Originators, for a total of Euro 6,081,524. This item also includes interest accrued but not yet paid on the Subordinated Loan for Euro 1,167,842.

Item E.3) is represented by accrued interest expense on notes issued for Euro 1,599,422.

F.2) Description and performance of the securitisation

Securitisation status

The securitisation envisages the transfer of an initial portfolio and an additional portfolio. Specifically, on 17 November 2012 the Company purchased without recourse an initial portfolio of loans disbursed as residential mortgages. The related transfer agreement was signed on 7 December 2012, effective from the date of signing and with coupons maturing from the assessment date of 19 November 2012. Subsequently, on 21 December 2012, limited recourse Asset-backed securities (ABS) were issued with a "Partly Paid" structure, used to finance the purchase of the loans. On 9 March 2013 the Company purchased an additional portfolio of residential mortgages. The related transfer agreement was signed on 14 March 2013, effective from the date of signing and with coupons maturing from the assessment date of 11 March 2013. On 28 March 2013, the total notes subscribed by the Originators were increased.

Originators Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A.

Loans transferred

The loans transferred included a portfolio of performing monetary receivables, classified according to the classification criteria adopted by the Originator in compliance with regulations issued by the Bank of Italy, deriving from residential land loans and residential mortgages backed by voluntary first mortgages on residential property or by mortgage agreements signed pursuant to real estate financing regulations under art. 38 et seq., Italian Legislative Decree no. 385 of 1 September 1993 (the Consolidated Banking Act).

Characteristics of the loans transferred

The loans disbursed by the Originator were transferred to the Company (including capital, interest, default interest accrued and accruing, accessory charges, expense, other non-life repayments, etc.), effective from and including 19 November 2012, deriving from mortgage agreements or mortgages stipulated pursuant to real estate financing regulations under article 38 et seq. of the Consolidated Banking Act ("Mortgages"), which as at that date had the following characteristics:

- mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are persons or entities which (i) in compliance with classification criteria adopted by the Bank of Italy in Circular no. 140 of 11 February 1991 (as later amended), are included in one of the following income categories: no. 600 (consumer households), no. 614 (craftsmen) or no. 615 (family businesses) and (ii) resident (if natural persons) or with registered office (if businesses) in Italy;
- fully disbursed loans, for which there is no obligation and no option for further disbursements;
- mortgages denominated in Euro;

- mortgages for which the ratio between (i) the outstanding capital on the mortgage as at the Assessment Date and (ii) the estimated value of the property close to the Date of Transfer, is equal to or lower than 130%. For the purpose of this criterion, “estimated value of the property” refers to the estimated value calculated on the basis of technical and economic benchmarks, used by the lending bank in the property value monitoring process. In order to assess compliance of a mortgage with this criterion, if such information is not already known, each borrower can be made aware of the estimated value of the related property by contacting the branch to which the mortgage repayments are made;
- mortgages deriving from mortgage agreements governed by Italian law;
- if mortgages granted to persons or entities which (i) in compliance with classification criteria adopted by the Bank of Italy in Circular no. 140 of 11 February 1991 (as later amended), are included in one of the following income categories: no. 614 (craftsmen) or no. 615 (family businesses): mortgage-backed loans on residential property located in Italy with residential characteristics, i.e. mainly mortgage-backed properties which at the time of signing of the mortgage qualified in at least one of the following land registry categories: A-1, A-2, A-3, A-4, A-5, A-6, A-7, A-8, A-9, A-11;
- mortgages with a contractual interest rate in one of the following categories: fixed rate mortgages. “Fixed rate mortgages” are those on which the interest rate applied under contract envisages no changes for the entire residual duration of the mortgage; floating rate mortgages (including mortgages for which an interest rate cap is envisaged). “Floating rate mortgages” are those on which the interest rate applied is benchmarked to an index established under contract for the entire residual duration of the mortgage; “discounted rate” mortgages. “Discounted rate” mortgages envisage a compulsory step established under contract from a fixed rate interest calculation method to a floating rate calculation method, or vice versa;
- “Flexible” mortgages. “Flexible” mortgages allow the borrower the option of changing, once or more during the residual term of the mortgage, the interest calculation method (A) from a floating rate to (B) a fixed rate equal to the sum of (i) the IRS rate for the reference period as at the date of exercise by the borrower of the option to change the calculation method and up to the end of the period of application of the fixed interest rate calculation method chosen by the borrower, and (ii) the contractually-agreed spread over and above the benchmark as determined in accordance with paragraph (i) above.
- mortgages: (i) non-land loans for which the related mortgage agreement was signed between 28 June 1996 and 18 May 2012, inclusive; or (ii) stipulated in accordance with land loan regulations pursuant to Art. 38 et seq., Italian Legislative Decree no. 385 of 1 September 1993, for which the related mortgage agreement was signed between 1 August 1998 and 25 October 2012, inclusive; mortgages on which instalments past due as at 19 October 2012 were paid in full; mortgages with at least one instalment due and paid, except for mortgages identified by the following account numbers which are specifically included: 542943, 570309;
- mortgages on which repayments are monthly, every two months, quarterly, half-yearly or yearly;
- mortgages for which the outstanding capital is equal to or higher than Euro 10,000;
- mortgages for which the outstanding capital is equal to or less than Euro 10,000,000;
- mortgages not granted individually or in joint names to persons who as at the Assessment Date were employees of the Originator or of any other company in the Banco Popolare Soc. Coop. Banking Group;
- mortgages not deriving from subsidised mortgages or in any event making use of financial contributions of any kind pursuant to law or special arrangements;
- mortgages not granted to religious organisations;
- mortgages not classed as agricultural loans pursuant to articles 43, 44 and 45 of Italian Legislative Decree no. 385 of 1 September 1993;
- mortgages not granted to public authorities;
- mortgages without one or more instalments, not yet due but fully or partially paid in advance as at the Assessment Date;
- mortgages for which, as at 19 November 2012, the Originator and the related borrower have no agreement in place involving suspended payment of the instalments (either global suspension or on capital repayments only);
- mortgage-backed loans on residential property located in Italy;
- mortgages for which the deadlines for recovery action on the related loans have been reached pursuant to art. 67, Royal Decree no. 267 of 16 March 1942;

Composition of mortgages portfolio by Originator

Starting from the 2013 Financial Statements, the Company has used the terms “Bad loans” and “Substandard loans” instead of respectively “Defaulted loans” and “Delinquent loans” with a view to ensure an alignment to the terminology used by the Originators Banco Popolare and Credito Bergamasco in their 2013 Annual Reports.

As at 31 December 2013 the total mortgages portfolio amounted to Euro 3,299,008,017, divided between performing, substandard, past due and restructured loans, net of related provisions for write-downs. Note that the classification indicated for bad loans, substandard loans, past due loans and restructured loans is that recorded in the accounting records and IT systems of the Servicers.

Total credit portfolio

Bank	Value as at 31/12/2013	% Portfolio as at 31/12/2013	Value as at 31/12/2012	% Portfolio as at 31/12/2012
Banco Popolare	2,777,231,219	84.18%	2,075,358,835	83.82%
Credito Bergamasco	521,776,798	15.82%	400,477,844	16.18%
Total	3,299,008,017	100.00%	2,475,836,679	100.00%

As described above, the value of the loans is net of related provisions for write-downs, which at 31 December 2013 totalled: Euro 181,147 provision for write-downs of bad loans, Euro 978,775 provision for write-downs of substandard loans, Euro 270,845 provision for write-downs of past due loans and Euro 84 provision for write-downs of restructured loans.

Securitisation performance

The table below summarises the non-performing loans as indicated in the accounting records and IT system of the Servicers, which include bad loans, substandard loans, past due loans and restructured loans net of related provisions for write-downs.

Total non-performing loans

Bank	Non-performing loans as at 31/12/2013	% Non- performing loans as at 31/12/2013	Non-performing loans as at 31/12/2012	% Non- performing loans as at 31/12/2012
Banco Popolare	31,674,498	87.83%	667,207	63.22%
Credito Bergamasco	4,389,594	12.17%	388,154	36.78%
Total	36,064,092	100.00%	1,055,361	100.00%

Article I.

a) of which bad loans

Bank	Bad loans as at 31/12/2013	% Bad loans as at 31/12/2013	Bad loans as at 31/12/2012	% Bad loans as at 31/12/2012
Banco Popolare	798,934	92.21%	-	-
Credito Bergamasco	67,515	7.79%	-	-
Total	866,449	100.00%	-	-

of which substandard loans

Bank	Substandard loans as at 31/12/2013	% Substandard loans as at 31/12/2013	Substandard loans as at 31/12/2012	% Substandard loans as at 31/12/2012
Banco Popolare	18,576,912	85.86%	120,449	45.76%
Credito Bergamasco	3,058,421	14.14%	142,779	54.24%
Total	21,635,333	100.00%	263,228	100.00%

b) of which past due loans

Bank	Past due loans as at 31/12/2013	% Past due loans as at 31/12/2013	Past due loans as at 31/12/2012	% Past due loans as at 31/12/2012
Banco Popolare	12,279,714	90.67%	546,758	69.02%
Credito Bergamasco	1,263,658	9.33%	245,376	30.98%
Total	13,543,372	100.00%	792,134	100.00%

c) of which restructured loans

Bank	Restructured loans as at 31/12/2013	% Restructured loans as at 31/12/2013	Restructured loans as at 31/12/2012	% Restructured loans as at 31/12/2012
Banco Popolare	18,938	100.00%	-	-
Credito Bergamasco	-	-	-	-
Total	18,938	100.00%	-	-

Note that on the basis of the Servicer Report prepared as at 31 December 2013 (in which the loans are recognised net of related provisions for write-downs), the total loans classified as Defaulted Loans, determined according to classification criteria as stated in the Prospectus (i.e. loans that have been classified as bad loans in compliance with Bank of Italy regulations and loans with 7 monthly instalments, 4 two-monthly instalments, 3 quarterly instalments or 2 half-yearly instalments past due) amounts to Euro 36.8 million, whilst Delinquent Loans (i.e. loans that have been classified as substandard loans and loans which have 6 monthly instalments, 3 two-monthly instalments, 2 quarterly instalments or 1 half-yearly instalment past due) amount to Euro 20.2 million.

Contractual amendments

On 29 May 2013 amendments were made to the contractual documentation, including to the Prospectus and the Agency and Accounts Agreement, in order to vary the minimum rating levels required for the role of Transaction Bank and to introduce a new rating level for the role of Cash Reserve Bank, equal to a Moody's Investors Service rating of "Ba3" and a DBRS rating of "BBB".

BPL Mortgages 5 - Banco Popolare downgrading

Following Moody's Investors Service's downgrading of the Banco Popolare rating on 8 July 2013 (from "Baa3" to "Ba3"), the minimum rating required for the role of securitisation Servicer was lost. Under the terms of the Servicing Contract signed on 7 December 2012, as later amended and supplemented, with the aid of the Back-Up Servicer Facilitator, the Company has to choose a Back-Up Servicer ready to replace the Servicer in the event of termination of the Servicing Contract for contractually envisaged reasons.

Furthermore, pursuant to the Amendment Agreement to the Servicing Agreement, Agency and Accounts Agreement and the Conditions, signed on 29 May 2013, the minimum rating requirement for Banco Popolare to act as Transaction Account Bank in managing the Collection Account was lost.

The Company and counterparties involved in the securitisation are currently defining a number of contractual amendments to be agreed with the rating agencies and the Representative of Noteholders, with the aim of lowering the minimum rating level envisaged in the Servicing Contract for appointment of a Back-Up Servicer.

Lastly, with reference to the Collection Account, currently held with Banco Popolare Soc. Coop, under the terms of the contractual documentation the Company will have to appoint a financial intermediary or bank that meets the contractual requirements in replacing Banco Popolare as Transaction Account Bank to manage the Collection Account. Discussions are in progress with the rating agencies and Representative of Noteholders regarding the action to be taken, also given the publication on 23 December last year of Italian Law Decree 145/2013 (the "Destination Italy Decree") which introduces major new provisions on the segregation of current accounts held by the SPV.

F.3) Information about the entities involved

<i>Acquirer</i>	BPL Mortgages S.r.l., a company established on 30 June 2006, pursuant to art. 3, Italian Law no. 130 of 30 April 1999, under the name Giano Finance S.r.l., later renamed BPL Mortgages S.r.l. on 11 May 2007, with registered office at Via V. Alfieri 1, Conegliano (TV), Italy, registration no. 04078130269 in the Treviso Register of Companies and registered on the List of SPVs pursuant to Bank of Italy Instructions issued 29 April 2011.
<i>Originators</i>	Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A.
<i>Originator obligations</i>	As at the date of transfer the Originators issued a guarantee statement confirming the existence of the loans transferred and any contingent mortgage or collateral security. In addition, the Originators agreed to hold the Company harmless from all losses, costs, charges, expense and liabilities incurred in the event of default of Originator obligations under the terms of the transfer agreement or if Originator statements should prove incorrect with respect to said agreement and related attachments. By this Statement the Originators guaranteed the following: a) the Originator status and general issues relating to the Transfer Agreement and Servicing Contract; b) statements and guarantees regarding the loans, mortgage agreements and related contingent mortgage and collateral security; c) statements and guarantees regarding the properties;

	d) statements and guarantees regarding the truthfulness of data disclosed;
	e) statements and guarantees regarding insurance policies linked to the mortgage agreements.
<i>Servicers</i>	Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A. Under the terms of the Servicing Contract signed on 7 December 2012, the Servicers are empowered to act on behalf of the SPV in reference to the entire mortgage portfolio in administrative tasks, collection and recovery of mortgage-related debts, related recovery action in enforcement and insolvency proceedings, and any related legal investigations. In addition, the Servicers are required to transfer to the Acquirer all sums collected on the Company's behalf in relation to the loans, including amounts deriving from the recovery of sums due as capital, interest and arrears interest on positions reclassified as substandard and bad loans.
<i>Arranger</i>	Banco Popolare Soc. Coop.
<i>Shareholder Representative of Noteholders</i>	SVM Securitisation Vehicles Management S.r.l. BNP Paribas Securities Services S.A.
<i>Computation Agent</i>	BNP Paribas Securities Services, Milan Branch
<i>Principal Paying Agent and Agent Bank</i>	BNP Paribas Securities Services, Milan Branch
<i>Transaction Bank</i>	Banco Popolare London Branch
<i>Interim Account Bank</i>	Banco Popolare Soc. Coop.
<i>Corporate Servicer</i>	Securitisation Services S.p.A.
<i>Administrative Servicer</i>	Banco Popolare Soc. Coop.

F.4) Characteristics of the Notes issued

On 21 December 2012 BPL Mortgages S.r.l. issued Senior Notes (Class A), which were subscribed by the Originators, for a nominal Euro 1,701,300,000 and Junior Notes for Euro 800,618,000. The Senior notes, as reported by the Originators, were subscribed on that date by Banco Popolare Soc. Coop. for Euro 1,426,400,000 and by Credito Bergamasco S.p.A. for Euro 274,900,000. The Junior notes were subscribed on that date by Banco Popolare for Euro 671,207,000 and by Credito Bergamasco for Euro 129,411,000. On the Notes Increase Date of 28 March 2013, the total notes subscribed by the Originators were increased by Euro 739,100,000 for the Senior Notes and Euro 347,837,000 for the Junior Notes. The Senior Notes were subscribed on that date by Banco Popolare Soc. Coop. for Euro 627,100,000 and by Credito Bergamasco S.p.A. for Euro 112,000,000. The Junior Notes were subscribed on that date by Banco Popolare for Euro 295,145,000 and by Credito Bergamasco for Euro 52,692,000. Therefore the Senior Notes, as reported by the Originators, were subscribed by Banco Popolare for Euro 2,053,500,000 and by Creberg for Euro 386,900,000, whilst the Junior Notes were subscribed by Banco Popolare for Euro 966,352,000 and by Creberg for Euro 182,103,000.

The Asset Backed Securities offer limited recourse and a "partly paid" structure. The Senior Notes are currently used in ECB refinancing transactions, in accordance with Group liquidity needs, and therefore form part of the Group's eligible securities portfolio.

<i>Class A Senior</i>	ISIN	IT0004883051
	Currency	EURO
	Amount	Euro 2,440,400,000
	Rate	Floating
	Benchmark	1M Euribor + 0.30% per year spread
	Coupon	Quarterly
	Legal maturity	31 October 2058
	Redemption	Amortisation linked to collection performance of the loans
	Initial rating and rating as at 31.12.13	Moody's Investors Services "A2", DBRS "A"
	Listing	Irish Stock Exchange
	Governing law	Italian
<i>Class B Junior</i>	ISIN	IT0004883374
	Currency	EURO
	Amount	Euro 1,148,455,000
	Rate	n/a
	Benchmark	n/a
	Coupon	n/a
	Additional Return	Additional Return
	Legal maturity	31 October 2058
	Redemption	Amortisation linked to collection performance of the loans

Ratings	no rating
Governing law	Italian

The Issuer has the right to early redeem in full (not partially) the residual capital of notes issued and still outstanding, provided the Company has sufficient funds to complete the redemption of at least the Senior Class (if consensus has been obtained from the Junior note holders). The Issuer also has the right to dispose of the receivables in order to finance the optional redemption of the notes.

Note	Nominal issue value	Subscribed notes - residual value 31/12/2012	Increases 2013	Redemptions 2013	Residual value 31/12/2013
Class A Senior notes	2,585,300,000	1,701,300,000	739,100,000	(280,640,875)	2,159,759,125
Class B Junior notes	1,216,618,000	800,618,000	347,837,000	-	1,148,455,000
Total	3,801,918,000	2,501,918,000	1,086,937,000	(280,640,875)	3,308,214,125

Allocation of cash flows generated by the portfolio

The allocation of cash flows from the loans transferred aims to ensure, as priority, the payment of third parties involved in the securitisation, first subject to payments of the interest and capital on the Senior Class notes, repayment of the Subordinated Loan and then the Junior Notes, with the allocation to these of any residual amount.

The payments in relation to the more frequent items are essentially made in the following order:

- (i) tax charges, expenses to ensure the continued operations of the Company, costs and taxes relating to the listing or rating of the notes, to the extent not covered by sufficient Expense Account funds
- (ii) expenses payable to the Representative of Noteholders and the amount payable to the Expense Account to reach the amount of Euro 50 thousand
- (iii) commissions payable to the Company's agents (Principal Paying Agent, Agent Bank, Computation Agent, Servicers, Corporate Servicer, Administrative Servicer, Interim Account Bank and Transaction Bank)
- (iv) interest on Class A notes
- (v) allocation to the Cash Reserve Account until the target level is reached (Euro 64 million), until the Class A note is fully redeemed
- (vi) capital payments on the Class A notes (until fully repaid)
- (vii) amounts due to the Originators in reference to accruals on the mortgages purchased
- (viii) interest and capital payments on the Subordinated Loan in accordance with the contractual terms
- (ix) capital payments on the Junior notes
- (x) Additional Return on the Junior notes

F.5) Accessory financial transactions

Subordinated Loan and Cash Reserve

The structure of the securitisation envisages the setting up of a Cash Reserve of Euro 64 million. The Cash Reserve was set up through disbursement on 21 December 2012 by the Originators of a subordinated loan for Euro 60,000,000, and the difference from interest collections during the period between the assessment date (19 November 2012) and the contract signing date (7 December 2012).

The composition of the Subordinated Loan by Originator is provided below:

Bank	Amount 31/12/2013
Banco Popolare	50,301,696
Credito Bergamasco	9,698,304
Total	60,000,000

Interest accrues on the loans at annual rates equal to the 3M Euribor plus 165 bps spread, payable in arrears on each payment date in accordance with the payments waterfall. Amounts accrued as interest payments, but not paid due to lack of funds, will not accrue further interest and will be paid on the next Interest Payment Date thereafter in compliance with the Priority Order of Payments.

The Company must repay the capital on the amount loaned on the Interest Payment Dates with effect from the initial Interest Payment Date in April 2013, and repayment will be based on funds available to the Company. If on the date of settlement (contractually envisaged as the later of (i) the last business day in October 2060; (ii) the date on which the portfolio is zeroed out; (iii) the date on which all loans payable for any reason are cancelled from the SPV) the capital has not yet been fully repaid, the amount still outstanding will be considered waived.

As at 31 December 2013 the Cash Reserve amounted to Euro 64,000,000 and interest accrued and not yet paid on the Subordinated Loan totalled Euro 1,167,841.

F.6) Operating rights of the transferring Company

The operating powers of BPL Mortgages S.r.l. (as transferee company and issuer) are limited by the Articles of Association. In particular, art. 3 states:

“The sole purpose of the Company is the implementation of one or more loan securitisations pursuant to Italian Law no. 130 of 30 April 1999, as amended, and subsequent implementing rules (“Law 130/1999”), by the purchase against payment by the Company, or other company established pursuant to Law 130/1999, of monetary receivables, both existing and future, identified en bloc if referring to multiple loans, financed through the issue (by the Company, or other company established pursuant to Law 130/99, financed by means of issue (by the Company or other company established pursuant to Law 130/1999) of notes as referred to in Art. 1 paragraph 1b) and Art. 5, Law 130/1999.

The Company can also implement securitisations in accordance with art. 7, Italian Law 130/1999 and in the form of a series of note issue programmes as part of a given securitisation. The Company can also perform transactions with a revolving structure, i.e. involving the use of collections deriving from the management of purchased receivables before or at the time of issue of securities for the purchase of additional receivables. Pursuant to art. 3 of Law 130/1999, these additional loans also constitute segregated assets on which no action is permitted by creditors other than the holders of notes issued as part of the securitisation.

Pursuant to the provisions of Law 130/1999, the loans related to each securitisation constitute segregated assets to all effects and purposes from those of the Company and those of other securitisations performed by the Company. The sole purpose of these segregated assets is to satisfy the rights incorporated in the notes issued, by the Company or other company, to finance the purchase of the loans of which the aforementioned assets form part, and to pay the costs of the related securitisation. Therefore no action is permitted on the segregated assets by creditors other than the holders of notes issued to finance the purchase of the loans in question.

To the extent permitted by the provisions of Law 130/1999, the Company may conclude accessory financial transactions, stipulated exclusively with a view to the success of its securitisations, or in any event instrumental to the corporate purpose, including reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned notes issued as part of the securitisation. Within the context of its securitisations, the Company may appoint third parties to collect the loans purchased, to provide cash and payment services, perform disposal transactions on the loans purchased and reinvest funds deriving from management in other financial assets (including receivables with characteristics similar to those securitised) not immediately utilised to satisfy rights deriving from the aforementioned notes, as well as any other activity permitted by Law 130/1999”.

All the main operations associated with management of the securitisation were assigned to third parties (see paragraph F.3)

QUANTITATIVE INFORMATION

F.7) Cash flows relating to the loans

INITIAL SITUATION UPON TRANSFER	2,505,241,476
INCREASES	
- Default interest	3,921
- Interest to be collected	1,362,620
DECREASES	
- Write-downs of loans for default interest	3,921
- Decrease in loans	30,759,752
- Decrease for loan loss and write-downs	7,665
- Decrease in interest to be received	
SITUATION AS AT 01/01/2013	2,475,836,679
INCREASES	
- Default interest and expenses	53,555
- Increase in interest to be collected	2,884,466
- Increase in receivables	1,088,063,119
Total increases	1,091,001,140
DECREASES	
- Write-downs of loans for default interest	53,555

- Decrease in interest to be received	
- Decrease in loans	266,353,061
Total decreases	266,406,616
SITUATION AS AT 31/12/2013 (gross value)	3,300,431,203
Write-downs as at 31/12/13	1,423,186
FINAL SITUATION AS AT 31/12/2013	3,299,008,017

F.8) Changes in overdue loans

The loans, all performing as at the time of purchase, were classified into their relevant categories. The Servicer handles the recovery of past due loans on the basis of policies specified in the special Servicing Contract. In order to highlight the prospects for recovery of the past due loans, in reference to the date of this cash flow position the Servicer arranged the analysis and assessment of the loans in question, and after appropriate write-downs these are recorded at their estimated realisable value.

The table below summarises the non-performing loans as indicated in the accounting records and IT system of the Servicers, which include bad loans, substandard loans, past due loans and restructured loans net of related provisions for write-downs. For further details, please refer to section "F.2 - Description and performance of the securitisation".

Total non-performing loans

Bank	Non-performing loans as at 31/12/2013	% Non-performing loans as at 31/12/2013	Non-performing loans as at 31/12/2012	% Non-performing loans as at 31/12/2012
Banco Popolare	31,674,498	87.83%	667,207	63.22%
Credito Bergamasco	4,389,594	12.17%	388,154	36.78%
Total	36,064,092	100.00%	1,055,361	100.00%

On the basis of the Servicer Report prepared as at 31 December 2013, the total loans classified as Defaulted Loans, determined according to classification criteria as stated in the Prospectus (i.e. loans classified as bad loans in compliance with Bank of Italy regulations or have 7 monthly instalments, 4 two-monthly instalments, 3 quarterly instalments or 2 half-yearly instalments past due) amounts to Euro 36.8 million, whilst Delinquent Loans (i.e. loans that have been classified as substandard loans or have 6 monthly instalments, 3 two-monthly instalments, 2 quarterly instalments or 1 half-yearly instalment past due) amount to Euro 20.2 million. The servicing contracts stipulated between the SPV and the Originators envisage classification rules different to those applied by the Originators on their own receivables.

Note that the amounts contained in the following table originate from the Servicer Report which was prepared as at 31 December 2013, taking into consideration the overdue amounts (capital and interest) from loans "in arrears" and "delinquent" and the "Total defaulted loans". The total for past due loans is based therefore on the loans classified as such by the servicing contracts stipulated between the Company and the Originators.

INITIAL SITUATION AS AT 19/11/2012	-
INCREASES	41,245,707
DECREASES	
- Capital collections	
- Interest collections (including default interest)	800,613
Total decreases	800,613
FINAL SITUATION AS AT 31/12/2013	40,445,094

F.9) Cash flows

LIQUIDITY AS AT 31/12/12	95,668,401
INCREASES IN LIQUIDITY	
Subordinated loans received	-
Repurchase of securitised loans	30,295,812
Capital collections	233,418,223
Interest collections	78,650,233

Fee and commission collections	781,181
Positive difference on IRS	-
Increase in notes	1,086,937,000
Contingent assets	3,085
Increase in payables	1,126,528
Decrease in receivables	104,828
TOTAL INCREASES	1,431,316,890
USE OF LIQUIDITY	
Purchase of securitised loans	1,088,063,119
Redemption of notes	280,640,875
Interest expense on notes issued and loans	8,641,362
Fee and commission expenses	452,543
Legal, professional and other expenses	3,449
Negative difference on IRS	-
Contingent liabilities	8,163
Increases in receivables	-
Decreases in payables	-
TOTAL USE OF LIQUIDITY	1,377,809,511
LIQUIDITY AS AT 31/12/2013	149,175,780

For 2014, as provided by the securitisation repayment plan, collections of capital on the initial portfolio alone are estimated at approximately Euro 195 million while collections of interest are estimated at around Euro 84 million.

F.10) Situation of the guarantees and liquidity lines

No guarantees have been given or received in relation to the securitisation, and no recourse has been made to banking system credit facilities or overdrafts.

Furthermore, to hedge against any periods of illiquidity, the Company has allocated a Cash Reserve which at 31 December 2013 totalled Euro 64,000,000.

F.11) Distribution by residual life

Item/residual life	up to 3 months	3 months-1 year	1-5 years	over 5 years	Unlimited duration
A. Securitised assets					
A.1) Mortgages	56,769	5,658,263	98,288,201	3,194,138,335	866,449
A.3) Other (bad loans)					
B. Use of cash and cash equivalents from securitised assets					
B.3) Liquidity	149,175,780				
B.5) Other loans and receivables	497,957	5,962		30	
Total	149,730,506	5,664,225	98,288,201	3,194,138,365	866,449
C. Notes issued					
C.1 Class A notes				2,159,759,125	
C.2 Class B notes				1,148,455,000	
D. Subordinated loans received				60,000,000	
E. Other liabilities					
E.1 Amounts due to the Company		25,707			
E.2 Other payables	5,830	188,331		78,654,330	
E.3 Accrued expenses		1,599,422			
Total	5,830	1,813,460		3,446,868,455	

F.12) Distribution by territory

All the loans were disbursed in Euro to borrowers resident in Italy and referring to property located in Italy.

F.13) Risk concentration

Loan size	No. of positions 31/12/2013	Value as at 31/12/2013	% Portfolio as at 31/12/2013
0-25,000	5,966	91,957,456	2.79%
25,001-75,000	11,596	532,393,673	16.14%
75,001-250,000	15,649	2,069,547,974	62.75%
Over 250,000	1,452	604,242,465	18.32%
Total	34,663	3,298,141,568	100.00%

The table figures do not include bad loans. As envisaged in the agreement, there are no loans with a value of more than 2% of the loans portfolio.

F.1) Summary statement of securitised assets and notes issued
BPL Mortgages 6 securitisation
SME MARCH 2013

	Situation as at 31/12/2013
A. Securitised assets	4,147,568,799
A.1) Mortgages	4,140,463,820
A.2) Securities	-
A.3) Other (bad loans)	7,104,979
B. Use of cash and cash equivalents from securitised assets	428,842,564
B.1) Debt securities	-
B.2) Capital instruments	-
B.3) Liquidity	425,990,675
B.4) Repurchase agreements	0
B.5) Other loans and receivables	2,851,889
C. Notes issued	4,334,583,944
C.1 Class A notes	2,392,103,944
C.2 Class B notes	1,942,480,000
C.3 Class C notes	-
C.4 Class D notes	-
D. Subordinated loans	151,000,000
D.1) Securities lending	-
D.2) Subordinated loans	151,000,000
E. Other liabilities	90,827,419
E.1) Payable to the Company	24,080
E.2) Other payables	89,201,297
E.3) Accrued expenses	1,602,042
F. Interest expense payable on notes issued	97,311,640
G. Commissions and fees related to the transaction	3,871,109
G.1) for the Servicing	3,781,780
G.2) for other services	89,329
G.2a) Placement and Rating Commissions on notes issued	-
G.2b) Bank commissions	57
G.2c) Cash Manager	-
G.2d) Issuer	32,587
G.2e) Paying Agent, RoN and others	56,685
G.2f) Loss margins on swaps	-
H. Other expenses	17,878,158
H.1) Legal, professional and administrative expenses	25,772
H.2) Losses on loans	12,564,265
H.3) Non-deductible VAT	-
H.4) Interest expenses on loans	5,280,152
H.5) Contingent liabilities	7,969
I. Interest generated by securitised assets	115,177,409
L. Other revenues	3,883,498
L.1) Interest income	598,224
L.2) Commission income	2,670,826
L.3) Profit margins on swaps	-
L.4) Write-backs on loans	597,159
L.5) Contingent assets	17,289

QUALITATIVE INFORMATION

The positive difference between costs and revenue for the year, amounting to Euro 70,805,629, is the result of the securitisation and represents remuneration of the Junior note (Additional Return or Excess Spread), recognised to item "F. Interest expense on notes issued". The spread between costs and revenue from the start of the securitisation to 31 December 2013 totalled Euro 70,805,629, stated under item "E.2) Other payables", represents the total amount accrued for distribution to subscribers of the Junior notes on closure of the securitisation in the contractually agreed order of payments.

Item B.3) refers mainly to liquidity deposited on current accounts held with Banco Popolare Soc. Coop., and refers to amounts collected as capital and interest on the securitisation's underlying assets and to the Cash Reserve held with Banco Popolare London branch as securitisation guarantee for a total of Euro 157,529,957.

Item B.5) includes accruals of accrued interest on the mortgages of Euro 2,596,048 and other receivables of Euro 255,841.

In addition to the Additional Return accrued as at 31 December 2013 as described above, item E.2) includes accruals on the original mortgages and interest expense matured on the debt triggered by the temporary gap between purchase of the loans and issue of the notes, necessary to fund the purchase of assets and still payable to the Originators, for a total of Euro 14,774,431. In addition, the item includes interest accrued but not yet paid on the Subordinated Loan for Euro 3,356,952.

Item E.3) represents accruals of accrued interest expense on notes issued for Euro 1,602,042.

F.2) Description and performance of the securitisation

Securitisation status

The securitisation was finalised in 2 steps: the first on 16 February 2013 with the purchase without recourse of a portfolio of loans disbursed as land loans, mortgage loans, agricultural loans and unsecured loans disbursed to SMEs. The transfer agreement was signed on 22 February 2013, effective from and including the date of signing and with coupons maturing from and excluding the assessment date of 17 February 2013. Subsequently, on 11 March 2013, limited recourse Asset Backed Securities were issued, used to finance the purchase of the loans.

Originators Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A.

Loans transferred

The loans transferred included a portfolio of performing monetary receivables, classified according to the classification criteria adopted by the Originator in compliance with regulations issued by the Bank of Italy, deriving from mortgages or land loans stipulated pursuant to land loan regulations under art. 38 et seq., Italian Legislative Decree of 1 September 1993, or stipulated pursuant to agricultural loan regulations under art. 43 et seq., Italian Legislative Decree no. 385 of 1 September 1993, or unsecured loans disbursed to small and medium enterprises (SMEs), i.e. entities conducting business activities, regardless of the legal form, and with separate revenue (or consolidated if a member of a group) of less than Euro 50 million.

Characteristics of the loans transferred

The loans disbursed by the Originator were transferred to the Company (including capital, interest, default interest accrued and accruing, accessory charges, expense, other non-life repayments, etc.), effective from 17 November 2013 (excluded), deriving from mortgage agreements or mortgages stipulated pursuant to land loan regulations under article 38 et seq., Italian Legislative Decree no. 385 of 1 September 1993, or stipulated pursuant to agricultural loan regulations under article 43 et seq., Italian Legislative Decree no. 385 of 1 September 1993, or unsecured loans which as at 17 February 2013 (inclusive) (or other date specified in the related criterion) have the following characteristics (considered cumulative unless otherwise stated):

- mortgages for which the main borrowers (if appropriate, also after mortgage takeover and/or split) are: (a) natural persons (including sole proprietorships) resident in Italy or (b) legal entities (including partnerships) incorporated under Italian law and with registered office in Italy;
- mortgages for which the main borrowers conduct business activities, regardless of their legal form, and which record individual revenue (or consolidated if part of a group) of less than Euro 50 million;
- mortgages for which the main borrowers are included in one of the following income categories, according to the classification criteria of Bank of Italy Circular no. 140 of 11 February 1991, as amended (Instructions for the classification of customers by segment and by group of business activities): no. 166 (support, recreational and

cultural service providers), no. 256 (private financial holdings), no. 268 (other financial companies), no. 280 (insurance brokers, agents and advisors), no. 283 (financial advisors), no. 284 (other financial aid providers), no. 430 (production companies), no. 431 (private holdings), no. 450 (non-financial business associations), no. 480 (non-financial trading quasi-corporation - units or companies with 20 or more employees), no. 481 (non-financial trading quasi-corporation - units or companies with more than 5 but less than 20 employees), no. 482 (non-financial trade quasi-corporations - companies with less than 20 employees), no. 490 (other non-financial quasi-corporations - units or companies with 20 or more employees), no. 491 (other non-financial quasi-corporations - units or companies with more than 5 but less than 20 employees), no. 492 (other non-financial quasi-corporations - companies with less than 20 employees), no. 501 (support, charity, education, cultural, trade union, political, sport, recreation and similar institutions/entities), no. 614 (craftsmen), no. 615 (other family businesses). In order to assess compliance of a mortgage with the criterion referred to in this paragraph 4, each borrower can be made aware of his category and whether the related loan has been classified as one stipulated for reasons associated with the exercise of business activities by contacting the branch to which the loan repayments are made;

- fully disbursed loans, for which there is no obligation and no option for further disbursements;
- mortgages denominated in Euro (or disbursed in Italian lire and subsequently redenominated in Euro);
- mortgages deriving from mortgage agreements governed by Italian law;
- mortgages with a contractual interest rate in one of the following categories:

(a) "Fixed rate mortgages" are those on which the interest rate applied under contract envisages no changes for the entire residual duration of the mortgage;

(b) "Floating rate mortgages" are those on which the interest rate applied is benchmarked to an index established under contract for the entire residual duration of the mortgage;

(c) "Discounted rate mortgages" are those on which the interest rate applied is initially at a contractually agreed fixed rate, then from a certain date becomes floating rate benchmarked to a reference index, or vice versa;

(d) "flexible" mortgages, i.e. those allowing the borrower the option of changing the interest calculation method, once or more during the residual term of the mortgage, (A) from a floating rate to (B) a fixed rate equal to the sum of (i) the IRS rate for the reference period as at the date of exercise by the borrower of the option to change the calculation method and up to the end of the period of application of the fixed interest rate calculation method chosen by the borrower, and (ii) the contractually-agreed spread over and above the benchmark as determined in accordance with paragraph (i) above, and vice versa;

- mortgages:

(i) mortgages other than those referred to in paragraphs (ii) and (iii), for which the related mortgage agreement was signed between 29 September 1998 and 8 August 2012, inclusive;

(ii) stipulated in accordance with land loan regulations pursuant to Art. 38 et seq., Italian Legislative Decree no. 385 of 1 September 1993, for which the related mortgage agreement was signed between 5 August 1997 and 17 January 2013, inclusive;

(iii) stipulated in accordance with agricultural loan regulations pursuant to Art. 43 et seq., Italian Legislative Decree no. 385 of 1 September 1993, for which the related mortgage agreement was signed between 19 May 1998 and 30 June 2012, inclusive;

(iv) unsecured loans for which the related agreement was signed between 31 December 1998 and 30 January 2013, inclusive;

- mortgages:

(i) on which the first instalment falls due after 17 February 2013; or

(ii) mortgages on which instalments past due as at 18 January 2013 were paid in full;

- mortgages on which repayments are monthly, every two months, quarterly, every four months, half-yearly or yearly;

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

- mortgages for which the outstanding capital is equal to or less than Euro 40,000,000;

- with regard to loans other than unsecured loans, mortgage-backed loans on residential property located in Italy;

Composition of mortgages portfolio by Originator

Starting from the 2013 Financial Statements, the Company has used the terms "Bad loans" and "Substandard loans" instead of respectively "Defaulted loans" and "Delinquent loans" with a view to ensure an alignment to the terminology used by the Originators Banco Popolare and Credito Bergamasco in their 2013 Annual Reports.

As at 31 December 2013 the total mortgages portfolio amounted to Euro 4,147,568,799, divided between performing, substandard and past due loans (as defined in Bank of Italy instructions) net of related provisions for write-downs, and bad loans for Euro 7,104,979 net of related provision for write-downs. Note that the classification indicated for bad loans, substandard loans and past due loans is that recorded in the accounting records and IT systems of the Servicers.

Total credit portfolio

Bank	Value As at 31/12/2013	% Portfolio as at 31/12/2013	Value as at 17/02/2013	% Portfolio as at 17/02/2013
Banco Popolare	3,443,226,712	83.02%	4,308,600,859	82.07%
Credito Bergamasco	704,342,087	16.98%	941,179,147	17.93%
Total	4,147,568,799	100.00%	5,249,780,007	100.00%

As described above, the value of the loans is net of related provisions for write-downs, which at 31 December 2013 totalled: Euro 442,473 provision for write-downs of bad loans, Euro 7,885,103 provision for write-downs of substandard loans and Euro 2,907,742 provision for write-downs of past due loans.

Securitisation performance

The table below summarises the non-performing loans as indicated in the accounting records and IT system of the Servicers, which include bad loans, substandard loans and past due loans net of related provisions for write-downs.

Total non-performing loans

Bank	Non-performing loans as at 31/12/2013	% Non-performing loans as at 31/12/2013
Banco Popolare	138,130,288	78.49%
Credito Bergamasco	37,861,001	21.51%
Total	175,991,289	100.00%

a) of which bad loans

Bank	Bad loans as at 31/12/2013	% Bad loans as at 31/12/2013
Banco Popolare	6,722,054	94.61%
Credito Bergamasco	382,925	5.39%
Total	7,104,979	100.00%

b) of which substandard loans

Bank	Substandard loans as at 31/12/2013	% Substandard loans as at 31/12/2013
Banco Popolare	79,084,081	77.91%
Credito Bergamasco	22,422,309	22.09%
Total	101,506,390	100.00%

c) of which past due loans

Bank	Past due loans as at 31/12/2013	% Past due loans as at 31/12/2013
Banco Popolare	52,324,153	77.66%
Credito Bergamasco	15,055,767	22.34%
Total	67,379,920	100.00%

On the basis of the Servicer Report prepared as at 31 December 2013 (in which the loans are recognised net of related provisions for write-downs), the total loans classified as Defaulted Loans, determined according to classification criteria as stated in the Prospectus (i.e. loans that have been classified as bad loans in compliance with Bank of Italy regulations and loans with 7 monthly instalments, 4 two-monthly instalments, 3 quarterly instalments or 2 half-yearly instalments past due) amounts to Euro 120.8 million, whilst Delinquent Loans (i.e. loans that have been classified as substandard loans and loans which have 6 monthly instalments, 3 two-monthly instalments, 2 quarterly instalments or 1 half-yearly instalment past due) amount to Euro 99 million.

BPL Mortgages 6 - Banco Popolare downgrading

Following Moody's Investors Service's downgrading of the Banco Popolare rating on 8 July 2013 (from "Baa3" to "Ba3"), the minimum rating required for the role of securitisation Servicer was lost. Under the terms of the Servicing Contract signed on 22 February 2013, as later amended and supplemented, with the aid of the Back-Up Servicer Facilitator, the Company has to choose a Back-Up Servicer ready to replace the Servicer in the event of termination of the Servicing Contract for contractually envisaged reasons. Furthermore, pursuant to the provisions of the securitisation documents, the minimum ratings required by Moody's Investors Service for Banco Popolare to act as Transaction Account Bank in managing the Collection Account (Baa3) and that required to manage the Cash Reserve Account (Ba1) were lost. The Company and counterparties involved in the securitisation are currently defining a number of contractual amendments to be agreed with the rating agencies and the Representative of Noteholders, with the aim of lowering the minimum rating level envisaged in the Servicing Contract for appointment of a Back-Up Servicer. In addition, under the terms of the contractual documentation, the Company has to appoint a bank or financial intermediary that meets the contractually envisaged requirements for replacement of Banco Popolare as Transaction Account Bank, and to set up additional cash reserves to hedge against set-off risk⁴ and commingling risk⁵. In this respect, too, negotiations are in progress between the Company and the rating agencies for a possible restructuring of the securitisation, also in the light of the publication on 23 December last year of the "Destination Italy Decree" which introduces major new provisions on the segregation of current accounts held by the SPV.

F.3) Information about the entities involved

<i>Acquirer</i>	BPL Mortgages S.r.l., a company established on 30 June 2006, pursuant to art. 3, Italian Law no. 130 of 30 April 1999, under the name Giano Finance S.r.l., later renamed BPL Mortgages S.r.l. on 11 May 2007, with registered office at Via V. Alfieri 1, Conegliano (TV), Italy, registration no. 04078130269 in the Treviso Register of Companies and registered on the List of SPVs pursuant to Bank of Italy Instructions issued 29 April 2011.
<i>Originators</i> <i>Originator obligations</i>	Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A. As at the date of transfer the Originators issued a guarantee statement confirming the existence of the loans transferred and any contingent mortgage or collateral security. In addition, the Originators agreed to hold the Issuer harmless from all losses, costs, charges, expenses and liabilities incurred in the event of default of Originator obligations under the terms of the transfer agreement or if Originator statements should prove incorrect with respect to said agreement and related attachments. By this Statement the Originators guaranteed the following: a) the Originator status and general issues relating to the Transfer Agreement and Servicing Contract; b) statements and guarantees regarding the loans, mortgage agreements and related contingent mortgage and collateral security; c) statements and guarantees regarding the properties; d) statements and guarantees regarding the truthfulness of data disclosed; e) statements and guarantees regarding insurance policies linked to the mortgage agreements.
<i>Servicers</i>	Banco Popolare Soc. Coop. and Credito Bergamasco S.p.A. Under the terms of the Servicing Contract signed on 22 February 2013, the Servicers are empowered to act on behalf of the Issuer in reference to the entire mortgage portfolio in administrative tasks, collection and recovery of mortgage-related debts, related recovery action in enforcement and insolvency proceedings, and any related legal investigations. In addition, the Servicers are required to transfer to the Acquirer all sums collected on the Company's behalf in relation to the loans, including amounts deriving from the recovery of sums due as capital, interest and arrears interest on positions reclassified as substandard and bad loans.
<i>Arranger</i> <i>Shareholder</i> <i>Representative of</i> <i>Noteholders</i>	Banco Popolare Soc. Coop. SVM Securitisation Vehicles Management S.r.l. BNP Paribas Securities Services S.A.
<i>Computation Agent</i> <i>Principal Paying Agent and</i> <i>Agent Bank</i> <i>Transaction Bank</i> <i>Interim Account Bank</i> <i>Corporate Servicer</i>	BNP Paribas Securities Services, Milan Branch BNP Paribas Securities Services, Milan Branch <i>Banco Popolare London Branch</i> Banco Popolare Soc. Coop. Securitisation Services S.p.A.

⁴ Set-off Risk: the risk of the SPV not receiving all or part of the collections deriving from repayment of the loans due to the offsetting effect of receivables due to the assigned borrowers from the relevant Originators.

⁵ Commingling Risk: the risk of the SPV not receiving all or part of the repayment instalments on the loans already collected by the Originators in their role as Servicers, but not yet transferred to the SPV due to the Servicer becoming subject to bankruptcy proceedings.

F.4) Characteristics of the Notes issued

On 11 March 2013 BPL Mortgages S.r.l. issued two limited recourse Asset Backed notes: a class of Senior Notes (Class A) for a total nominal value of Euro 3,307,300,000 and a class of Junior Notes for a total nominal value of Euro 1,942,480,000. On the same date the Originators subscribed the Senior Notes and the Junior Notes according to their respective investments in the assets transferred. Specifically, as reported by the Originators, the Senior Notes were subscribed by Banco Popolare Soc. Coop. for Euro 2,714,400,000 and by Credito Bergamasco S.p.A. for Euro 592,900,000. The Junior Notes were subscribed by Banco Popolare for Euro 1,594,201,000 and by Credito Bergamasco for Euro 348,278,000. The Senior Notes are currently used in ECB refinancing transactions, in accordance with Group liquidity needs, and therefore form part of the Group's eligible securities portfolio.

<i>Class A Senior</i>	ISIN	IT0004898539
	Currency	EURO
	Amount	Euro 3,307,300,000
	Rate	Floating
	Benchmark	3M Euribor + 0.60% per year spread
	Coupon	half-yearly
	Legal maturity	30 November 2056
	Redemption	Amortisation linked to collection performance of the loans
	Initial rating and rating as at 31.12.13	Moody's Investors Services "A2", DBRS "A"
	Listing	Irish Stock Exchange
	Governing law	Italian
<i>Class B Junior</i>	ISIN	IT0004898521
	Currency	EURO
	Amount	Euro 1,942,480,000
	Rate	n/a
	Benchmark	n/a
	Coupon	n/a
	Additional Return	Additional Return
	Legal maturity	30 November 2056
	Redemption	Amortisation linked to collection performance of the loans
	Ratings	no rating
	Governing law	Italian

The Issuer has the right to early redeem in full (not partially) the residual capital of notes issued and still outstanding, provided the Company has sufficient funds to complete the redemption of at least the Senior Class (if consensus has been obtained from the Junior Note holders). The Issuer also has the right to dispose of the receivables in order to finance the optional redemption of the notes.

Note	Issue value	Redemptions 2013	Residual value 31/12/2013
Class A Senior notes	3,307,300,000	(915,196,056)	2,392,103,944
Class B Junior notes	1,942,480,000	-	1,942,480,000
Total	5,249,780,000	(915,196,056)	4,334,583,944

Allocation of cash flows from the portfolio

The allocation of cash flows from the loans transferred aims to ensure, as priority, the payment of third parties involved in the securitisation, first subject to payments of the interest and capital on the rated notes, followed by the Junior Notes with the allocation to these of any residual amount.

The payments in relation to the more frequent items are essentially made in the following order:

- (i) tax charges, expenses to ensure the continued operations of the Company, costs and taxes relating to the listing or rating of the notes, to the extent not covered by sufficient Expense Account funds
- (ii) expenses payable to the Representative of Noteholders and the amount payable to the Expense Account to reach the amount of Euro 50 thousand
- (iii) commissions payable to the Company's agents (Paying Agent, Agent Bank, Computation Agent, Servicers, Back-Up Servicer Facilitator, Corporate Servicer, Administrative Servicer, Interim Account Bank and Transaction Bank)
- (iv) interest on Class A notes
- (v) allocation to the Cash Reserve Account until the target level is reached (Euro 157,493,400), until the Class A note is fully redeemed
- (vii) capital payments on the Class A notes (until fully repaid)
- (viii) amounts due to the Originators in reference to accruals on the mortgages purchased
- (x) interest payments on the Subordinated Loan in accordance with the contractual terms
- (xi) capital payments on the Subordinated Loan in accordance with the contractual terms
- (xiv) capital payments on the Junior notes
- (xvi) Additional Return on the Junior notes

F.5) Accessory financial transactions

Subordinated Loan and Cash Reserve

The structure of the securitisation envisages a Cash Reserve of Euro 157,493,400, of which Euro 151,000,000 established as at the date of issue through a Subordinated Loan granted to the Company by Banco Popolare, and Euro 6,943,400 from interest collected on the portfolio from the date of transfer to the date of issue of the notes.

Creberg has to pay Banco Popolare its own share of the subordinated loan, i.e. Euro 27,071,239.

Interest accrues on the subordinated loan on a half-yearly basis coinciding with each Interest Payment Date, at the 3M Euribor rate plus 2.5% spread. The interest is paid in arrears on the Interest Payment Date immediately after the end of the Interest Period, in accordance with the contractually agreed payments waterfall.

Amounts accrued as interest payments, but not paid due to lack of funds, will not accrue further interest and will be paid on the next Interest Payment Date thereafter in compliance with the Priority Order of Payments.

The Company must repay the capital on the amount loaned on the Interest Payment Dates with effect from the initial Interest Payment Date in November 2013, and repayment will be based on funds available to the Company in compliance with the priority order of payments.

If on the contractual date of settlement, i.e. the "Cancellation Date" for settlement of the notes, the amounts due to the subordinated loan provider cannot be paid in full or in part, such receivables will cease to exist, will be deemed waived by Banco Popolare and deemed permanently settled.

As at 31 December 2013 the Cash Reserve amounted to Euro 157,493,400 and interest accrued and not yet paid on the Subordinated Loan totalled Euro 3,356,952.

F.6) Operating rights of the transferring Company

The operating powers of BPL Mortgages S.r.l. (as transferee company and issuer) are limited by the Articles of Association. In particular, art. 3 states:

"The sole purpose of the Company is the implementation of one or more loan securitisations pursuant to Italian Law no. 130 of 30 April 1999, as amended, and subsequent implementing rules ("Law 130/1999"), by the purchase against payment by the Company, or other company established pursuant to Law 130/1999, of monetary receivables, both existing and future, identified en bloc if referring to multiple loans, financed through the issue (by the Company, or other company established pursuant to Law 130/99, financed by means of issue (by the Company or other company established pursuant to Law 130/1999) of notes as referred to in Art. 1 paragraph 1b) and Art. 5, Law 130/1999.

The Company can also implement securitisations in accordance with art. 7, Italian Law 130/1999 and in the form of a series of note issue programmes as part of a given securitisation. The Company can also perform transactions with a revolving structure, i.e. involving the use of collections deriving from the management of purchased receivables before or at the time of issue of securities for the purchase of additional receivables. Pursuant to art. 3 of Law 130/1999, these additional loans also constitute segregated assets on which no action is permitted by creditors other than the holders of notes issued as part of the securitisation.

Pursuant to the provisions of Law 130/1999, the loans related to each securitisation constitute segregated assets to all effects and purposes from those of the Company and those of other securitisations performed by the Company. The sole purpose of these segregated assets is to satisfy the rights incorporated in the notes issued, by the Company or other company, to finance the purchase of the loans of which the aforementioned assets form part, and to pay the costs of the related securitisation. Therefore no action is permitted on the segregated assets by creditors other than the holders of notes issued to finance the purchase of the loans in question.

To the extent permitted by the provisions of Italian Law 130/1999, the Company may conclude accessory financial transactions, stipulated exclusively with a view to the success of its securitisations, or in any event instrumental to

the corporate purpose, including reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned notes issued as part of the securitisation. Within the context of its securitisations, the Company may appoint third parties to collect the loans purchased, to provide cash and payment services, perform disposal transactions on the loans purchased and reinvest funds deriving from management in other financial assets (including receivables with characteristics similar to those securitised) not immediately utilised to satisfy rights deriving from the aforementioned notes, as well as any other activity permitted by Law 130/1999".

All the main operations associated with management of the securitisation were assigned to third parties (see paragraph F.3)

QUANTITATIVE INFORMATION

F.7) Cash flows relating to the loans

INITIAL SITUATION UPON TRANSFER (18.02.2013)	5,262,631,231
INCREASES	
- Default interest	454,765
- Interest to be collected	10,891,395
- Increase in receivables	-
Total increases	11,346,160
DECREASES	
- Write-downs of loans for default interest	454,765
- Decrease in interest to be received	-
- Decrease in loans	1,114,718,508
Total decreases	1,115,173,274
SITUATION AS AT 31/12/2013 (gross value)	4,158,804,117
Write-downs as at 31/12/13	11,235,319
FINAL SITUATION AS AT 31/12/2013	4,147,568,799

F.8) Changes in overdue loans

The loans, all performing as at the time of purchase, were classified into their relevant categories. The Servicer handles the recovery of past due loans on the basis of policies specified in the special Servicing Contract. In order to highlight the prospects for recovery of the past due loans, in reference to the date of this cash flow position the Servicer arranged the analysis and assessment of the loans in question, and after appropriate write-downs these are recorded at their estimated realisable value.

The table below summarises the non-performing loans as indicated in the accounting records and IT system of the Servicers, which include bad loans, substandard loans, past due loans and restructured loans net of related provisions for write-downs. For further details, please refer to section "F.2 - Description and performance of the securitisation".

Total non-performing loans

Bank	Non-performing loans as at 31/12/2013	% Non-performing loans as at 31/12/2013
Banco Popolare	138,130,288	78.49%
Credito Bergamasco	37,861,001	21.51%
Total	175,991,289	100.00%

On the basis of the Servicer Report prepared as at 31 December 2013 (in which the loans are recognised net of related provisions for write-downs), the total loans classified as Defaulted Loans, determined according to classification criteria as stated in the Prospectus (i.e. loans that have been classified as bad loans in compliance with Bank of Italy regulations and loans with 7 monthly instalments, 4 two-monthly instalments, 3 quarterly instalments or 2 half-yearly instalments past due) amounts to Euro 120.8 million, whilst Delinquent Loans (i.e. loans that have been classified as substandard loans and loans which have 6 monthly instalments, 3 two-monthly instalments, 2 quarterly instalments or 1 half-yearly instalment past due) amount to Euro 99 million.

Note that the amounts contained in the following table originate from the Servicer Report which was prepared as at 31 December 2013, taking into consideration the overdue amounts (capital and interest) from loans "in arrears" and "delinquent" and the "Total defaulted loans". The total for past due loans is based therefore on the loans classified as such by the servicing contracts stipulated between the Company and the Originators.

INITIAL SITUATION AS AT 18/02/2013	-
INCREASES	145,308,598
DECREASES	
- Capital collections	
- Interest collections (including default interest)	2,108,655
Total decreases	2,108,655
FINAL SITUATION AS AT 31/12/2013	143,199,942

F.9) Cash flows

LIQUIDITY AS AT 31/12/12	-
INCREASES IN LIQUIDITY	
Subordinated loans	151,000,000
Capital collections	1,090,244,101
Interest collections	113,179,585
Fee and commission collections	2,670,826
Positive difference on IRS	-
Contingent assets	17,289
Increase in payables	12,851,297
Decrease in receivables	-
TOTAL INCREASES	1,369,963,098
USE OF LIQUIDITY	
Purchase of securitised loans	-
Redemption of notes	915,196,056
Interest expense on notes issued and loans	24,903,970
Fee and commission expenses	3,606,611
Legal, professional and other expenses	1,971
Negative difference on IRS	-
Contingent liabilities	7,969
Increases in receivables	255,846
Decreases in payables	-
TOTAL USE OF LIQUIDITY	943,972,423
LIQUIDITY AS AT 31/12/2013	425,990,675

For 2014, as provided by the securitisation repayment plan, collections of capital on the initial portfolio alone are estimated at approximately Euro 741 million while collections of interest are estimated at around Euro 107 million.

F.10) Situation of the guarantees and liquidity lines

No guarantees have been given or received in relation to the securitisation, and no recourse has been made to banking system credit facilities or overdrafts.

Furthermore, to hedge against any periods of illiquidity, the Company has allocated a Cash Reserve which at 31 December 2013 totalled Euro 157,493,400.

Article II. F.11) Distribution by residual life

Item/residual life	up to 3 months	3 months-1 year	1-5 years	over 5 years	Unlimited duration
A. Securitised assets					
A.1) Mortgages	4,542,811	134,371,064	946,280,501	3,055,269,444	7,104,979
A.3) Other (bad loans)					
B. Use of cash and cash equivalents from securitised assets					
B.3) Liquidity	425,990,675				
B.5) Other loans and receivables	2,596,048	252,902		2,939	
Total	433,129,534	134,623,966	946,280,501	3,055,272,383	7,104,979
C. Notes issued					
C.1 Class A notes				2,392,103,944	
C.2 Class B notes				1,942,480,000	
D. Subordinated loans				151,000,000	
E. Other liabilities					
E.1 Amounts due to the Company		24,080			
E.2 Other payables	66	264,219		88,937,012	
E.3) Accrued expenses		1,602,042			
Total	66	1,890,341		4,574,520,956	

F.12) Distribution by territory

All the loans were disbursed in Euro to borrowers resident in Italy and referring to property located in Italy.

F.13) Risk concentration

Loan size	No. of positions 31/12/2013	Value as at 31/12/2013	% Portfolio as at 31/12/2013
0-25,000	19,531	195,822,189	4.73%
25,001-75,000	7,457	331,891,378	8.02%
75,001-250,000	6,122	826,524,632	19.96%
Over 250,000	3,152	2,786,225,621	67.29%
Total	36,262	4,140,463,820	100.00%

The table figures do not include bad loans. As envisaged in the agreement, there are no loans with a value of more than 2% of the loans portfolio.

Section 3 - Information on risks and related hedging policy

3.1 CREDIT RISK

QUALITATIVE INFORMATION

The Company only has receivables payable on demand and therefore it is considered that there is no exposure to credit risk.

QUANTITATIVE INFORMATION

1. Distribution of financial assets by portfolio and by credit quality

Portfolios/quality	Bad loans	Substandard loans	Restructured loans	Past due loans (non-performing)	Past due loans (performing)	Other assets	Total
1. Financial assets held for trading							
2. Financial assets designated at fair value							
3. Financial assets available for sale							
4. Financial assets held to maturity							
5. Due from						12,193	12,193

banks								
6. Due from financial institutions								
7. Due from customers								
8. Hedging derivatives								
Total 2013							12,193	12,193
Total 2012							12,455	12,455

3.2 MARKET RISK

3.2.1 Interest rate risk

QUALITATIVE INFORMATION

The Company is not exposed to interest rate risk.

QUANTITATIVE INFORMATION

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

Item/residual life	On demand	Up to 3 months	More than 3 months and up to 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years	More than 5 year and up to 10 years	Over 10 years	Unlimited duration
1. Assets								
1.1 Debt securities								
1.2 Loans and receivables	12,193							
1.3 Other assets			49,787			2,617,647		
2. Liabilities								
2.1 Debts								
2.2 Debt securities								
2.3 Other liabilities		40,645				2,593,219		
3. Derivatives								
Options								
3.1 Long positions								
3.2 Short positions								
Other derivatives								
3.3 Long positions								
3.4 Short positions								

3.2.2 Price risk

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

3.2.3 Foreign exchange rate risk

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

3.3 OPERATIONAL RISKS

With regard to operational risk, note that the Company has no employees and has outsourced its functions and related operational risk to entities contractually appointed for this purpose. In particular, with regard to services assigned to Banco Popolare Group banks, note that as part of the securitisations management model, processes have been defined for the correct execution of activities relating to securitisation management; activities regarding

collection accounting management, reporting, arrears management, financial statements preparation, ordinary swap operations and support activities. These processes ensure compliance with reference regulations and execution of first and second level controls, also by means of the risk management performed by the Banco Popolare Group Finance Department.

3.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

The Company considers it has sufficient cash and cash equivalents to meet its commitments.

QUANTITATIVE INFORMATION

1. Distribution of assets and liabilities by residual duration of the contracts

Item/Residual duration	On demand	More than 1 day and up to 7 days	More than 7 days and up to 15 days	More than 15 days and up to 1 month	More than 1 month and up to 3 months	More than 3 months and up to 6 months	More than 6 months and up to 1 year	More than 1 year and up to 3 years	More than 3 years and up to 5 years	Over 5 years	Unlimited duration
Cash assets											
A.1 Government securities											
A.2 Other debt securities											
A.3 Loans											
A.4 Other assets											
Cash liabilities											
B.1 Amounts due to:	12,193					49,787				2,617,647	
- Banks											
- Financial institutions											
- Customers											
B.2 Debt securities											
B.3 Other liabilities											
Off-balance sheet transactions											
C.1 Derivatives with underlying asset exchange					40,645					2,593,219	
- Long positions											
- Short positions											
C.2 Derivatives without underlying asset exchange											
- Positive spread											
- Negative spread											
C.3 Loans to be received											
- Long positions											
- Short positions											
C.4 Irrevocable commitment to disburse funds											
- Long positions											
- Short positions											
C.5 Financial guarantees given											
C.6 Financial guarantees received											

Section 4 – Information on equity

4.1 COMPANY EQUITY

4.1.1 Qualitative information

The Company's equity comprises the fully paid-up quota capital of Euro 12,000, reserves amounting to Euro 26,728 and net income for the period. As at 31 December 2013 the quota capital of Euro 12,000 is held by SVM Securitisation Vehicles Management S.r.l., 100% owner of the nominal value of the quota capital. The Company is not subject to external minimum mandatory capital requirements or special regulations on regulatory capital.

4.1.2 Quantitative information

4.1.2.1 Company equity: composition

Item/Amounts	31/12/2013	31/12/2012
1. Capital	12,000	12,000
2. Quota premium reserve		
3. Reserves		
- profits	22,126	(3,384)
a) legal	2,400	32
b) statutory		
c) treasury shares		
d) other	19,726	(3,416)
- other	4,602	4,602
4. (Treasury shares)		
5. Valuation reserves		
- Available-for-sale financial assets		
- Tangible assets		
- Intangible assets		
- Foreign investment hedges		
- Cash flow hedges		
- Exchange difference		
- Non-current assets or disposal groups held for sale		
- Special revaluation laws		
- Actuarial gains (losses) on defined benefit plans		
- Share of valuation reserves related to investments carried at equity		
6. Equity instruments		
7. Net income (loss) for the period	4,732	25,510
Total	43,460	38,728

4.2 Regulatory capital and capital ratios

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

Section 5 - Statement of comprehensive income

	Item	Gross amount	Income taxes	Net amount
10.	Net income (loss) for the period	9,135	(4,403)	4,732
140.	Comprehensive income	9,135	(4,403)	4,732

Items of the table which as at 31 December 2013 had a zero value are not indicated.

Section 6 – Transactions with related parties

6.1 Information on remuneration of directors and executives with strategic responsibilities

The fees payable to the Sole Director for 2013 amounted to Euro 12,522 and remuneration of the Board of Statutory Auditors totalled Euro 8,808.

6.2 Loans and guarantees given to Directors and Statutory Auditors

The company has not issued guarantees in favour of the Sole Director or the Board of Statutory Auditors.

6.3 Information on transactions with related parties

The company has no employees as the management of assets purchased is outsourced to the Originators under the terms of the Servicing Contracts. Administrative, accounting and tax-related activities are assigned to Banco Popolare.

Section 7 - Other information

Pursuant to Art. 149-duodecies of Consob Issuers' Regulation, under the terms of the transitional regime envisaged in art. 43, paragraph 2, Italian Legislative Decree 39/2010, the table below provides information on fees paid to the independent auditors Reconta Ernst & Young S.p.A. The amounts indicated in the table for 2013 are those

determined and stated in the contract (excluding any indexing, non-deductible VAT, out-of-pocket expenses and any regulatory contributions).

Type of service (amounts in Euro)	Reconta Ernst & Young S.p.A.	Other Reconta Ernst & Young S.p.A. Group companies
Audit	32,000	-
Certification services	-	-
Other services	-	-
Total	32,000	-

Conegliano, 21 February 2014

BPL Mortgages S.r.l.
A single member company
Sole Director
Claudia Calcagni

THE PAYING AGENT AND THE TRANSACTION BANK

The Paying Agent

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

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

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

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

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

BNP Paribas Securities Services, Milan Branch shall act as Paying Agent, Agent Bank, Computation Agent and Representative of the Noteholders pursuant to the Agency and Accounts Agreement.

BNP Paribas Securities Services, London Branch shall act as Transaction Bank.

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

For the purpose of this section and the following sections Prospectus,

“**Standard & Poor's**” or “**S&P**” means Standard & Poor's Financial Services LLC and/or Standard & Poor's Credit Market Services Europe Limited, as the case may be. In particular:

- (1) Standard & Poor's Financial Services LLC is not established in the European Union. The use in the European Union of credit ratings issued in the United States of America has been endorsed according to a decision by ESMA pursuant to Article 4(3) of the CRA Regulation; and
- (2) Standard & Poor's Credit Market Services Europe Limited are established in the European Union, have been registered in compliance with the requirements of the CRA Regulation, and are included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA Website (for the avoidance of doubt, such website does not constitute part of this Prospectus).

“Fitch” means Fitch Ratings Ltd and/or Fitch Italia S.p.A., as the case may be. In particular:

Fitch Ratings Ltd and Fitch Italia S.p.A. are established in the European Union, have been registered in compliance with the requirements of the CRA Regulation, and are included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA Website (for the avoidance of doubt, such website does not constitute part of this Prospectus).

THE CASH ACCOUNT BANK

Banco Popolare London Branch (regulated by Banca d' Italia), located within the "Financial Heart of Great Britain", close to the Bank of England, has been established in 1992, with the aim of providing a full range of commercial banking services to corporate clients of the Group. The branch participates in international syndicated loans and lends to corporate customers on a bilateral basis. It is also active in treasury management in support of corporate customers and issues London Certificates of Deposit (CDs), European CDs and French CDs. It has a dedicated Customer Services for all commercial related transactions.

SELECTED ASPECTS OF ITALIAN LAW

(a) The Securitisation Law

The Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy. It applies to securitisation transactions involving the “true” sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with article 3 of the Securitisation Law and all amounts paid by the assigned debtors are to be used by the relevant company exclusively to meet its obligations under notes issued to fund the purchase of such receivables and all costs and expenses associated with the securitisation transaction. Law Decree No. 145 of 23 December 2013 (*“Interventi urgenti di avvio del piano “Destinazione Italia”, per il contenimento delle tariffe elettriche e del gas, per la riduzione dei premi RC-auto, per l’internazionalizzazione, lo sviluppo e la digitalizzazione delle imprese, nonché misure per la realizzazione di opere pubbliche ed EXPO 2015”*), converted with amendments into Law No. 9 of 21 February 2014 (**“Law 9/2014”**) introduces certain amendments to the Securitisation Law. In particular, Law 9/2014 provides, *inter alia*, that:

1. the companies incorporated as special purpose vehicles pursuant to article 3 of Law 130 are entitled to open segregated accounts (*“conti correnti segregati”*) with the depositary bank or with the servicers of securitisation transactions, on which the amounts paid by the assigned debtors as well as any other amount due to the relevant special purpose vehicle under the securitisation may be credited. The amounts credited into such accounts will be segregated from the assets of the relevant servicer with which they have been opened and may be utilized only to fulfil the obligations of the relevant special purpose vehicle against the noteholders and the other creditors under the securitisation, and to pay the expenses to be borne in connection with the securitisation. Should the compulsory administrative liquidation (*“liquidazione coatta amministrativa”*) or the extraordinary administration (*“amministrazione straordinaria”*) in accordance with the Banking Act, or any other insolvency procedure or restructuring agreement (*“accordi di ristrutturazione dei debiti”*) apply to the relevant servicer or depositary bank, the amounts credited on such segregated accounts (i) will be deemed as being outside of the servicer or depositary bank’s estate, (ii) will not be subject to the suspension of payments and (iii) will be returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and in any case prior to any distribution to be made thereunder;
2. the servicers and the sub-servicers are entitled to open segregated accounts (*“conti correnti segregati”*) with banks into which the amounts received from the assigned debtors on behalf of the special purpose vehicle may be credited. The creditors of the relevant servicer or sub-servicer may exercise claims only in respect of the amounts credited on such accounts that exceed the amounts due to the relevant special purpose vehicle. Should any insolvency procedure or restructuring agreement (*“accordo di ristrutturazione dei debiti”*) apply to the relevant servicer or sub-servicer, the amounts credited on such segregated accounts will be deemed as being outside of the servicer’s or sub-servicer’s estate and will be returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and in any case prior to any distribution to be made thereunder;
3. the assigned debtors in securitisation transactions shall not be entitled to exercise any set-off between the amounts due by them under the assigned receivables and their claims arisen after the date of publication in the Official Gazette of the notice of transfer of the

relevant portfolio or the date certain at law (“*data certa*”) on which the relevant purchase price has been paid; and

4. payments made by assigned debtors under securitised claims are not subject to the declaration of ineffectiveness pursuant to article 65 of the Bankruptcy Law (as defined below).

(b) Ring-fencing of the assets

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company which purchases the receivables. Prior to and on a winding-up of such a company such assets will be available only to holders of notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company. However, under Italian law, any creditor of the Issuer would be able to commence insolvency or winding up proceedings against the company in respect of any unpaid debt.

(c) The assignment

The assignment of the receivables under the Securitisation Law is governed by article 58, paragraphs 2, 3 and 4 of the Banking Act. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Securitisation Law, is that the assignment can be perfected against assigned debtors and third party creditors by way of publication in the Italian Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) and registration (*iscrizione*) with the companies’ register where the Issuer is enrolled, so avoiding the need for notification to be served on each assigned debtor.

As of the later of: (i) the date of publication of the notice of the assignment in the Italian Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) and (ii) the date of registration (*iscrizione*) of such notice in the companies’ register where the Issuer is enrolled, the assignment becomes enforceable against:

- (a) the assigned debtors and any creditors of the relevant originator who have not, prior to the date of publication of the notice, commenced enforcement proceedings in respect of the relevant receivables;
- (b) (i) the liquidator or any other bankruptcy officials of the assigned debtors (so that any payments made by an assigned debtor to the purchasing company may not be subject to any claw-back action according to article 67 of Italian Royal Decree No. 267 of 16 March 1942 (*Disciplina del fallimento, del concordato preventivo e della liquidazione coatta amministrativa*) (the “**Bankruptcy Law**”), and (ii) the liquidator of the originator (provided that the originator has not been subjected to insolvency proceeding prior to the date of publication of the notice of assignment in the Official Gazette and the registration of the assignment in the register of companies where the assignee is enrolled); and
- (c) other permitted assignees of the relevant originator who have not perfected their assignment prior to the date of publication. The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned receivables will automatically be transferred to, and perfected with the same priority in favour of, the issuer, without the need for any formality or annotation.

As from the later of: (i) the date of publication of the notice of the assignment in the Italian Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) and (ii)

the date of registration (*iscrizione*) of such notice in the companies' register where the Issuer 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.

Notices of the assignments of the Claims by Banco Popolare and Creberg (before the merger into Banco Popolare) pursuant to the Transfer Agreements were published in the Italian Official Gazette (*Gazzetta Ufficiale della Repubblica Italiana*) No. 64 *Parte II* on 31 May 2014 and registered (*iscritto*) in the companies' register of Treviso on 30 May 2014.

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the assignment transaction is entered into within three months of the adjudication of bankruptcy of the relevant party or, in cases where article 67, paragraph 1, applies, within six months of the adjudication of bankruptcy.

(d) Claw-back of the sale of the Portfolio

The sale of the Portfolio 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 Creberg (before its merger into Banco Popolare) and Banco Popolare were insolvent when the assignment was entered into and the assignment was executed within the three months preceding the admission of the Originator to compulsory liquidation (*liquidazione coatta amministrativa*) pursuant to Title IV, Heading I, Section III of the Banking Act or in cases where paragraph 1(1), 1(2) and 1(3) of Article 67 applies, within the six months preceding the admission to compulsory liquidation. Under the Warranty and Indemnity Agreement, Creberg (before its merger into Banco Popolare) and Banco Popolare have represented and warranted that they were solvent as of the Transfer Date.

(e) Recoveries under the Loans

Following default by a Borrower under a Loan, the Servicer will be required to take steps to recover the sums due under the Loan in accordance with its servicing and collection policies and the Servicing Agreement. See "*The Servicing Agreement*" and "*The credit and collection policies*".

The Servicer may take steps to recover the deficiency from the Borrower. Such steps could include an out-of-court settlement; however, legal proceedings may be taken against the Borrower if the Servicer is of the view that the potential recovery would exceed the costs of the enforcement measures. In such event, due to the complexity of and the time involved in carrying out legal or insolvency proceedings against the Borrower and the possibility for challenges, defences and appeals by the Borrower, there can be no assurance that any such proceedings would result in the payment in full of outstanding amounts under the relevant Loan.

In the Republic of Italy, a lender which has received a judgment against a debtor in default may enforce the judgment through a forced sale of the debtor's (or guarantor's) goods (*pignoramento mobiliare*) or real estate assets (*pignoramento immobiliare*), if the lender has previously been granted a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

Forced sale proceedings are directed against the debtor's properties following notification of an *atto di precetto* to the relevant debtor together with a *titolo esecutivo*, i.e. an instrument evidencing the nature of the claims and having certain characteristics.

The average length of time for a forced sale of a debtor's goods, from the court order or injunction of payment to the final sharing-out, is about three years. The average length of time for a forced sale of a debtor's real estate asset, from the court order or injunction of payment to the final sharing-out, is between six and seven years. In the medium-sized central and northern

Italian cities it can be significantly less whereas in major cities or in southern Italy the duration of the procedure can significantly exceed the average.

However, it is to be noted that forced sale proceedings are currently subject to a wide review by the Italian government aimed, *inter alia*, at speeding up and simplifying such proceedings. In fact, law decree No. 35 of 14 March 2005 converted into law by law No. 80 of 14 May 2005 as amended, has, on the one hand, introduced certain changes in this respect which entered into force starting from 1 March 2006 and, on the other hand, delegates the Italian Government to issue the relevant implementing decrees (*decreti legislativi delegati*).

(f) Attachment of debtor's credits

Attachment proceedings may be commenced also on due and payable debts of a borrower (such as bank accounts, salary etc.) or on a borrower's moveable property which is located on a third party's premises.

(g) Insolvency proceedings

A commercial entrepreneur (*imprenditore che esercita un'attività commerciale*) qualifying under article 1 of the Bankruptcy Law may be subject to insolvency proceedings (*procedure concorsuali*). Insolvency proceedings under Bankruptcy Law may take the form of, *inter alia*, bankruptcy (*fallimento*) or a composition with creditors (*concordato preventivo*).

Bankruptcy proceedings are applicable to commercial entrepreneurs that are in state of insolvency. A debtor can be declared bankrupt (*fallito*) (either by its own initiative or upon the initiative of any of its creditors) if it is not able to timely and duly fulfill its obligations. The debtor loses control over all its assets and of the management of its business which is taken over by a court-appointed receiver (*curatore fallimentare*).

Once judgment has been made by the court on the basis of the evidence of the creditors and the opinion of the *curatore fallimentare*, and the creditors' claims have been approved, the sale of the debtor's property is conducted in a manner similar to foreclosure proceedings or forced sale of goods, as the case may be. After insolvency proceedings are commenced, no legal action can be taken against the debtor and no foreclosure proceedings or forced sale proceedings may be initiated. Moreover, all action taken and proceedings already initiated by creditors are automatically suspended.

An entrepreneur which is in a crisis situation may propose to its creditors a creditors composition (*concordato preventivo*). The proposed composition plan may provide for the restructuring of debt and terms for the satisfaction of creditors, the transfer of business activities, the grouping of creditors in classes and their proposed treatment. The proposed composition plan must be accompanied by specific documentation relating to, *inter alia*, the financial situation of the enterprise and a report by an expert certifying that the data relating to the enterprise are true and the proposed composition plan is feasible.

A proposal for a composition plan is approved if it receives the favourable vote of creditors representing the majority of the claims admitted to vote; in case of classes of creditors, such majority shall be verified also in respect of the majority of the classes. If an approved composition plan is not challenged in court, the court will validate the composition plan by decree; such decree terminates the procedure.

See "*Concordato preventivo (Composition with creditors)*" and "*Accordi di ristrutturazione dei debiti (Debts' restructuring arrangements with creditors)*", below.

(h) Mutui fondiari foreclosure proceedings

The Loans include, *inter alia*, loans qualifying as *mutui fondiari*. Foreclosure proceedings in respect of *mutui fondiari* commenced after 1 January 1994 are currently regulated by article 38 (et seq.) of the Banking Act in which several exceptions to the rules applying to foreclosure

proceedings in general are provided for. In particular, mortgages securing the loans are not capable of being challenged under actions for revocation pursuant to article 67 of the Bankruptcy Law if they were registered at least 10 days prior to the publication of the decision declaring the bankruptcy of the debtor, there is no requirement to serve a copy of the loan agreement directly on the borrower, and the mortgage lender of *mutui fondiari* is entitled to commence or continue foreclosure proceedings after the debtor is declared insolvent or insolvency proceedings have been commenced.

Moreover, the custodian appointed to manage the mortgaged property in the interest of the *fondario* mortgage lender pays directly to the same the revenues recovered on the mortgaged property (net of administration expenses and taxes). After the sale of the mortgaged property, the court orders the purchaser (or the assignee in the case of an assignment) to pay that part of the price corresponding to the *mutui fondiari* lender's debt directly to the same.

Pursuant to article 58 of the Banking Act, as amended by article 12 of legislative decree No. 342 of 4 August 1999, the Issuer will be entitled to benefit from such procedural advantages which apply in favour of a lender of a *mutuo fondiario* loan.

Enforcement proceedings for *mutui fondiari* commenced on or before 31 December 1993 are regulated by the Royal Decree No. 646 of 16 July 1905, which confers on the *mutuo fondiario* lender rights and privileges that are not provided for by the Banking Act with respect to enforcement proceedings on *mutui fondiari* commenced on or after 1 January 1994. Such additional rights and privileges include the right of the bank to commence enforcement proceedings against the borrower even after the real estate has been sold to a third party who has taken the place of the borrower as debtor under the *mutuo fondiario* provided that the name of such third party has not been notified to the lender. Further rights include the right of the bank to apply for the real estate to be valued by the court after commencement of enforcement proceedings, at the value indicated in the *mutuo fondiario* agreement without having to have a further expert appraisal.

(i) Concordato preventivo (Composition with creditors)

The debtor in "financial distress" (i.e. facing financial distress which does not yet amount to insolvency) may file for *concordato preventivo* by submitting a plan for the composition with its creditors which may provide for:

- (i) the restructuring of debts and the satisfaction of creditors in any manner even through assignments of debts, novations (*accollo*) or extraordinary transactions, including the issue of shares, quotas, bonds (also convertible into shares) or other financial instruments and securities;
- (ii) the appointment of a third-party manager (including the creditors);
- (iii) the division of creditors into classes; and
- (iv) different treatments for creditors belonging to different classes.

In accordance with article 177 of the Bankruptcy Law, once the competent court declares the proposal admissible and opens the procedures, the *concordato preventivo* commences if approved by the majority of the creditors entitled to vote (or, in case of different classes of creditors, by the majority of the creditors within each class).

The procedure of the composition with creditors (*concordato preventivo*) will end with a decree which is to be issued by the competent court and by which the proposal is approved (*omologata*). If the court either (i) declares that the proposal is not admissible or (ii) the creditors reject it, the entrepreneur is declared bankrupt by the court if the Italian public prosecutor or any creditor request it and the competent court ascertains the actual insolvency of the relevant debtor.

(J) Art. 120 ter of the Banking Act

Article 120-ter of the Banking Act provides that any provision imposing a prepayment penalty in case of early redemption of Loans is null and void with respect to mortgage loan agreements entered into, with an individual as borrower, for the purpose of purchasing or refurbishing real estate properties destined to residential purposes or to carry out the borrower's own professional and economic activity.

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

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

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

(k) Article 120-quater of the Banking Act

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

In the event that the subrogation is not completed within thirty days from the relevant request

from the succeeding lender to the former lender to start the relevant cooperation procedures, the original lender shall pay to the borrower an amount equal to 1% of the amount of the loan for each month or part thereof of delay, provided that if the delay is due to the succeeding lender, the latter shall repay to the former lender the delay penalty paid by it to the borrower.

(l) ***Accordi di ristrutturazione dei debiti (Debts' restructuring arrangements with creditors)***

Law decree No. 35 of 14 March 2005 converted into law by law No. 80 of 14 May 2005, introduced the new article 182-*bis* of the Bankruptcy Law which contemplates the possibility of entering into debts' restructuring arrangements with creditors.

Pursuant to new article 182-*bis* of the Bankruptcy Law, the debtor may file with the relevant court an agreement for the restructuring of debts with creditors representing at least 60 per cent. of the company's debts, together with an assessment made by an expert on the feasibility of the agreement and, in particular, on its impact on the timely payment to those creditors which are not parties to it.

The agreement is published in the companies' register and is effective as of the day of its publication. Creditors may oppose the agreement within thirty days from the publication. The court will, after having settled the oppositions (if any), validate the agreement by issuing a decree, which may be appealed within 15 days.

(m) **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 struck 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 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 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.

On 28 February 2012 the ABI and the Ministry of Economy and Finance entered into a new convention (the "**New PMI Convention**") providing for, *inter alia*: (i) a 12-month suspension of payments of instalments in respect of the principal of medium-and long-term loans, which did not benefit from the Suspension. The suspension applies on the condition that the instalments (A) are timely paid or (B) in case of late payments, the relevant instalment has not been outstanding for more than 90 days from the date of request of the suspension; and (ii) the possibility for small and middle-sized companies that have not already requested a Suspension to request an extension of the duration of the relevant loans for a period equal to the residual duration of the relevant loans and in any case for a maximum period of two years for unsecured loans and of three years for mortgage loans.

On 20 March 2013, the terms within which the request for the Suspension according to the New PMI Convention could be requested has been extended until 30 June 2013.

On 1 July 2013, ABI and the associations of the representative of the companies signed a new further convention (the “**July 2013 PMI Convention**”). The July 2013 PMI Convention provides for, *inter alia*: (i) a 12-month suspension of payments of instalments in respect of the principal of medium-and long-term loans, which did not benefit from the suspension under the New PMI Convention. The suspension applies on the condition that the instalments (A) are timely paid or (B) in case of late payments, the relevant instalment has not been outstanding for more than 90 days from the date of request of the suspension; and (ii) the option for small and middle-sized companies that have not already requested a suspension under the New PMI Convention to request an extension of the duration of the relevant loans for a period equal to the residual duration of the relevant loans and in any case for a maximum period of three years for unsecured loans and of four years for mortgage loans. Any requests under item (i) and (ii) above to be submitted by 30 June 2014. However, in respect of loans that still benefit from the above suspension at 30 June 2014, the requests for the extension of the duration of such loans may be submitted within 31 December 2014.

Pending the implementation of the above measures of the July 2013 PMI Convention, the date within which the request for the Suspension pursuant to the New PMI Convention could be submitted has been further extended to 30 September 2013.

On 8 August 2013 further clarifications with respect to the implementation of the July 2013 PMI Convention have been issued by the ABI. In particular, ABI (*Associazione Bancaria Italiana*) has clarified that the securitised claims are not expressly excluded from the object of the July 2013 PMI Convention. The assigning banks shall autonomously evaluate the possibility to grant the suspension or the extension under the July 2013 PMI Convention in respect of securitised claims. In any case ABI (*Associazione Bancaria Italiana*) has further clarified that in case a suspension or extension under the July 2013 PMI Convention is granted by the assigning bank, such suspension or extension shall not result in additional expenses in relation to such bank (also considering the costs that the assigning bank would have incurred in case the suspension or extension had been granted with respect to the original loan).

In this respect, it should be considered that Banco Popolare and Creberg have acceded to the New PMI Convention and the list of the banks which have acceded (both as of 10 September 2013) to the July 2013 PMI Convention is available on the ABI website.

THE AGENCY AND ACCOUNTS AGREEMENT

The description of the Agency and Accounts Agreement set out below is a summary of certain features of such Transaction Document and is qualified in its entirety by reference to the detailed provisions of such Agency and Accounts Agreement. Prospective Noteholders may inspect a copy of the Agency and Accounts Agreement upon request at the Specified Offices of, respectively, the Representative of the Noteholders and the Paying Agent.

Pursuant to the Agency and Accounts Agreement, the Issuer has appointed:

- (a) BNP Paribas Securities Services, Milan Branch, as (i) the Paying Agent, for the purpose of, *inter alia*, making payment of interest and the repayment of principal in respect of the Notes and of establishing and maintaining the Payments Account; (ii) the Agent Bank, for the purpose of, *inter alia*, determining the rate of interest payable in respect of the Notes and (iii) the Computation Agent, for the purpose of, *inter alia*, determining certain of the Issuer's liabilities and the funds available to pay the same (subject to the receipt of certain information and in reliance thereon as set forth herein) and managing certain payment services in relation to the Accounts.
- (b) Banco Popolare as the Interim Account Bank, for the purposes of establishing and maintaining the Italian Accounts;
- (c) BNP Paribas Securities Services, London Branch, as the Transaction Bank, for the purposes of establishing and maintaining the Collection Account; and
- (d) Banco Popolare Società Cooperativa, London Branch, as the Cash Account Bank, for the purposes of, *inter alia*, establishing and maintaining the Cash Reserve Account.

1. Duties of the Interim Account Bank

Pursuant to the Agency and Accounts Agreement, the Issuer has opened and will maintain with the Interim Account Bank.

The Interim Account Bank will operate each of the Italian Accounts in the name of, and on behalf of, the Issuer under a power of attorney given to it by the Issuer.

For a description of the operation of the Italian Accounts and the cash flows through the Italian Accounts, see "*Credit structure – Cash flow through the Accounts*" and "*The Issuer's bank accounts*".

2. Duties of the Transaction Bank

Pursuant to the Agency and Accounts Agreement, the Issuer has opened and will maintain with the Transaction Bank the Collection Account.

The Transaction Bank will operate the Collection Account in the name of, and on behalf of, the Issuer.

For a description of the operation of the Collection Account and the cash flows through the Collection Account, see "*Credit structure – Cash flow through the Accounts*" and "*The Issuer's bank accounts*".

The Transaction Bank has agreed to establish and maintain the Collection Account whilst the Computation Agent will manage certain payment services in relation to the Accounts.

3. Duties of the Cash Account Bank

Pursuant to the Agency and Accounts Agreement, the Issuer has opened and will maintain with the Cash Account Bank the Cash Reserve Account.

The Cash Account Bank and the Computation Agent will operate the Cash Reserve Account in

the name of, and on behalf of, the Issuer.

For a description of the operation of the Cash Reserve Account and the cash flows through the Cash Reserve Account, see “*Credit structure – Cash flow through the Accounts*” and “*The Issuer’s bank accounts*”.

4. Duties of the Paying Agent

Pursuant to the Agency and Accounts Agreement, the Issuer has opened and will maintain with the Paying Agent the Payments Account.

The Paying Agent will operate the Payments Account in the name of, and on behalf of, the Issuer.

For a description of the operation of the Payments Account and the cash flows through the Payments Account, see “*Credit structure – Cash flow through the Accounts*” and “*The Issuer’s bank accounts*”.

5. Duties of the Agent Bank

On each Interest Determination Date, the Agent Bank will, in accordance with Condition 6 (*Interest*), determine EURIBOR and the Rate of Interest applicable to the Rated Notes during the following Interest Period, as well as the Interest Amount and the Interest Payment Date in respect of such following Interest Period, all subject to and in accordance with the Conditions, and will notify such amounts to the Issuer, the Representative of the Noteholders, the Corporate Servicer, the Paying Agent, the Notes Subscribers, the Computation Agent, the Servicer and, with exclusive regard to the Rated Notes, the Irish Stock Exchange.

6. Duties of the Computation Agent

The duties of the Computation Agent include the making of certain calculations in respect of the Securitisation as set forth in Condition 7 (g) (*Calculation of Issuer Available Funds, Principal Payments, interest payments and Principal Amount Outstanding*). The Computation Agent will make such calculations based on, *inter alia*:

- (a) the Statement of the Italian Accounts prepared by the Interim Account Bank on the Reporting Dates;
- (b) the Statement of the Transaction Account prepared by the Transaction Bank on the Reporting Dates;
- (c) the Statement of the Cash Reserve Account prepared by the Cash Account Bank on the Reporting Dates;
- (d) the Statement of the Payments Account prepared by the Paying Agent on the Reporting Dates;
- (e) the Statement of the Eligible Investments Account prepared by the Transaction Bank on the Reporting Dates;
- (f) the Servicer Reports prepared by the Servicer, by the Reporting Dates, or, if a Servicer Report Delivery Failure Event occurs, any other information made available to the Computation Agent by the Servicer in connection with the immediately preceding Collection Period;
- (g) the determinations received from the Agent Bank concerning the Rate of Interest, the Interest Amount and the Interest Payment Date; and
- (h) the instructions and determinations of the Issuer, Monte Titoli and the Corporate

Servicer,

and the Computation Agent will not be liable for any omission or error in so doing, save as to the extent caused by its own gross negligence (*colpa grave*) or wilful misconduct (*dolo*).

On each Calculation Date, the Computation Agent will calculate the amounts to be disbursed on the following Interest Payment Date pursuant to the priority of payments as set forth in Condition 3(d) (*Pre-Enforcement Priority of Payments*) and will compile a payments report (the “**Payments Report**”).

Upon occurrence of Servicer Report Delivery Failure Event, based on the information available as of such date, the Computation Agent will calculate:

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

and, based on the information listed above, will compile a provisional payments report.

Following the delivery of an Issuer Acceleration Notice and upon request by the Representative of the Noteholders, the Computation Agent will calculate the amounts to be disbursed pursuant to the priority of payments as set forth in Condition 3(e) (*Post-Enforcement Priority of Payments*) and will compile the relevant Payments Report.

In addition, the Computation Agent will prepare and deliver by no later than five Business Days following each Interest Payment Date to the Issuer, the Servicer, the Notes Subscribers, the Corporate Servicer, the Rating Agencies, the Paying Agent, the Interim Account Bank, the Transaction Bank, the Cash Account Bank, the Representative of the Noteholders, any stock exchange on which the Rated Notes are listed, a report containing details of, *inter alia*, the Claims, amounts received by the Issuer from any source during the preceding Collection Period and amounts paid by the Issuer during such Collection Period as well as on the immediately preceding Interest Payment Date (the “**Investor Report**”). The Investor Report will be also made available to the Noteholders and the Issuer Secured Creditors on a quarterly basis via the Computation Agent’s internet website currently located at <https://gctabsreporting.bnpparibas.com/index.jsp>. The Computation Agent’s internet website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted with respect to the information posted thereon.

7. **Additional Duties of the Paying Agent**

The Paying Agent will, on each Interest Payment Date, receive from the Transaction Bank, acting in the name and on behalf of the Issuer, the monies necessary to make the payments due on the Notes on the same Interest Payment Date and will apply such funds in or towards such payments as specified in the Payments Report. The Paying Agent will provide the Issuer and the Corporate Servicer with the data necessary to maintain and update the Noteholders’ register (*registro degli obbligazionisti*) in accordance with Italian law and any other applicable law.

The Paying Agent will act as intermediary between the Noteholders and the Issuer for certain purposes and make available for inspection during normal business hours at its Specified Office such documents as may from time to time be required by the rules of the Irish Stock Exchange and, upon reasonable request, will allow copies of such documents to be taken.

The Paying Agent will keep a record of all Notes and of their redemption, purchase, cancellation and repayment and will make such records available for inspection, and copies thereof obtainable, during normal business hours by the Issuer, the Representative of the Noteholders and the Computation Agent.

In performing their obligations, the Paying Agent may rely on the instructions and determinations of the Issuer, Monte Titoli and the Computation Agent, and will not be liable for any omission or error in so doing, except in case of their own gross negligence (*colpa grave*) or wilful misconduct (*dolo*).

8. General provisions

Each of the Agents will act as agents solely of the Issuer and will not assume any obligation towards, or relationship of agency or trust for or with, any of the Noteholders. Each of the Issuer and the Representative of the Noteholders has agreed that it will not consent to any amendment to the Conditions that materially affects the obligations of any of the Agents without such Agent's prior written consent (such consent not to be unreasonably withheld).

The Issuer has undertaken to indemnify each of the Agents and its respective directors, officers, employees and controlling persons against all losses, liabilities, costs, claims, actions, damages, expenses or demands which any of them may incur or which may be made against any of them as a result of or in connection with the appointment of or the exercise of the powers and duties by any Agent, except as may result from its gross negligence (*colpa grave*) or wilful misconduct (*dolo*), or that of its directors, officers, employees or controlling persons or any of them, or breach by it of the terms of the Agency and Accounts Agreement.

In return for the services so provided, the Agents will receive commissions in respect of the services of such Agents agreed on or about the Issue Date between the Issuer and the Agents, payable by the Issuer in accordance with the Priority of Payments, except that certain fees may be paid up-front on or around the Issue Date.

The appointment of any Agent may be terminated by the Issuer (with the prior written approval of the Representative of the Noteholders) upon 30 calendar days' written notice or upon the occurrence of certain events of default or insolvency or of similar events occurring in relation to such Agent.

If any of the Agents resigns, the Issuer will promptly and in any event within 30 calendar days appoint a successor approved by the Representative of the Noteholders. If the Issuer fails to appoint a successor within such period, the resigning Agent may select a leading bank approved by the Representative of the Noteholders to act as the relevant Agent and the Issuer will appoint that bank as the successor Agent.

The Agency and Accounts Agreement, save for certain provisions which are governed by English law, is governed by Italian law.

THE TRANSFER AGREEMENTS

The description of the Transfer Agreements set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the relevant Transfer Agreements. Prospective Noteholders may inspect a copy of each Transfer Agreement upon request at the Specified Offices of, respectively, the Representative of the Noteholders and the Paying Agent.

1. Transfer of the Claims

Pursuant to the terms of two transfer agreements dated 27 May 2014 (the “**Signing Date**”) between, respectively, the Issuer and Banco Popolare (the “**Banco Popolare Transfer Agreement**”) and between the Issuer and Creberg (the “**Creberg Transfer Agreement**” and, together with the Banco Popolare Transfer Agreement, the “**Transfer Agreements**”), the Issuer acquired from Banco Popolare and Creberg without recourse (*pro soluto*):

- (a) the monetary claims (the “**Banco Popolare Claims**”) and other connected rights arising out of a portfolio consisting of secured and unsecured loans disbursed to SMEs in various technical forms (such as *mutui fondiari*, *mutui ipotecari*, *mutui agrari* or *altri prestiti*) (the “**Banco Popolare Loans**”) owed to Banco Popolare (the “**Banco Popolare Portfolio**”); and
- (b) the monetary claims (the “**Creberg Claims**”) and other connected rights arising out of a portfolio consisting of secured and unsecured loans disbursed to SMEs in various technical forms (such as *mutui fondiari*, *mutui ipotecari*, *mutui agrari* or *altri prestiti*) (the “**Creberg Loans**”) owed to Creberg (the “**Creberg Portfolio**”).

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

Schedule 1 to each Transfer Agreement contains a list of the Loans and the Claims arising thereunder which have been transferred under the relevant Transfer Agreement.

Banco Popolare Criteria

The Banco Popolare Claims must meet, as at the Valuation Date (or at the other date otherwise specified), the following criteria, in order to ensure that they have the same legal and financial characteristics (the “**Banco Popolare Criteria**”)

1. loans originally disbursed by Banco Popolare or by other banks which were subsequently transferred to Banco Popolare either by way of merger (*fusione*), de-merger (*scissione*), contribution of going concern (*conferimento di ramo d’azienda*) or transfer of going concern (*cessione di ramo d’azienda*);
2. loans the principal debtors of which are (also in case of novation (*accollo*) or apportionment (*frazionamento*) of the relevant loan):
 - a) one or more individuals (including individual firms) who are resident in Italy; or
 - b) one or more entities (including partnerships) incorporated pursuant to Italian law and having their registered office in Italy;
3. loans the principal debtors of which fall within the definition of small and medium enterprises set out in the recommendation of the European Commission of 6 May 2003, No. 2003/361/CE;

4. loans the principal debtor of which belongs to one of the following categories of *Settore Attività Economica*, according to the criteria set out by the Bank of Italy in the *circolare* No.140 of 11 February 1991, as subsequently amended and supplemented (*Istruzioni relative alla classificazione della clientela per settori e gruppi di attività economica*): No. 166 (*Enti Produttori Di Servizi Assistenziali, Ricreativi e Culturali*), No. 256 (*Holding Finanziarie Private*), No. 268 (*Altre finanziarie*), No. 280 (*Mediatori, agenti e consulenti di assicurazione*), No. 283 (*Promotori finanziari*), No. 284 (*Altri ausiliari finanziari*), No. 430 (*Imprese produttive*), No. 431 (*Holding private*), No. 450 (*Associazioni fra imprese non finanziarie*), No. 480 (*Quasi-società non finanziarie artigiane - Unità o società con 20 o più addetti*), No. 481 (*Quasi-società non finanziarie artigiane - Unità o società con più di 5 e meno di 20 addetti*), No. 482 (*Quasi-società non finanziarie artigiane - Società con meno di 20 addetti*), No. 490 (*Quasi-società non finanziarie altre - Unità o società con 20 o più addetti*), No. 491 (*Quasi-società non finanziarie altre - Unità o società con più di 5 e meno di 20 addetti*), No. 492 (*Quasi-società non finanziarie altre - Società con meno di 20 addetti*), No. 614 (*Artigiani*), No. 615 (*Altre famiglie produttrici*). In order to assess as to whether the relevant loan is identified by such criterion, each borrower is entitled to require the branch being the addressee of the relevant payment due which category listed above is applicable to such loan and whether such loan has been classified as a loan entered into for business purposes;
5. loans which are entirely disbursed and in relation to which there is no obligation or possibility to make additional disbursements;
6. loans which are denominated in Euro (or originally disbursed in the former Italian currency (“*Lira*”) and subsequently re-denominated in Euro);
7. mortgage loans which are governed by Italian law;
8. loans providing for a contractual interest rate which falls within one of the following categories:
 - a) “fixed rate loans”, being those loans whose interest rate is not subject to any variation throughout the remaining duration of the loan;
 - b) “floating rate loans”, being those loans whose interest rate is linked to the relevant index determined by contract, subject to any variation throughout the remaining duration of the loan;
 - c) “mixed rate loans”, being those loans in respect of which interest accrues at a fixed rate for a specified period of time determined by contract and at the floating rate of the relevant index thereafter (and *vice versa*);
 - d) “modular rate loans” which contemplate the right, that can be exercised one or more times during the life of the loan, of the relevant borrower to switch from (A) a floating rate to (B) a fixed rate determined as aggregate of (i) the interest rate swap applicable to the relevant remaining term (IRS) and (ii) the spread, pre-determined by contract, over the relevant index as determined pursuant to the paragraph (i) above, and *vice versa*;
9. loans falling within one of the following categories:
 - (i) *ipotecari* mortgage loans, other than those listed in (ii) and (iii) below, entered into between (and including) 11 October 2000 and (and including) 8 November 2013;

- (ii) *fondari* mortgage loans entered into in accordance with the provisions of article 38 et seq. of the legislative decree No. 385 of 1 September 1993 between (and including) 10 September 1999 and (and including) 10 April 2014;
 - (iii) *agrari* mortgage loans entered into in accordance with articles 43, 44 e 45 of the legislative decree 1 September 1993, No. 385 between (and including) 31 March 2000 and (and including) 10 April 2014;
 - (iv) loans different from the ones listed under paragraphs (i), (ii) and (iii) above, entered into between (and including) 31 December 1999 and (and including) 30 April 2014;
10. loans:
- (i) having the first instalment falling after the Valuation Date; or
 - (ii) which, as at 9 April 2014, have all due instalments which have been paid in whole;
11. loans providing for instalment due dates which occur on a monthly, bimonthly, quarterly, four-monthly, semi-annual or yearly basis;
12. loans having a principal outstanding amount equal to, or higher than, € 5,000;
13. loans having a principal outstanding amount equal to, or lower than, € 10,000,000;
14. in respect of the loans which qualify as *ipotecari* mortgage loans, loans secured by real estate assets located within the territory of the Republic of Italy.

The Banco Popolare Claims do not comprise those claims arising out of loans meeting the criteria set out above but which also meet as of the same date (unless otherwise provided) one or more of the following criteria from (A) to (H):

- A. loans which meet all the criteria set out below from (i) to (vi):
- (i) the principal debtors of which are (also in case of novation (accollo) or apportionment (frazionamento) of the relevant loan) one or more individuals;
 - (ii) having the first instalment falling due before the Valuation Date;
 - (iii) whose instalments fallen due on the Valuation Date have been paid in whole;
 - (iv) (A) (I) secured by mortgage on real estate assets located within the territory of the Italian Republic, classified on the execution date of the relevant mortgage loan as “residential” mortgage loan according to the following cadastral categories: A1, A2, A3, A4, A5, A6, A7, A8, A9, A11 and (II) having a ratio between (X) the outstanding amount of the loan as at the Valuation Date and (Y) the value, as appraised on the execution date of the relevant mortgage loan, of the mortgaged real estate asset not exceeding 80 per cent; or (B) (I) secured by mortgage on real estate assets located within the territory of the Italian Republic classified on the execution date of the relevant mortgage as “commercial” mortgage loan according to the following cadastral categories: A-10, B-1, B-2, B-4, B-5, B-7, B-8, C-1, C-2, C-3, C-4, C-5, C-6, C-7, D-1, D-2, D-3, D-4, D-5, D-6, D-7, D-8, D-9, D-10, D-11, D-12, E-1, E-2, E-3, E-4, E-5, E-9, F-3, F-4, F-10 and (II) having a ratio between (X) the outstanding amount of the loan as at the Valuation Date and (Y) the value, as appraised on the execution date of the relevant mortgage loan, of the mortgaged real estate asset not exceeding 60 per cent. For the purposes of such criterion, “the appraised value of the mortgaged real estate asset” means the appraised value determined on the basis of certain economic and technical parameters applied by the lender in the context of the monitoring process of the real estate value. In order to

assess as to whether the relevant mortgage loan is identified by such criterion, each borrower is entitled, unless otherwise available, to require the relevant appraised value to the branch being the addressee of the relevant payment due; and

- (v) loans providing for a contractual interest rate which falls within one of the following categories:
 - (a) “fixed rate loans” pursuant to the definition of paragraph 8 (a) above, whose interest rate is equal to, or higher than, one per cent on a yearly basis and equal to or lower than nine point two per cent on a yearly basis;
 - (b) “floating rate loans” pursuant to the definition of paragraph 8 (b) above, whose relevant index is the euribor index or the Prime Rate ABI or the interest rate from time to time determined by the Governing Council of the European Central Bank on the main refinancing operations:
 - (I) whose spread over the relevant index is equal to, or higher than zero on a yearly basis or equal to, or lower than four on a yearly basis; or
 - (II) with a cap over interests;
 - (c) “mixed rate loans” pursuant to the definition of paragraph 8 (c) above; or
 - (d) “modular rate loans” pursuant to the definition of paragraph 8 (d) above;
 - (vi) loans which comply with the requirements set out by the Circolare No. 263 of 27 December 2006 of the Bank of Italy (*Titolo II, Cap. 1, Parte Prima, Sez. IV*). In order to assess as to whether the relevant loan is identified by such criterion, each borrower is entitled, unless otherwise available, to require to the branch being the addressee of the relevant payment due whether the relative loan complies with such requirements;
- B. loans granted, to individuals who as at the Valuation Date were employees and/or directors (including executives (*dirigenti*) and officers (*funzionari*)) of Banco Popolare or of any other company of the “Gruppo Bancario Banco Popolare” (including those circumstances where the relevant loan was granted to two or more individuals, one of which was not an employee of Banco Popolare or of any other company of the “Gruppo Bancario Banco Popolare”);
- C. loans advanced under any applicable law or regulation providing for financial support of any kind with regard to principal and/or interest to the relevant borrower (so-called *mutui agevolati*);
- D. loans disbursed to public entities, public administrations or ecclesiastical entities;
- E. loans having one or more instalments, which have not fallen due, which result, as at the Valuation Date, already paid in whole or in part;
- F. loans in respect of which (i) the relevant borrower has accepted, by mail delivery or through the delivery at a branch of the lending bank, the renegotiation proposal made pursuant to law decree No. 93 of 27 May 2008 converted into law No. 126 of 24 July 2008 and the convention entered into between the *Ministero dell’Economia e delle Finanze* (Minister of Economy and Finance) and the *ABI* (Italian Banking Association)

providing for the procedures for the renegotiation of the floating rate loans and (ii) such renegotiation is pending as at the Valuation Date;

- G. loans in respect of which (a) a payment holiday is provided for by primary or secondary mandatory provisions or applicable regulation of the competent supervisory authority or (b) the relevant borrower has obtained a payment holiday in accordance with mandatory provisions of laws or regulations or an order by a supervisory authority and, in both the cases, (c) such payment holiday is pending as at the Valuation Date.
- H. loans different from the ones indicated under criterion 9, paragraphs (i), (ii) and (iii) which as at the Valuation Date are secured by guarantees which qualify as *fideiussioni* or *fideiussioni omnibus* in favour of Banco Popolare which secure at least another legal relationship between Banco Popolare and the relevant borrower and/or guarantor.

In relation to the Banco Popolare Criteria listed above, “execution date” means the original and effective execution date of the relevant loan without taking into any consideration any novation (*accollo*) perfected after such date or, in relation to loans arising from the apportionment (*frazionamento*), the date of the relevant apportionment.

Creberg Criteria

The Creberg Claims must meet, as at the Valuation Date (or at the other date otherwise specified), the following criteria, in order to ensure that they have the same legal and financial characteristics (the “**Creberg Criteria**”):

1. loans originally disbursed by Creberg or by other banks which were subsequently transferred to Creberg either by way of merger (*fusione*), de-merger (*scissione*), contribution of going concern (*conferimento di ramo d’azienda*) or transfer of going concern (*cessione di ramo d’azienda*);
2. loans the principal debtors of which are (also in case of novation (*accollo*) or apportionment (*frazionamento*) of the relevant loan):
 - a) one or more individuals (including individual firms) who are resident in Italy; or
 - b) one or more entities (including partnerships) incorporated pursuant to Italian law and having their registered office in Italy;
3. loans the principal debtors of which fall within the definition of small and medium enterprises set out in the recommendation of the European Commission of 6 May 2003, No. 2003/361/CE;
4. loans the principal debtor of which belongs to one of the following categories of *Settore Attività Economica*, according to the criteria set out by the Bank of Italy in the *circolare* No.140 of 11 February 1991, as subsequently amended and supplemented (*Istruzioni relative alla classificazione della clientela per settori e gruppi di attività economica*): No. 166 (*Enti Produttori Di Servizi Assistenziali, Ricreativi e Culturali*), No. 256 (*Holding Finanziarie Private*), No. 268 (*Altre finanziarie*), No. 280 (*Mediatori, agenti e consulenti di assicurazione*), No. 283 (*Promotori finanziari*), No. 284 (*Altri ausiliari finanziari*), No. 430 (*Imprese produttive*), No. 431 (*Holding private*), No. 450 (*Associazioni fra imprese non finanziarie*), No. 480 (*Quasi-società non finanziarie artigiane - Unità o società con 20 o più addetti*), No. 481 (*Quasi-società non finanziarie artigiane - Unità o società con più di 5 e meno di 20 addetti*), No. 482 (*Quasi-società non finanziarie artigiane - Società con meno di 20 addetti*), No. 490 (*Quasi-società non finanziarie altre - Unità o società con 20 o più addetti*), No. 491 (*Quasi-società non finanziarie altre - Unità o società con più di 5 e meno di 20 addetti*), No. 492 (*Quasi-società non finanziarie altre - Società con meno di 20 addetti*), No. 614 (*Artigiani*), No.

615 (*Altre famiglie produttrici*). In order to assess as to whether the relevant loan is identified by such criterion, each borrower is entitled to require the branch being the addressee of the relevant payment due which category listed above is applicable to such loan and whether such loan has been classified as a loan entered into for business purposes;

5. loans which are entirely disbursed and in relation to which there is no obligation or possibility to make additional disbursements;
6. loans which are denominated in Euro (or originally disbursed in the former Italian currency ("*Lira*") and subsequently re-denominated in Euro);
7. mortgage loans which are governed by Italian law;
8. loans providing for a contractual interest rate which falls within one of the following categories:
 - a) "fixed rate loans", being those loans whose interest rate is not subject to any variation throughout the remaining duration of the loan;
 - b) "floating rate loans", being those loans whose interest rate is linked to the relevant index determined by contract, subject to any variation throughout the remaining duration of the loan;
 - c) "mixed rate loans", being those loans in respect of which interest accrues at a fixed rate for a specified period of time determined by contract and at the floating rate of the relevant index thereafter (and *vice versa*);
 - d) "modular rate loans" which contemplate the right, that can be exercised one or more times during the life of the loan, of the relevant borrower to switch from (A) a floating rate to (B) a fixed rate determined as aggregate of (i) the interest rate swap applicable to the relevant remaining term (IRS) and (ii) the spread, pre-determined by contract, over the relevant index as determined pursuant to the paragraph (i) above, and *vice versa*;
9. loans falling within one of the following categories:
 - (i) *ipotecari* mortgage loans, other than those listed in (ii) and (iii) below, entered into between (and including) 27 June 2005 and (and including) 22 October 2013;
 - (ii) *fondari* mortgage loans entered into in accordance with the provisions of article 38 et seq. of the legislative decree No. 385 of 1 September 1993 between (and including) 3 December 2002 and (and including) 9 April 2014;
 - (iii) *agrari* mortgage loans entered into in accordance with articles 43, 44 e 45 of the legislative decree 1 September 1993, No. 385 between (and including) 10 July 2006 and (and including) 30 January 2014;
 - (iv) loans different from the ones listed under paragraphs (i), (ii) and (iii) above, entered into between (and including) 10 June 2007 and (and including) 30 April 2014;
10. loans:
 - (i) having the first instalment falling after the Valuation Date; or
 - (ii) which, as at 9 April 2014, have all due instalments which have been paid in whole;
11. loans providing for instalment due dates which occur on a monthly, bimonthly, quarterly, four-monthly, semi-annual or yearly basis;

12. loans having a principal outstanding amount equal to, or higher than, € 5,000;
13. loans having a principal outstanding amount equal to, or lower than, € 10,000,000;
14. in respect of the loans which qualify as *ipotecari* mortgage loans, loans secured by real estate assets located within the territory of the Republic of Italy.

The Creberg Claims do not comprise those claims arising out of loans meeting the criteria set out above but which also meet as of the same date (unless otherwise provided) one or more of the following criteria from (A) to (H):

- A. loans which meet all the criteria set out below from (i) to (vi):
 - (i) the principal debtors of which are (also in case of novation (*accollo*) or apportionment (*frazionamento*) of the relevant loan) one or more individuals;
 - (ii) having the first instalment falling due before the Valuation Date;
 - (iii) whose instalments fallen due on the Valuation Date have been paid in whole;
 - (iv) (A) (I) secured by mortgage on real estate assets located within the territory of the Italian Republic, classified on the execution date of the relevant mortgage loan as “residential” mortgage loan according to the following cadastral categories: A1, A2, A3, A4, A5, A6, A7, A8, A9, A11 and (II) having a ratio between (X) the outstanding amount of the loan as at the Valuation Date and (Y) the value, as appraised on the execution date of the relevant mortgage loan, of the mortgaged real estate asset not exceeding 80 per cent; or (B) (I) secured by mortgage on real estate assets located within the territory of the Italian Republic classified on the execution date of the relevant mortgage as “commercial” mortgage loan according to the following cadastral categories: A-10, B-1, B-2, B-4, B-5, B-7, B-8, C-1, C-2, C-3, C-4, C-5, C-6, C-7, D-1, D-2, D-3, D-4, D-5, D-6, D-7, D-8, D-9, D-10, D-11, D-12, E-1, E-2, E-3, E-4, E-5, E-9, F-3, F-4, F-10 and (II) having a ratio between (X) the outstanding amount of the loan as at the Valuation Date and (Y) the value, as appraised on the execution date of the relevant mortgage loan, of the mortgaged real estate asset not exceeding 60 per cent. For the purposes of such criterion, “the appraised value of the mortgaged real estate asset” means the appraised value determined on the basis of certain economic and technical parameters applied by the lender in the context of the monitoring process of the real estate value. In order to assess as to whether the relevant mortgage loan is identified by such criterion, each borrower is entitled, unless otherwise available, to require the relevant appraised value to the branch being the addressee of the relevant payment due; and
 - (v) loans providing for a contractual interest rate which falls within one of the following categories:
 - (a) “fixed rate loans” pursuant to the definition of paragraph 8 (a) above, whose interest rate is equal to, or higher than, one per cent on a yearly basis and equal to or lower than nine point two per cent on a yearly basis;
 - (b) “floating rate loans” pursuant to the definition of paragraph 8 (b) above, whose relevant index is the euribor index or the Prime Rate ABI or the interest rate from time to time determined by the Governing Council of the European Central Bank on the main refinancing operations:

- (I) whose spread over the relevant index is equal to, or higher than zero on a yearly basis or equal to, or lower than four on a yearly basis; or
 - (II) with a cap over interests;
 - (c) “mixed rate loans” pursuant to the definition of paragraph 8 (c) above; or
 - (d) “modular rate loans” pursuant to the definition of paragraph 8 (d) above;
 - (vi) loans which comply with the requirements set out by the Circolare No. 263 of 27 December 2006 of the Bank of Italy (*Titolo II, Cap. 1, Parte Prima, Sez. IV*). In order to assess as to whether the relevant loan is identified by such criterion, each borrower is entitled, unless otherwise available, to require to the branch being the addressee of the relevant payment due whether the relative loan complies with such requirements;
- B. loans granted, to individuals who as at the Valuation Date were employees and/or directors (including executives (*dirigenti*) and officers (*funzionari*)) of Creberg or of any other company of the “Gruppo Bancario Banco Popolare” (including those circumstances where the relevant loan was granted to two or more individuals, one of which was not an employee of Creberg or of any other company of the “Gruppo Bancario Banco Popolare”);
 - C. loans advanced under any applicable law or regulation providing for financial support of any kind with regard to principal and/or interest to the relevant borrower (so-called *mutui agevolati*);
 - D. loans disbursed to public entities, public administrations or ecclesiastical entities;
 - E. loans having one or more instalments, which have not fallen due, which result, as at the Valuation Date, already paid in whole or in part;
 - F. loans in respect of which (i) the relevant borrower has accepted, by mail delivery or through the delivery at a branch of the lending bank, the renegotiation proposal made pursuant to law decree No. 93 of 27 May 2008 converted into law No. 126 of 24 July 2008 and the convention entered into between the *Ministero dell’Economia e delle Finanze* (Minister of Economy and Finance) and the *ABI* (Italian Banking Association) providing for the procedures for the renegotiation of the floating rate loans and (ii) such renegotiation is pending as at the Valuation Date;
 - G. loans in respect of which (a) a payment holiday is provided for by primary or secondary mandatory provisions or applicable regulation of the competent supervisory authority or (b) the relevant borrower has obtained a payment holiday in accordance with mandatory provisions of laws or regulations or an order by a supervisory authority and, in both the cases, (c) such payment holiday is pending as at the Valuation Date.
 - H. loans different from the ones indicated under criterion 9, paragraphs (i), (ii) and (iii) which as at the Valuation Date are secured by guarantees which qualify as *fideiussioni* or *fideiussioni omnibus* in favour of Creberg e which secure at least another legal relationship between Creberg and the relevant borrower and/or guarantor.

In relation to the Creberg Criteria listed above, “execution date” means the original and effective execution date of the relevant loan without taking into any consideration any novation (*accollo*) perfected after such date or, in relation to loans arising from the apportionment (*frazionamento*), the date of the relevant apportionment.

The information concerning the Loans and the Claims (e.g. the outstanding balance, accrued interest etc.) contained in schedule 1 to each Transfer Agreement reflects the composition of the Portfolio as at the Valuation Date.

In the context of a reorganisation plan of the Gruppo Bancario Banco Popolare, effective from 1st June 2014, Credito Bergamasco S.p.A. (“**Creberg**”) was merged into Banco Popolare and therefore Creberg was extinguished and, as expressly acknowledged and agreed between Banco Popolare and the Issuer in the Transaction Documents Banco Popolare has assumed all the obligations and rights of Creberg arising from the agreements signed in the context of the Securitisation as of the date of such merger and, in particular, the rights and obligations of Creberg (as originator and servicer) deriving from (i) the Creberg Transfer Agreement; (ii) the Warranty and Indemnity Agreement; and (iii) the Servicing Agreement.

As a consequence, as used in this Prospectus, "Originator" or "Servicer" means Banco Popolare, in relation to the whole Portfolio.

2. **Purchase price**

The individual purchase price for each Claim (the “**Individual Purchase Price**”) is equal to the outstanding principal amount under the relevant Loan, as at the Valuation Date, and is listed in schedule 1 to the relevant Transfer Agreement.

The purchase price payable by the Issuer:

- (a) for the Banco Popolare Claims, as at the Signing Date, amounts to € 1,482,072,733.55;
- (b) for all the Creberg Claims, as at the Signing Date, amounts to € 313,525,675.86;

calculated as the aggregate of the relevant Individual Purchase Prices (rounded down to the amount equal to the minimum denomination of the Notes).

The purchase price of all the Claims is required to be paid in full to Banco Popolare (after the merger of Creberg into Banco Popolare), on the Issue Date or, if subsequent, on the later of (i) the date of publication in the Italian Official Gazette (*Gazzetta Ufficiale della Repubblica Italiana*) of the notice of assignment as described in the relevant Transfer Agreement and (ii) the date of registration (*iscrizione*) with the competent companies’ register of the notice of assignment as described in the relevant Transfer Agreement.

The payment of the Purchase Prices will be financed by, and will be limited recourse to, the net proceeds of the issue of the Notes.

3. **Economic effects**

Under the relevant Transfer Agreement, Banco Popolare and Creberg (before the merger into Banco Popolare) passed title to the relevant Claims to the Issuer on the date of execution of the relevant Transfer Agreement. However, Banco Popolare and Creberg (before the merger into Banco Popolare) and the Issuer have agreed that the economic effects of the relevant Transfer Agreement will take effect as of (but including) the relevant Valuation Date. Accordingly, Banco Popolare will pay to the Issuer within the day preceding the Issue Date, an amount equal to the sum of any amount received by the latter (after the merger of Creberg into Banco Popolare) in respect of the Claims before (and including) the relevant Valuation Date, if such amount was not correctly deducted when the outstanding principal amount of the relevant Claims was calculated as at the relevant Valuation Date, plus any interest accrued on such amount from (and including) the relevant Valuation Date to the date on which such amount will be effectively paid to the Issuer at a rate equal to Euribor.

4. **Purchase price adjustment**

Each Transfer Agreement provides that if, at any time after the date of execution of the relevant Transfer Agreement, it transpires that any Loan from which a Claim arises does not meet the

Criteria set out in the relevant Transfer Agreement and was therefore erroneously transferred to the Issuer, then the relevant Claim relating to such Loan (the “**Excluded Claim**”) will be deemed not to have been assigned and transferred to the Issuer pursuant to the relevant Transfer Agreement, and the relevant Originator will pay to the Issuer an amount equal to the sum of:

- (i) the Individual Purchase Price of the relevant Claim relating to such Loan (as specified in schedule 1 of the relevant Transfer Agreement); *plus*
- (ii) the interest accrued on such Individual Purchase Price from the relevant Valuation Date to the Interest Payment Date on which principal on the Notes may be paid immediately succeeding the day on which the parties agree on the existence of such Excluded Claim at a rate equal to interest rate applicable to such Excluded Claim; *minus*
- (iii) an amount equal to the aggregate of all the Collections recovered or collected by the Issuer (also through the relevant Originator) after the relevant Valuation Date in relation to such Excluded Claims; *minus*
- (iv) an amount equal to the interests accrued on the amount set out in (iii) above from the relevant collection date to the date on which those amounts related to the relevant Excluded Claim are paid to the Issuer at a rate equal to the rate of interest from time to time applicable to the relevant Interim Account, net of any withholding provided by any applicable law.

Each Transfer Agreement further provides that if, at any time after the Signing Date, it transpires that a Loan which met the Criteria set out in the relevant Transfer Agreement was not included in the relevant Portfolio then the claims under such Loan (the “**Additional Claim**”) shall be deemed to have been assigned and transferred to the Issuer by the relevant Originator on the date of execution of the relevant Transfer Agreement. In respect of such Additional Claims, the Issuer shall pay to the relevant Originator, in accordance with the Priority of Payments, an amount equal to:

- (xvi) the purchase price of the Additional Claim, calculated adopting the same method used to calculate the Individual Purchase Price of the Claims (including reference to the Valuation Date); *minus*
- (v) any principal amount collected from the Valuation Date onwards by the relevant Originator under the relevant Additional Claim; *minus*
- (vi) interest accrued on the amount under (ii) above, at a rate equal to the rate of interest paid on the date of collection on the Loan from which the relevant Additional Claim derives, from the date of collection of any such amount to the date of the collection of the amount under (i) above,

(each such amount, at any time due to the relevant Originator, the “**Additional Claims Purchase Price**”).

5. **Rateo Amounts**

Moreover, the Issuer will pay to Banco Popolare a sum equal to the interest accrued on the relevant Loans up to the Valuation Date (excluded) but not yet due (the “**Rateo Amounts**”).

The Rateo Amounts are equal to:

- (i) € 5,138,944.07 with respect to Banco Popolare Claims;
- (ii) € 572,637.71 with respect to Creberg Claims;

The Rateo Amounts shall be payable to Banco Popolare in accordance with the applicable Priority of Payments commencing from the first Interest Payment Date.

6. **Settlement expenses**

Each Transfer Agreement further provides for an out-of-court settlement procedure in the case of a dispute arising between the Issuer and the relevant Originator concerning the qualification of certain claims as Excluded Claims or as Additional Claims. In such circumstance, the costs and fees of the deciding arbitrator, appointed pursuant to the relevant Transfer Agreement, shall be borne by the Originator even if the Issuer is the succumbent. Should the Issuer succumb, the Originator shall advance to the latter the fees and costs of the deciding panel (the “**Settlement Expenses Amount**”). The Issuer shall then reimburse the Settlement Expenses Amount on the next subsequent Interest Payment Date, in accordance with the Priority of Payments.

7. Additional provisions

Each Transfer Agreement contains certain representations and warranties made by the relevant Originator in respect of the relevant Claims and the relevant Loans. The principal representations and warranties given by Banco Popolare and Creberg (before the merger into Banco Popolare) to the Issuer in connection with the transfer of the relevant Claims in relation to the Portfolio are contained in the relevant Warranty and Indemnity Agreement (see “*The Warranty and Indemnity Agreements*”).

Each Transfer Agreement provides that the representations and warranties made by Banco Popolare and Creberg (before the merger into Banco Popolare) in respect of the relevant Claims are deemed to be given and repeated on the Issue Date.

Each Transfer Agreement also contains a number of undertakings by Banco Popolare and Creberg (before the merger into Banco Popolare) in respect of the activities relating to the Claims. Banco Popolare and Creberg (before the merger into Banco Popolare) have undertaken, *inter alia*, to refrain from carrying out activities with respect to the relevant Claims which may prejudice the validity or recoverability of any of such Claims or the relevant related security and not to assign or transfer the relevant Claims to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the relevant Claims in the period of time between the date of execution of the relevant Transfer Agreement and the later of (i) the date of publication of the notice of the transfer in the Italian Official Gazette (*Gazzetta Ufficiale della Repubblica Italiana*) and (ii) the date of registration (*iscrizione*) with the competent companies’ register of the notice of assignment as described in the relevant Transfer Agreement.

8. Insurance policies

In connection with the Insurance Policies, Banco Popolare has, *inter alia*, undertaken to ensure, with reference to the insurance policies executed by the Borrowers and in respect of which the Borrowers have undertaken to pay to the relevant insurance company the relevant premia, that the real estate assets will continue to have the benefit of the insurance coverage until the related Loan is fully repaid. Thus, should a Borrower fail to pay the insurance premia as they fall due, the Originator will (upon becoming aware of the Borrower’s failure) make the relevant payment (the “**Insurance Premia**” to the relevant insurance company in lieu of the relevant Borrower.

Banco Popolare will be entitled to a reimbursement from the Issuer of the Insurance Premia thus paid by it in accordance with the applicable Priority of Payments.

9. Repurchase of the Claims

Pursuant to the Transfer Agreements, Banco Popolare has been given the right to purchase from the Issuer the Claims. The purchase price payable by Banco Popolare to the Issuer for the repurchase of the Claims may not exceed (A) the outstanding principal amount of the Claims to be repurchased, provided that none of such Claims qualify as *Crediti ad Incaglio* or as Defaulted Claims (B) the aggregate of: (I) the fair value of the Claims which are classified as *Crediti ad Incaglio* or as Defaulted Claims (if any), as determined by one or more third-party experts independent from the Banco Popolare and the Banco Popolare Banking Group in accordance

with the Transfer Agreements; and (II) the outstanding principal of the Claims which are classified neither as *Crediti ad Incaglio* nor as Defaulted Claims.

In addition, Banco Popolare has been given the right to repurchase the Claims which are not classified as *Crediti ad Incaglio* or as Defaulted Claims subject to certain conditions set out in the relevant Transfer Agreement.

10. Payments by the Issuer

The Purchase Price Interest Amount, the Additional Claims Purchase Price (if ever due), the Settlement Expenses Amount, the Insurance Premia and any other amount owed to Banco Popolare from time to time by the Issuer pursuant to the terms of the Transfer Agreements, with the exception of the Purchase Price, will be treated as “Originator’s Claims” will be paid by the Issuer to the Originator accordingly under the applicable Priority of Payments and subject to the Intercreditor Agreement commencing from the first Interest Payment Date.

The Transfer Agreements are governed by Italian law.

THE SERVICING AGREEMENT

The description of the Servicing Agreement set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the Servicing Agreement. Prospective Noteholders may inspect a copy of the Servicing Agreement upon request at the Specified Offices of, respectively, the Representative of the Noteholders and the Paying Agent.

On the Signing Date, the Issuer appointed:

- (a) Banco Popolare (in such capacity, the “**Servicer of the Banco Popolare Portfolio**”) as servicer of the Banco Popolare Portfolio; and
- (b) Creberg (in such capacity, the “**Servicer of the Creberg Portfolio**” and together with the Servicer of the Banco Popolare Portfolio, the “**Servicers**”) as servicer of the Creberg Portfolio pursuant to the terms of a servicing agreement dated the Signing Date, between the Issuer and the Servicers (the “**Servicing Agreement**”).

In the context of a reorganisation plan of the Gruppo Bancario Banco Popolare, and effective from 1st June 2014, Credito Bergamasco S.p.A. (“**Creberg**”) was merged into Banco Popolare and therefore Creberg was extinguished and, as expressly acknowledged and agreed between Banco Popolare and the Issuer in the Transaction Documents Banco Popolare has assumed all the obligations and rights of Creberg arising from the agreements signed in the context of the Securitisation as of the date of such merger and, in particular, the rights and obligations of Creberg (as originator and servicer) deriving from (i) the Creberg Transfer Agreement; (ii) the Warranty and Indemnity Agreement; and (iii) the Servicing Agreement.

As a consequence, as used in this Prospectus, "Originator" or "Servicer" means Banco Popolare, in relation to the whole Portfolio.

Pursuant to the terms of the Servicing Agreement, the Servicer has agreed to administer and service the Portfolio on behalf of the Issuer and, in particular, to:

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

1. Duties of the Servicer

The Servicer is responsible for the receipt of cash collections in respect of the relevant Loans and related Claims and for cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*) pursuant to the Securitisation Law. Within the limits of article 2, paragraph 6-bis of the Securitisation Law, the Servicer is responsible for verifying that the transactions to be carried out in connection with the Securitisation comply with applicable laws and are consistent with the contents of the Prospectus.

The Servicer has undertaken in relation to the Loans and related Claims, *inter alia*:

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

Collections are required to be transferred to the Interim Account by the day on which the operational delay in the transfer has been resolved. The Servicing Agreement provides that if monies already transferred to the Interim Account are identified as having not been paid, in whole or in part, by the relevant Borrower, following the verification activity carried out by the Servicer, the latter may deduct those unpaid amounts from the relevant Collections not yet transferred to the Issuer within the same Collection Period;

- (b) to strictly comply with the Servicing Agreement and the servicing and collection policy described in “*credit and collection policies*” above (the “**Collection Policy**”);
- (c) to carry out the administration and management of such Claims and to manage any possible legal proceedings (*procedura giudiziale*) against the relative Borrower or related guarantor in respect thereof, if any (the “**Judicial Proceedings**”), and any possible bankruptcy or insolvency proceedings against any Borrower (“**Debtor Insolvency Proceedings**”, and, together with Judicial Proceedings, the “**Proceedings**”);
- (d) to initiate any Proceedings in respect of such Claims, if necessary;
- (e) to comply with any requirements of laws and regulations applicable in the Republic of Italy in carrying out activities under the Servicing Agreement;
- (f) to maintain effective accounting and auditing procedures so as to ensure compliance with the provisions of the Servicing Agreement;
- (g) save where otherwise provided for in the Collection Policy or other than in certain limited circumstances specified in the Servicing Agreement, not to consent to any waiver or cancellation of or other change prejudicial to the Issuer’s interests in or to such Claims, the mortgage and any other real or personal security or remedy under or with respect to such Loan unless it is ordered to do so by an order of a competent judicial or other authority or authorised to do so by the Issuer and the Representative of the Noteholders;
- (h) on behalf of the Issuer, operate an adequate supervision and information disclosure system with respect to the Claims and an adequate database maintenance system as provided for under any laws relating to money laundering, by keeping and maintaining any books, records, documents, magnetic media and IT systems as may be useful for, or relevant to, the implementation of a data disclosure system to permit the Issuer to operate in full compliance with all applicable laws and regulations in matters of supervision, reporting procedures or money laundering;
- (i) interpret, consider and manage autonomously any issue arising out of the application of the Usury Act from time to time. The Servicer has undertaken, in carrying out such tasks and its functions pursuant to the Servicing Agreement, and in particular in the collection of the Claims, not to breach the Usury Act; and
- (j) maintain and implement administrative and operating procedures (including, without limitation, copying recordings in case of destruction thereof), keep and maintain all books, records and all the necessary or advisable documents (i) in order to collect all the Claims and all the other amounts which are to be paid for any reason whatsoever in connection with the Claims (including, without limitation, records which make it possible to identify the nature of any payment and the precise allocation of payment and collected amounts to capital and interest), and (ii) in order to check the amount of all the Collections received.

The Issuer and the Representative of the Noteholders have the right to inspect and copy the documentation and records relating to the Claims in order to verify the activities undertaken by the Servicer pursuant to the Servicing Agreement, provided that the Servicer has been informed at least two Business Days in advance of any such inspection.

Pursuant to the terms of the Servicing Agreement, the Servicer will indemnify the Issuer from and against any and all damages and losses incurred or suffered by the Issuer as a consequence of a default by the Servicer of any obligation of the Servicer under the Servicing Agreement. The Servicer has acknowledged and accepted that, pursuant to the terms of the Servicing Agreement, it will not have any recourse against the Issuer for any damages, claims, liabilities or costs incurred by it as a result of the performance of its activities under the Servicing Agreement except as may result from the Issuer's wilful default (*dolo*) or gross negligence (*colpa grave*).

2. Delegation of activities

The Servicer is entitled to delegate, to one or more companies fulfilling the prerequisites set forth in the Servicing Agreement, certain activities entrusted to it as servicer pursuant to the Servicing Agreement. The Servicer will remain directly responsible for the performance of all duties and obligations delegated to any such company and will be liable for the conduct of all of them.

3. Reporting requirements

The Servicer has undertaken to prepare and submit to the Computation Agent, the Rating Agencies, the Representative of the Noteholders, the Notes Subscribers, the Corporate Servicer, the Administrative Servicer and the Issuer by no later than each Reporting Date quarterly reports (each, a "**Servicer Report**") in the form set out in the Servicing Agreement and containing information as to the Portfolio and any Collections in respect of the preceding Collection Period.

Moreover, the Servicer has undertaken to furnish, in a reasonable period of time taking into consideration the nature of the relevant request, to the Issuer, to the Rating Agencies, to the Representative of the Noteholders, the Administrative Servicer, the Corporate Servicer and to the Computation Agent such further information as the Issuer and/or the Computation Agent and/or the Rating Agencies and/or the Administrative Servicer and/or the Corporate Servicer and/or the Representative of the Noteholders may reasonably request with respect to the relevant Claims and/or the related Proceedings.

4. Remuneration of the Servicer

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

- (a) in connection with the collection of the Claims of the Portfolio (other than the Defaulted Claims of the Portfolio), an amount equal to 0.50 per cent. (on a yearly basis calculated according to the Act/360 method) of the Collections in respect of the Claims of the Portfolio (other than the Defaulted Claims of the Portfolio) in the immediately preceding Collection Period (including VAT where applicable) as better specified in the Servicing Agreement;
- (b) in connection with the management of the Claims of the Portfolio (other than the Defaulted Claims of the Portfolio), an annual fee of € 10,000.00 (including VAT where applicable) payable by the Issuer pro quota on each Interest Payment Date; and
- (c) in connection with the recovery of the Defaulted Claims of the Portfolio, an amount equal to 0.25 per cent. of the recoveries in respect of the Defaulted Claims of the Portfolio collected in the immediately preceding Collection Period, (excluding VAT where applicable); and
- (d) in connection with certain compliance and consultancy services provided by the Servicer pursuant to the Servicing Agreement, an annual fee of € 7,500 plus value added tax (to the extent applicable) payable by the Issuer pro quota on each Interest Payment Date.

In addition to the above, the Issuer will pay to the Servicer, in accordance with the applicable Priority of Payments and provided that supporting documents are provided, the expenses and fees of external counsels and the judicial expenses and taxes reasonably incurred during each Collection Period by the relevant Servicer in connection with its servicing activities concerning the Claims classified as Defaulted Claims (VAT excluded where applicable).

5. Subordination and limited recourse

The Servicer has agreed that the obligations of the Issuer under the Servicing Agreement are subordinated and limited recourse obligations and will be payable only in accordance with the applicable Priority of Payments.

6. Termination and resignation of the Servicer and withdrawal of the Issuer

The Issuer may terminate the appointment of the Servicer (*revocare il mandato*), pursuant to article 1725 of the Italian civil code, or withdraw from the Servicing Agreement (*recesso unilaterale*), pursuant to article 1373 of the Italian civil code, upon the occurrence of one of any of the following events:

- (a) the Bank of Italy has proposed to the Minister of Finance to admit the Servicer to any insolvency proceeding or a request for the judicial assessment of the insolvency of the Servicer has been filed with the competent office or the Servicer has been admitted to the procedures set out in articles 74 and 76 of the Banking Act, or a resolution is passed by the Servicer with the intention of applying for such proceedings to be initiated;
- (b) failure on the part of the Servicer to deliver and pay any amount due under the Servicing Agreement within 10 Business Days from the date of receipt of a notice claiming that such amount became due and payable and has not been duly paid;
- (c) failure on the part of the entity, once a 10-day notice period has elapsed, to observe or perform in any respect any of its obligations under the Servicing Agreement, the Warranty and Indemnity Agreement, the relevant Transfer Agreement or any of the Transaction Documents to which it is a party which could affect the fiduciary relationship between the Servicer and the Issuer;
- (d) a representation given by the Servicer pursuant to the terms of the Servicing Agreement is verified to be false or misleading and this could have a material negative effect on the Issuer and/or the Securitisation;
- (e) the Servicer changes significantly the departments and/or the resources in charge of the management of the relevant Claims and the relevant Proceedings and such change reasonably renders more burdensome to the Servicer the fulfilment of its obligations under the Servicing Agreement; or
- (f) the Servicer does not meet the requirements provided by law or by the Bank of Italy for the entities appointed as servicer in a securitisation transaction or the Servicer does not meet any further requirement which may be requested in the future by either the Bank of Italy or any other competent authority.

The Issuer is obliged to notify the Servicer of its intention to terminate the Servicing Agreement with prior written notice to the Representative of the Noteholders, to the Rating Agencies and the Notes Subscribers.

Moreover, the Servicer is entitled to resign from the Servicing Agreement at any time after a 12-month period has elapsed from the Signing Date by giving at least 12 months' prior written notice to that effect to the Issuer, the Representative of the Noteholders and the Rating Agencies. Following the resignation of the Servicer, the Issuer shall promptly commence procedures necessary to appoint a substitute servicer.

The termination and the resignation of the Servicer shall become effective after fifteen Business Days have elapsed from the date specified in the notice of the termination or of the resignation, or from the date, if successive, of the appointment of the substitute servicer.

The Issuer may appoint with the cooperation of the Back-up Servicer Facilitator a substitute servicer, only (i) with the prior written approval of the Representative of the Noteholders and (ii) with prior written notice to the Rating Agencies. The substitute servicer shall be either the Back-Up Servicer or:

- (a) a bank operating for at least three years and having one or more branches in the territory of the Republic of Italy having specific expertise in the management of claims similar to the Claims; or
- (b) a financial intermediary registered pursuant to article 106 of the Banking Act having specific expertise in the management of claims similar to the Claims, operating for at least three years and having one or more branches in the territory of the Republic of Italy, which has software that is compatible with the management of the Loans and adequate assets to ensure that its activities are carried out effectively and on a constant basis.

The Issuer has undertaken to appoint, with the cooperation of the Back-up Servicer Facilitator, a back-up servicer, within 45 calendar days of the date on which the Servicer's long-term, unsecured and unsubordinated debt obligations cease to be rated at least (A) "B3" by Moody's or (B)(I) "B(low)" by DBRS (either by way of a public rating or, in its absence, by way of a private rating supplied by DBRS) or, in the absence of any rating supplied by DBRS, "B(low)" or equivalent by at least two of Fitch, S&P or Moody's, an entity having the characteristics listed under (a) or (b) above to replace the Servicer should the relevant Servicing Agreement be terminated for any reason (the "**Back-up Servicer**"). The Back-up Servicer shall, *inter alia*, undertake to enter into a back-up servicing agreement substantially in the form of the Servicing Agreement and assume all duties and obligations applicable to it as set forth in the Transaction Documents. The Issuer shall notify the Representative of the Noteholders and the Rating Agencies of such appointment.

The Servicing Agreement further provides for an out-of-court settlement procedure in the case of a dispute arising between the Issuer and the Servicer concerning the termination of the appointment of the Servicer. In such circumstance, the costs and fees of the deciding arbitrator, appointed pursuant to the Servicing Agreement, shall be borne by the succumbent. Should the Issuer succumb, the Servicer shall advance to the latter the fees and costs of the deciding arbitrator (the "**Servicing Settlement Expenses Amount**"). The Issuer shall reimburse the Servicing Settlement Expenses Amount on the next subsequent Interest Payment Date in accordance with the Priority of Payments.

The substitute servicer must execute a servicing agreement with the Issuer substantially in the form of the Servicing Agreement and must accept all the provisions and obligations set out in the Intercreditor Agreement.

7. **Other provisions**

Following the classification of a Claim as Defaulted Claims or as *Credito ad Incaglio*, the Servicer, subject to certain conditions set out in the Servicing Agreement, may also enter into settlement agreements (as an alternative to judicial proceedings against the relevant Borrower) in the context of which it may modify the original amortising plan and discharge, the Borrower in relation to a portion of the amount still due.

Ultimately, the Servicer may, if the sale of Defaulted Claims procures an advantage to the Noteholders, sell the Defaulted Claims at a price indicated under the Servicing Agreement subject however to certain other conditions set out in the Servicing Agreement.

The Servicing Agreement is governed by Italian law.

THE WARRANTY AND INDEMNITY AGREEMENT

The description of the Warranty and Indemnity Agreement set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the Warranty and Indemnity Agreement. Prospective Noteholders may inspect a copy of the Warranty and Indemnity Agreement upon request at the Specified Offices of, respectively, the Representative of the Noteholders and the Paying Agent.

On the Signing Date, the Issuer and Banco Popolare and Creberg (before the merger into Banco Popolare) entered into a warranty and indemnity agreement (the “**Warranty and Indemnity Agreement**”) pursuant to which Banco Popolare and Creberg (before the merger into Banco Popolare) respectively, have given certain representations and warranties in favour of the Issuer in relation to, respectively, the Banco Popolare Portfolio and the Creberg Portfolio.

In the context of a reorganisation plan of the Gruppo Bancario Banco Popolare, effective from 1 June 2014, Credito Bergamasco S.p.A. (“**Creberg**”) was merged into Banco Popolare and therefore Creberg was extinguished and, as expressly acknowledged and agreed between Banco Popolare and the Issuer in the Transaction Documents Banco Popolare has assumed all the obligations and rights of Creberg arising from the agreements signed in the context of the Securitisation as of the date of such merger and, in particular, the rights and obligations of Creberg (as originator and servicer) deriving from (i) the Creberg Transfer Agreement; (ii) the Warranty and Indemnity Agreement; and (iii) the Servicing Agreement.

As a consequence, as used in this Prospectus, “Originator” or “Servicer” means Banco Popolare, in relation to the whole Portfolio.

Below is a description of the provisions of the Warranty and Indemnity Agreement.

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

1. The Loans, the Claims and any collateral security related thereto;
2. the real estate assets which have been mortgaged to secure the relevant Claims;
3. the disclosure of information; and
4. the Securitisation Law and article 58 of the Banking Act.

In particular, the representations and warranties contained in the Warranty and Indemnity Agreement in respect to the Claims, are, amongst others:

- (i) all the Loans were disbursed to SMEs;
- (ii) the Claims and the Loans are existing and denominated in Euro (or granted in a different currency and subsequently redenominated in Euro);
- (iii) the Loans, the Claims and collateral security interests related thereto are governed by Italian law;
- (iv) in relation to each Claim and each collateral security related thereto have been assigned to the Issuer pursuant to the relevant Transfer Agreement;
- (v) none of the Borrowers or the grantors of a collateral security related to the Claims is a public entities, a public administration or an ecclesiastical entity;
- (vi) all the Borrowers and the grantor of a collateral security related to the Claims are (i) individuals (*persone fisiche*) resident in Italy, or (ii) legal entities incorporated under Italian law and having their registered office in Italy;
- (vii) to the best knowledge of the relevant Originator none of the Borrowers has been classified as “*in sofferenza*” or “*incaglio*” by the relevant Originator pursuant to the regulations issued by the Bank of Italy (*istruzioni di vigilanza*);

- (viii) as at the relevant Valuation Date each Claim has been classified as in bonis pursuant to the regulations issued by the Bank of Italy (istruzioni di vigilanza) and the relevant Loan does not include as at the transfer date of the Claims or the Signing Date non performing loans pursuant to the guidelines issued by the European Central Bank (ECB) on September 2011 (*The implementation of monetary policy in the Euro area*) and on March 2013 (*Additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9*), as subsequently amended and supplemented;
- (ix) no Loan Agreement could be classified as a leasing agreement;
- (x) no Loan Agreement could be qualified as structured loan, syndicated loan or leveraged loan pursuant to the guidelines issued by the European Central Bank (ECB) on September 2011 (*The implementation of monetary policy in the Euro area*) and on March 2013 (*Additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9*), as subsequently amended and supplemented; and
- (xi) each real estate asset securing the Loans is located in Italy.

All representations and warranties set forth in the Warranty and Indemnity Agreement shall be deemed to be given or repeated:

- (i) on the Signing Date; and
- (ii) on the Issue Date,

with reference to the facts and circumstances then existing, as if made at each such time; provided, however, that the representations and warranties referring to a Transaction Document executed after the date hereof shall be deemed to be made or repeated at the time of the execution of such Transaction Document and on the Issue Date, as the case may be, in each case with reference to the facts and circumstances then existing as if made at each such time.

Pursuant to the Warranty and Indemnity Agreement, the Originator has agreed to indemnify and hold harmless the Issuer, its officers, agents or employees or any of its permitted assignees and the Representative of the Noteholders from and against any and all duly documented damages, losses, claims, liabilities, costs and expenses (including, without limitation, fees and legal expenses as well as any VAT if applicable) awarded against or incurred by the Issuer or any of the other foregoing persons arising from, *inter alia*, any default by the Originator in the performance of any of its obligations under the Warranty and Indemnity Agreement or any of the other Transaction Documents or any representations and/or warranties made by the Originator thereunder or being false, incomplete or incorrect.

The Originator has also agreed to indemnify and hold harmless the Issuer, its officers, agents or employees or any of its permitted assignees and the Representative of the Noteholders from and against any and all damages, losses, claims, liabilities, costs and expenses awarded against or incurred by it arising out of, *inter alia*, the application of the Usury Law to any interest accrued on any Loans.

Moreover, the Warranty and Indemnity Agreement provides that, in the event of a misrepresentation or a breach of any of the representations and warranties made by the Originator under the Warranty and Indemnity Agreement, which materially and adversely affects the value of one or more Claims or the interest of the Issuer in such Claims, and such misrepresentation or breach is not cured, whether by payment of damages or indemnification or otherwise, by the Originator within a period of 30 (thirty) days from receipt of a written notice from the Issuer to that effect (the “**Cure Period**”), the Issuer has the option, pursuant to article 1331 of the Italian civil code, to assign and transfer to the Originator all of the Claims affected by any such misrepresentation or breach (the “**Affected Claims**”). The Issuer will be entitled to exercise the put option by giving to the Originator, at any time during the period commencing on the Business Day immediately following the last day of the Cure Period and ending on the day which is 180 days after such Business Day, written notice to that effect (the “**Put Option Notice**”).

The Originator will be required to pay to the Issuer, within 10 (ten) Business Days from the date of receipt by the Originator of the Put Option Notice, an amount to be calculated *mutatis mutandis* as the purchase price of the Excluded Claims pursuant to the relevant Transfer Agreement.

The Warranty and Indemnity Agreement provides that, notwithstanding any other provision of such agreement, the obligations of the Issuer to make any payment thereunder shall be equal to the lesser of the nominal amount of such payment and the amount which may be applied by the Issuer in making such payment in accordance with the Priority of Payments. The Originator has acknowledged that the obligations of the Issuer contained in the Warranty and Indemnity Agreement will be limited to such sums as aforesaid and that it will have no further recourse to the Issuer in respect of such obligations.

The Warranty and Indemnity Agreement is governed by Italian law.

DESCRIPTION OF THE OTHER TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of such Transaction Documents. Prospective Noteholders may inspect a copy of such Transaction Documents upon request at the Specified Offices of, respectively, the Representative of the Noteholders and the Paying Agent.

The Corporate Services Agreement

Under an agreement denominated “Corporate Services Agreement” dated on or about the Issue Date between the Issuer, the Corporate Servicer and the Representative of the Noteholders (the “**Corporate Services Agreement**”), the Corporate Servicer has agreed to provide certain corporate administration and management services to the Issuer. The services will include the safekeeping of the documents pertaining to the meetings of the Issuer's quotaholders, directors and auditors and of the Noteholders, maintaining the quotaholders' register and liaising with the Representative of the Noteholders.

Under the terms of the Corporate Services Agreement in the event of a termination of the appointment of the Corporate Servicer for any reason whatsoever, the Issuer shall appoint a substitute Corporate Servicer.

The Corporate Services Agreement is governed by Italian law.

In the context of the Previous Securitisations, the Issuer, has already appointed Securitisation Services S.p.A. as “Corporate Services Provider” to provide, *inter alia*, certain corporate administration and secretarial services to the Issuer pursuant to other two separate agreements each denominated “Corporate Services Agreement” and dated, the first, 20 December 2012 and the second, 8 March 2013.

The Administrative Services Agreement

Under an agreement denominated “*Contratto di Servizi Amministrativi*” dated on or about the Issue Date between the Issuer, the Administrative Servicer and the Representative of the Noteholders (the “**Administrative Services Agreement**”), the Administrative Servicer has agreed to provide certain accounting services to the Issuer. The services will include, amongst others, preparing tax and accounting records and preparing the Issuer's annual financial statements.

Under the terms of the Administrative Services Agreement in the event of a termination of the appointment of the Administrative Servicer for any reason whatsoever, the Issuer shall appoint a substitute Administrative Servicer.

The Administrative Services Agreement is governed by Italian law.

In the context of the Previous Securitisations, the Issuer has already appointed Banco Popolare as “Administrative Services Provider” to provide, *inter alia*, certain corporate administration and secretarial services to the Issuer pursuant to other two separate agreements each denominated “*Contratto di Servizi Amministrativi*” and dated, the first, 20 December 2012 and the second, 8 March 2013.

The English Deed of Charge and Assignment

Pursuant to an English law deed of charge dated on or about the Issue Date (the “**English Deed of Charge and Assignment**”), the Issuer will grant in favour of the Representative of the Noteholders for itself and as security trustee for the Noteholders and the other Issuer Secured Creditors, *inter alia*, (i) an English law charge over the Collection Account, the Cash Reserve Account and the Eligible Investments Account and any credit balance from time to time on each such account and any Eligible Investment made from funds standing to the credit of the Eligible Investments Account; (ii) an English law assignment by way of security of all the Issuer's rights under the provisions of the Agency and Accounts Agreement which are governed by English law and all future contracts, agreements, deeds and

documents governed by English law to which the Issuer may become a party in relation to the Notes, the Claims and the Portfolio; and (iii) a floating charge over all of the Issuer's assets which are subject to the assignments or charges described under (i) and (ii) above and not effectively assigned or charged thereunder.

The Intercreditor Agreement

Pursuant to an intercreditor agreement on or about the Issue Date between the Issuer, the Representative of the Noteholders on its own behalf and on behalf of the Noteholders, the Paying Agent, the Agent Bank, the Computation Agent, the Interim Account Bank, the Transaction Bank, the Cash Account Bank, Banco Popolare (in any capacity), the Corporate Servicer, the Back-up Servicer Facilitator, the Administrative Servicer, the Servicer, the Subordinated Loan Provider and the Notes Subscribers (the "**Intercreditor Agreement**"), provision has been made as to the application of the proceeds of collections in respect of the Claims and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Claims. The Intercreditor Agreement also sets out the order of priority for payments to be made by the Issuer in connection with the securitisation transaction.

Pursuant to the Intercreditor Agreement, the Other Issuer Creditors have agreed that, until two year plus one day has elapsed since the day on which any note issued (including the Notes and the Previous Securitisations Notes) or to be issued by the Issuer has been paid in full, no Other Issuer Creditor shall be entitled to institute against the Issuer, or join any other person in instituting against the Issuer, any reorganisation, liquidation, bankruptcy, insolvency or similar proceedings.

Pursuant to the Intercreditor Agreement, following the service of an Issuer Acceleration Notice, the Representative of the Noteholders will be entitled (as an agent of the Issuer and to the extent permitted by applicable laws), until the Notes have been repaid in full or cancelled in accordance with the Conditions, to take possession of all Collections and of the Claims and to sell or otherwise dispose of the Claims or any of them in such manner and upon such terms and at such price and such time or times as the Representative of the Noteholders shall, in its absolute discretion, deem appropriate and to apply the proceeds in accordance with the Post-Enforcement Priority of Payments.

The Intercreditor Agreement is governed by Italian law.

The Italian Deed of Pledge

Pursuant to a deed of pledge (the "**Italian Deed of Pledge**") dated on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting on its own behalf and on behalf of the other Issuer Secured Creditors), the Issuer will create in favour of the Representative of the Noteholders for itself and on behalf of the Noteholders and the other Issuer Secured Creditors, concurrently with the issue of the Notes, an Italian law pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled from time to time pursuant to the Italian Law Transaction Documents (other than the Conditions, the Rules of the Organisation of Noteholders, the Italian Deed of Pledge, the provisions of the Agency and Accounts Agreement which are governed by English law and the Mandate Agreement).

The Italian Deed of Pledge will be governed by Italian law.

The Mandate Agreement

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

The Mandate Agreement is governed by Italian law.

The Quotaholder's Commitment

The quotaholder's commitment dated on or about the Issue Date between the Issuer, the Representative of the Noteholders and SVM Securitisation Vehicles Management S.r.l. (the "**Quotaholder's Commitment**") contains, *inter alia*, provisions in relation to the management of the Issuer.

The Quotaholder's Commitment also provides that SVM Securitisation Vehicles Management S.r.l. in its capacity as quotaholder of the Issuer, will not approve the payment of any dividends or any repayment or return of capital by the Issuer prior to the date on which all amounts of principal and interest on the Notes have been paid in full.

In the context of the Previous Securitisations, pursuant to separate quotaholder's commitment dated, respectively, 20 December 2012 and 08 March 2013 (the "**Previous Quotaholder's Commitments**"), the quotaholder of the Issuer has agreed certain obligations concerning the management of the Issuer.

The Quotaholder's Commitment is governed by Italian law.

The Letter of Undertaking

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

Prospective Noteholders' attention is drawn to the fact that the Letter of Undertaking does not and will not constitute a guarantee by Banco Popolare or any of the quotaholders of the Issuer of any obligation of a Borrower or the Issuer.

The Letter of Undertaking is governed by Italian law.

The Subordinate Loan Agreement

Pursuant to a limited recourse loan agreement to be entered into on or about to the Issue Date between Banco Popolare (the "**Subordinated Loan Provider**"), the Issuer and the Representative of the Noteholders (the "**Subordinated Loan Agreement**"), the Subordinated Loan Provider will grant to the Issuer a limited recourse loan in the aggregate amount of Euro 76,900,000 (the "**Subordinated Loan**"). The Subordinated Loan will be drawn down by the Issuer on or about the Issue Date in order to fund the Cash Reserve at the Issue Date. The Subordinated Loan Agreement is in Italian language. The Subordinated Loan Agreement and all non contractual obligations arising out or in connection with the Subordinated Loan Agreement shall be governed by and construed in accordance with Italian law.

The other Transaction Documents

For a description of the Transfer Agreements, see "*The Transfer Agreements*". For a description of the Servicing Agreement, see "*The Servicing Agreement*". For a description of the Warranty and Indemnity Agreement, see "*The Warranty and Indemnity Agreement*". For a description of the Agency and Accounts Agreement, see "*The Agency and Accounts Agreement*".

ESTIMATED WEIGHTED AVERAGE LIFE OF THE RATED NOTES AND ASSUMPTIONS

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in reduction of principal of such security (assuming no losses). The weighted average life of the Rated Notes will be influenced by, among other things, the actual rate of redemption of the Loans which may be in the form of scheduled amortisation, prepayments, or enforcement proceeds. The weighted average life of the Rated Notes cannot be predicted as the actual rate at which the Loans will be repaid and a number of other relevant factors are unknown. Calculations of possible average life of the Rated Notes can be made under certain assumptions. The table below sets out the expected weighted average life of the Rated Notes in the event that redemption pursuant to Condition 7(e) (*Optional Redemption of the Notes*) does not occur and has been calculated based on the characteristics of the Loans included in the Portfolio as of the Valuation Date and on the assumptions that:

- (a) no Event of Default occurs in respect to the Notes;
- (b) the Loans are subject to a constant prepayment rate of 4 per cent.;
- (c) the fees referred to in the relevant Transaction Documents are not increased;
- (d) no default by the parties to the Transaction Documents occur;
- (e) the Issuer will not exercise the option to redeem the Notes pursuant to Condition 7(e) (*Optional redemption of the Notes*);
- (f) the Rated Notes will commence amortisation on the first Interest Payment Date;
- (g) no defaults and no delinquencies in payments in relation to the Loans occur.

Assumption (b) above is stated as an average annualised prepayment rate since the prepayment rate for one Interest Period may be substantially different from that for another. The constant prepayment rate assumed is purely illustrative.

The weighted average lives of the Rated Notes are subject to factors outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates set forth above will be realised.

Notes	Expected weighted average life (years)
Class A	1,17
Class B	3,28

The actual characteristics and performances of the Loans may differ from the assumptions used in constructing the table set forth above, which are hypothetical in nature.

TAXATION IN THE REPUBLIC OF ITALY

The following is a general description of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposition of the Rated Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to your decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of the Notes, some of which may be subject to special rules. The following description does not discuss the treatment of the Notes that are held in connection with a permanent establishment or fixed base through which a non Italian resident beneficial owner carries on business or performs professional services in Italy.

This description is based upon tax laws and practice of Italy in effect on the date of this Prospectus which are however subject to a potential retroactive change. Prospective noteholders should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Prospective noteholders should in any event seek their own professional advice regarding the Italian or other jurisdictions' tax consequences of the subscription, purchase, ownership and disposition of the Notes, including the effect of Italian or other jurisdictions' tax rules on residence of individuals and entities.

1. INCOME TAX

Under the current legislation, pursuant to the combined provision of Article 6, paragraph 1, of Law 130, Articles 1 and 2 of Legislative Decree No. 239 of 1 April 1996, as amended and restated (“**Law 239**”) and Law Decree No. 138/2011 converted into Law No. 148/2011 (“**Decree 138/2011**”), payments of interest and other proceeds in respect of the Rated Notes:

- (i) will be subject to *imposta sostitutiva* at the rate of 20 per cent. (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 converted into Law on 18 June 2014 and published in the Official Gazette on 23 June 2014) in the Republic of Italy levied as final tax if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; (ii) Italian resident non-commercial partnerships; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities as their exclusive or principal purpose (including the Italian State and public entities); and (iv) Italian resident entities exempt from corporate income tax.

Payments of interest and other proceeds in respect of the Rated Notes will not be included in the general taxable base of the above mentioned individuals, partnerships and entities.

The *imposta sostitutiva* will be levied by the Italian resident qualified financial intermediaries that will intervene, in any way, in the collection of interest and other proceeds on the Rated Notes or in the transfer of the Rated Notes;

- (ii) will be subject to *imposta sostitutiva* at the rate of 20 per cent. rate (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 converted into Law on 18 June 2014 and published in the Official Gazette on 23 June 2014) 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 Rated Notes are connected;
- (iii) will not be subject to the *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations, commercial partnerships or permanent establishments in Italy of non resident corporations to which the Rated 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 Rated 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 Rated 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 Rated 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 Rated Notes and all necessary information in order to determine the amount of interest that such beneficial owner is entitled to receive.

Non-resident holders are subject to the 20 per cent. (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 converted into Law on 18 June 2014 and published in the Official Gazette on 23 June 2014) tax (*imposta sostitutiva*) on interest and other proceeds on the Rated 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 Rated Notes not in connection with an entrepreneurial activity who have opted for the Asset Management Option are subject to a annual substitute tax levied at the rate of 20 per cent. (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 converted into Law on 18 June 2014 and published in the Official Gazette on 23 June 2014) (the “**Asset Management Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Rated Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Interest and other proceeds accrued on the Rated Notes held by Italian resident corporations, commercial partnerships, individual entrepreneurs as well as Italian resident public and private entities, other than companies, holding Rated Notes in connection with entrepreneurial activities or permanent establishments in Italy of non-resident corporations to which the Rated 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 Rated Notes is an Italian resident investment fund subject to the tax regime provided by Law No. 77 of 23 March 1983 (“Fund”), interest payments relating to the Rated Notes are not subject to *imposta sostitutiva* but must be included in the management results of the Fund accrued at the end of each tax period. The Fund will not be subject to taxation on such result, but a substitutive tax, up to 20 per cent. (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 converted into Law on 18 June 2014 and published in the Official Gazette on 23 June 2014), will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Starting from 1 January 2001, Italian resident pension funds are subject to an 11 per cent annual substitute tax (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year.

Any positive difference between the nominal redeemable amount of the Rated Notes and their issue price is deemed to be interest for capital income (*redditi di capitale*) tax purposes. In general terms, income from capital is treated as a separate classification of tax liability only for tax-payers who are not engaged in entrepreneurial activities.

2. CAPITAL GAINS

Any capital gain realised upon the sale for consideration or redemption of Rated Notes would be treated for the purpose of corporate income tax and of individual income tax as part of the taxable business income of the holders of the Rated Notes (and, in certain cases, depending on the status of the holders of the Rated Notes, 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 the holders of the Rated Notes who are:

- (a) Italian resident corporations;
- (b) Italian resident commercial partnerships;
- (c) permanent establishments in Italy of foreign corporations to which the Rated 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 Rated Notes not in connection with an entrepreneurial activity and by certain other persons upon the sale for consideration or redemption of the Rated Notes would be subject to an *imposta sostitutiva* at the rate of 20 per cent. (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 converted into Law on 18 June 2014 and published in the Official Gazette on 23 June 2014). Under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by Italian resident individual noteholders holding Rated Notes not in connection with an entrepreneurial activity pursuant to all disposals on Rated Notes carried out during any given fiscal year. These individuals must report the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authority for such year and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of

the four succeeding tax years. Specific provisions have been stated by Decree 138/2011 with reference to capital losses realized before January 1, 2012 to be carried forward against capital gains realized after January 1, 2012.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding Rated 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 Rated Notes (the “*Risparmio Amministrato*” regime). Such separate taxation of capital gains is permitted subject to: (i) the Rated 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 Rated Notes, net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authority on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the noteholder. Under the *Risparmio Amministrato* regime, where a sale or redemption of Rated Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised in the same tax year or in the following tax years up to the fourth. Specific provisions have been stated by Decree 138/2011 with reference to capital losses realized before January 1, 2012 to be carried forward against capital gains realized after January 1, 2012. Under the *Risparmio Amministrato* regime, the noteholder is not required to report capital gains in its annual tax declaration.

Any capital gains realised by Italian resident individuals holding Rated Notes not in connection with an entrepreneurial activity who have elected for the Asset Management Option will be included in the calculation of the annual increase in net value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against an increase in the net value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the noteholder is not required to report capital gains realised in its annual tax declaration.

Any capital gains realised by an holder of Rated Notes which is a Fund (as defined above) will be included in the results of the relevant portfolio accrued at the end of the tax period. The Fund will not be subject to taxation on such result, but a substitutive tax, up to 20 per cent. (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 converted into Law on 18 June 2014 and published in the Official Gazette on 23 June 2014), will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Any capital gains realised by the holders of the Rated Notes who are Italian resident pension funds will be included in the calculation of the taxable basis of Pension Fund Tax.

The 20 per cent. (rising to 26 per cent. as of 1 July 2014 according to Decree 66/2014 converted into Law on 18 June 2014 and published in the Official Gazette on 23 June 2014) *imposta sostitutiva* may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of Rated Notes by non Italian resident persons or entities without a permanent establishment in Italy to which the Rated Notes are effectively connected, if the Rated 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 Rated Notes are effectively connected, through the sale for consideration or redemption of Rated Notes are exempt from taxation in Italy to the extent that the Rated Notes are listed on a regulated market in Italy or abroad and in certain cases subject to filing of required documentation, even if the Rated Notes are held in Italy. The exemption applies provided that the non Italian investor promptly file with the authorized financial intermediary an appropriate affidavit (*autodichiarazione*) stating that the investor is not resident in Italy for tax purposes.

In case the Rated Notes are not listed on a regulated market in Italy or abroad:

- (1) non Italian resident beneficial owners of the Rated Notes with no permanent establishment in Italy to which the Rated 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 Rated 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 Rated Notes are effectively connected have opted for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in due course with the authorised financial intermediary an appropriate self-declaration (*autocertificazione*) stating that they meet the requirements indicated above; and
- (2) in any event, non Italian resident persons or entities without a permanent establishment in Italy to which the Rated 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 Rated 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 Rated Notes; in this case, if non Italian residents without a permanent establishment in Italy to which the Rated Notes are effectively connected have opted for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon the condition that they file in due course with the authorised financial intermediary appropriate documents which include, *inter alia*, a statement issued by the competent tax authorities of the country of residence of the non Italian residents.

3. ANTI - ABUSE PROVISIONS AND GENERAL ABUSE OF LAW DOCTRINE

As confirmed by the Italian Supreme Court (*Corte di Cassazione*), amongst all, in sentence No. 30055 of 23 December 2008, the Italian general anti-abuse provision of Article 37-bis of Presidential Decree No. 600 of 29 September 1973, the European Court of Justice doctrine of the “abuse of law” (also referred to as “abuse of rights”) and previous Supreme Court case law on the voidance of contracts simulated or entered into for a cause contrary to the law, can be used, jointly or alternatively, by the Italian Tax Authority to deny the Italian tax benefits or preferential regime possibly associated with the adoption of a given contractual or transactional structure, subject to the demonstration that such contract or transaction has been implemented essentially for the purpose of obtaining the associated Italian tax benefit or preferential regime. Consequently, it is not possible to exclude, if the parties involved are not able to demonstrate that this securitisation transaction has been implemented not essentially for the purpose of obtaining a tax saving or reduction and that there are alternative or concurring financial motivation that are not of a merely marginal or theoretical character, that the tax regime of the securitisation as herein outlined is disallowed by the Italian Tax Authority, thereby possibly causing, amongst other, the recharacterisation of the Notes as shares-like securities or in any case securities not having the legal nature of a bond.

4. INHERITANCE AND GIFT TAXES

Italian inheritance and gift taxes were first abolished by Law No. 383 of 18 October, 2001 in respect of gifts made or succession proceedings started after 25 October, 2001 and then reintroduced by Law Decree No. 262 of 3 October 2006, converted with amendments into Law No. 286 of 24 November 2006, entered into force on 29 November 2006 and further modified by Law No. 296 of 27 December 2006, effective as of 1 January 2007.

Further to the above amendments to the legislation in force, the transfer by inheritance of the Notes is currently subject to inheritance tax at the following rates:

- (i) when the beneficiary is the spouse or a relative in direct lineage, the value of the Notes transferred to each beneficiary exceeding Euro 1,000,000 is subject to a 4 per cent. rate;
- (ii) when the beneficiary is a brother or sister, the value of the Notes exceeding Euro 100,000 for each beneficiary is subject to a 6 per cent. rate;
- (iii) when the beneficiary is a relative within the fourth degree or is a relative-in-law in direct and collateral lineage within the third degree, the value of the Notes transferred to each beneficiary is subject to a 6 per cent. rate;
- (iv) in any other case, the value of the Notes transferred to each beneficiary is subject to an 8 per cent. rate.

The transfer of the Notes by donation is subject to gift tax at the same rates as in case of inheritance.

5. EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

On June 3, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income under which Member States are required starting from July 1, 2005, to provide to the tax authorities of another Member State the details of payments of interest (or similar income) paid by a person within its jurisdiction, qualifying as paying agent under the Directive, to an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain Third Countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures. Luxembourg and Austria may however elect to introduce automatic exchange of information during the transitional period, in which case they will no longer apply the withholding tax. Based on the available information, Luxembourg announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Council Directive. On March 24, 2014, the European Council adopted a revised version of the Council Directive. National rules for transposing the revised Council Directive should be adopted by the Member States by January 1, 2016.

The Council Directive was implemented in Italy by Legislative Decree No. 84 of 18 April 2005. Pursuant to said decree Italian paying agents (e.g., banks, SIMs, SGRs., financial companies and fiduciary companies resident in Italy for tax purposes, permanent establishments in Italy of non-resident persons as well as any other person resident in Italy for tax purposes paying interest for professional or commercial reasons) are required to report to the Italian tax authorities details of interest payments made from 1 July 2005 to individuals which qualify as beneficial owners thereof and are resident for tax purposes in another EU Member State. Such information must be transmitted by the Italian tax authorities to the competent authorities of the State of residence of the beneficial owner of the interest payment by 30th June of the fiscal year following the fiscal year in which said interest payment is made.

Prospective investors resident in a Member State of the European Union should consult their own legal or tax advisers regarding the consequences of the Directive in their particular circumstances.

6. TAX MONITORING

Pursuant to Law Decree No. 167 of 28 June, 1990, converted by Law No. 227 of 4 August, 1990, as amended, individuals resident in Italy who, during the fiscal year, hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). This obligation is also provided for those individuals who are not direct holders (“*possessori diretti*”) of foreign investments or foreign financial activities but who are the beneficial owners (“*titolari effettivi*”)

of such investments or financial activities. Such obligation is not provided for those deposits and bank accounts held abroad whose overall maximum value reached during the fiscal year does not exceed Euro 10,000.00.

7. STAMP DUTY

Article 13, paragraph 2-*ter*, of the First Part of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 (“Stamp Duty Law”), as amended by Law Decree No. 201 of 6 December 2011, converted into Law No. 214 of 22 December 2011, and by Law No. 147 of 27 December 2013 introduced a stamp duty on the value of the financial products and/or financial instruments included in the statement sent to the clients as of 1 January 2012 (“Statement Duty”). The statement is deemed to be sent to the clients once a year, irrespective of any legal or contractual obligation to do so. The Statement Duty is levied at the rate of 0.2 per cent. (but in any case not exceeding € 14,000.00. This cap is not applied to individuals). According to a literal interpretation of the amended Article 13, the Statement Duty seems to be applicable to the value of the Notes included in any statement sent to the clients, as the Notes are to be characterized for tax purposes as “financial instruments”. The relevant taxable basis shall be determined as of the sending of each periodic statement and, therefore, shall be liquidated taking into account the period of the relevant statement.

The stamp duty must be levied on:

- (i) whoever executes or takes advantage (in Italian known as the “caso d'uso”) of the document included in the Tariff, as the main obligors (*obbligati in via principale*);
- (ii) whoever signs, receives, accepts or negotiates the document included in the Tariff, if the stamp duty has not already been properly paid, as the joint obligors (*obbligati in via solidale*).

The Italian Ministerial Decree dated May 24, 2012 stated that the Stamp Duty has to be applied by the financial intermediary which has the relationship with the clients and qualified it as an “ente gestore” (managing entity). Such “ente gestore”, according to the law, is the financial intermediary that has direct or indirect contact with the clients for the purposes of periodical reports relating to the relationship in place and the statement made in any form.

The Issuer seems not to fall within the list of the obligors, as set forth in the Stamp Duty Law, neither in the definition of “ente gestore”. However, the lack of an interpretation by the Italian tax authority with respect to securitisation transactions and the broad scope of the Statement Duty could lead the Italian tax authority to a different interpretation and may induce the authority to include the Issuer among the obligors.

SUBSCRIPTION AND SALE

The Notes will be purchased and subscribed by Banco Popolare (in such capacity, the “**Notes Subscriber**”). The Notes Subscriber has, pursuant to a subscription agreement dated on or about the Issue Date between the Issuer, the Notes Subscriber and the Representative of the Noteholders (the “**Subscription Agreement**”), agreed to subscribe and pay for, or procure the subscription and payment for, each class of Notes at the issue price of 100 per cent. of the aggregate principal amount of the relevant class of Notes.

The Subscription Agreement is subject to a number of conditions and may be terminated in certain circumstances prior to payment to the Issuer for the Notes.

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 Notes Subscriber has represented and agreed 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 Notes Subscriber has represented and agreed 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 Notes Subscriber 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, the Offering Circular nor any other offering material relating to the Notes other than to qualified investors (“investitori qualificati”), as defined on the basis of the Directive 2003/71/EC (Directive of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading), as amended by 2010 PD Amending Directive (as defined below) pursuant to article 100, paragraph 1, letter (a), of Italian legislative decree No. 58 of 24 February 1998 (the “Consolidated Financial Act”) or in other circumstances where an express exemption from compliance with the restrictions to the offerings to the public applies, as provided under the Consolidated Financial Act or by article 34-ter of CONSOB regulation No. 11971/1999, and in accordance with applicable Italian laws and regulations. In any case the Junior Notes may not be offered to individuals or entities not being qualified investors in accordance with the Securitisation Law. Additionally the Junior Notes may not be offered to any investor qualifying as “cliente al dettaglio” pursuant to CONSOB regulation No. 16190 of 29 October 2007.

Each of the Issuer and the Notes Subscriber has acknowledged and agreed that any offer, sale or delivery of the Notes in the Republic of Italy shall be made only by banks, investment firms or financial

companies permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended, the Consolidated Financial Act, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws and regulations and in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Each of the Issuer and the Notes Subscriber has acknowledged in connection with the subsequent distribution of the Notes in the Republic of Italy, that article 100-bis of the Consolidated Financial Act also requires compliance 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

Each of the Issuer and the Notes Subscriber has represented and agreed under the Subscription Agreement that the Offering Circular 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 the Offering Circular 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.

Each of the Issuer and the Notes Subscriber has represented and agreed under the Subscription Agreement in connection with the initial distribution of the Notes by it that:

- (a) there has been and there will be no offer or sale, directly or indirectly, of the Notes to the public in the Republic of France (*an appel public à l'épargne* as defined in article L. 411-1 of the French *Code monétaire et financier*);
- (b) offers and sales of Notes in the Republic of France will be made in compliance with applicable laws and regulations and only to (i) qualified investors (*investisseurs qualifiés*) as defined in articles L. 411-2 and D. 411-1 of the French *Code monétaire et financier*; or (ii) a restricted circle of investors (*cercle restreint d'investisseurs*) as defined in article L. 411-2 acting for their own account; or (iii) providers of investment services relating to portfolio management for the account of third parties as mentioned in article L. 411-2 of the *Code monétaire et financier* (together the "**Investors**").

Offers and sales of the Notes in the Republic of France will be made on the condition that (i) the Offering Circular 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 is represented under the 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.

GENERAL RESTRICTIONS

The Issuer and the Noteholders (including the Originator 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 the Notes. Furthermore, there will not be, directly or indirectly, an offer, sale or delivery of any Notes or distribution or publication of any prospectus, form of application, offering circular (including the Offering Circular), 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**"), it is represented and agreed that there has not been and there will not be an offer of the Notes to the public in that Relevant Member State other than on the basis of an approved prospectus in conformity with the Prospectus Directive or:

1. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
2. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 (the "**2010 PD Amending Directive**"), 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
3. in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Under the Subscription Agreement, the Originator has undertaken that any purchase, sale, offer and delivery of all or part of the Notes shall be made in compliance with articles 405 to 409 of the Capital Requirements Regulation.

COMPLIANCE WITH ARTICLES 404 TO 409 OF THE CRR AND WITH ARTICLE 51 OF THE AIFMD LEVEL 2 REGULATION

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

In particular, under the Subscription Agreement, the Originator has undertaken to the Issuer and the Noteholders that any of such information:

- (a) on the Issue Date, will be included in the following sections of this Prospectus "*The Portfolio*", "*Risk Factors*", "*Key Features*", "*Credit and Collection Policies*", "*The Servicing Agreement*" and "*The Warranty and Indemnity Agreement*"; and
- (b) following the Issue Date, on a quarterly basis, will:
 - (i) no later than five Business Days following each Interest Payment Date, be included in the Investor Report issued by the Computation Agent, which will (a) contain, *inter alia*, (i) details relating to the Claims, the amounts received by the Issuer from any source during the preceding Collection Period and amounts paid by the Issuer during such Collection Period as well as on the immediately preceding Interest Payment Date, and (ii) information on the material net economic interest (of at least 5%) in the Transaction maintained by the Originator in accordance with option (1)(d) of article 405 of the CRR and option (1)(d) of Article 51 of the AIFMD Level 2 Regulation (or any permitted alternative method thereafter), and (b) be generally available to the Noteholders and prospective investors on the Computation Agent's web site being, as at the date hereof, www.gctabsreporting.bnpparibas.com;
 - (ii) with reference to loan by loan information regarding each Loan included in the Portfolio, be made available, upon request, on a password protected website;
 - (iii) with reference to the further information which from time to time may be deemed necessary under articles 405 to 409 of the CRR and article 51 of the AIFMD Level 2 Regulation in accordance with the market practice and not covered under points (i) and (ii) above, will be provided, upon request, by the Originator.

Under the Subscription Agreement, the Originator has also undertaken that the material net economic interest retained by it in compliance with the above shall not be subject to any credit risk mitigation or any short position or any other hedge, as and to the extent required by article 405 of the CRR and article 51(d) of the AIFMD Level 2 Regulation.

GENERAL INFORMATION

Authorisation

The issue of the Notes has been authorised by resolutions of the quotaholder's meetings of the Issuer passed on 20 May 2014.

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Funds available to the Issuer

The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be from collections made in respect of the Portfolio.

Listing

This Prospectus has been approved by the Central Bank, as competent authority under Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the "**Prospectus Directive**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Rated Notes to be admitted to the Official List and trading on its regulated market. Approval by the Central Bank relates only to the Rated 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.

Clearing systems

The Rated Notes have been accepted for clearance through Monte Titoli by Euroclear and Clearstream, Luxembourg. Monte Titoli shall act as depository for Euroclear and Clearstream, Luxembourg. The ISINs and the Common Codes for the Rated Notes are as follows:

	Class A Notes	Class B Notes
Common Code:	108250445	108250682
ISIN:	IT0005029944	IT0005029969

The address of Monte Titoli is piazza degli Affari, 6, 20123 Milan, Italy, the address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant change

Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer since 31 December 2013.

No material contracts or arrangements, other than those disclosed in this Prospectus, have been entered into by the Issuer since the date of its incorporation.

Legal and arbitration proceedings

The Issuer is not involved in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since its incorporation significant effects on the financial position or profitability of the Issuer.

Conflicts of interest

There are no restrictions on the Notes Subscribers, *inter alia*, acquiring the Rated Notes and/or financing to or for third parties. Consequently, conflicts of interest may exist or may arise as a result of the Notes Subscribers having different roles in this transaction and/or carrying out other transactions for third parties.

Accounts

The Issuer will produce, and will make available at its registered office, proper accounts (*ordinata contabilità interna*) and audited (to the extent required) financial statements in respect of each financial year (commencing on 1 January and ending on 31 December) but will not produce interim financial statements.

The auditors of the Issuer are Reconta Ernst & Young S.p.A., with offices at via Isonzo, 11, 37126 Verona Milan, belonging to ASSIREVI — Associazione Italiana Revisori Contabili and registered in the register for auditors (registro dei revisori legali) held by the Minister of Economy and Finance in accordance with legislative decree No. 39 of 27 January 2010 as implemented by the decrees of Minister of Economy and Finance No. 144 of 20 June 2012, No. 145 of 20 June 2012 and No. 146 of 25 June 2012. They have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Italy for the financial years ended on, respectively, 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013.

The financial information as at 31 December 2012 and 31 December 2013 of the Issuer together with the independent auditors' report are included in section "*The Issuer*" in this Prospectus.

Borrowings

Save as disclosed in this Prospectus, as at the date of this Prospectus, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.

Post issuance reporting

Under the terms of the Agency and Accounts Agreement, the Computation Agent shall prepare and deliver by no later than five Business Days following each Interest Payment Date to the Issuer, the Servicer, the Notes Subscribers, the Corporate Servicer, the Rating Agencies, the Paying Agent, the Interim Account Bank, the Cash Account Bank, the Transaction Bank, the Representative of the Noteholders and the Irish Stock Exchange for so long as the Rated Notes are listed on such stock exchange the Investor Reports, containing details of, *inter alia*, the Notes (and any amounts paid thereunder on the immediately preceding Interest Payment Date), the Claims, amounts received by the Issuer from any source during the preceding Collection Period, amounts paid by the Issuer during such Collection Period and amounts paid by the Issuer on the immediately preceding Interest Payment Date.

Each released Investor Report shall be available for collection at the registered office of the Representative of the Noteholders and at the registered offices of the Paying Agent. The Investor Report will be also made available to the Noteholders and the Issuer Secured Creditors on a semi-annually basis via the Computation Agent's internet website currently located at <https://gctabsreporting.bnpparibas.com/index.jsp>. The Computation Agent's internet website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted

with respect to the information posted thereon.

Documents

As long as the Rated Notes are listed on the Irish Stock Exchange, copies of the following documents (and, with regard to the documents listed under paragraphs (a) and (b) below, the English translations thereof) will, when published, be available (and, in respect of paragraphs (a), (b), (c), (d)(1) and (d)(16) below, for collection and free of charge) in electronic means during usual business hours on any weekday (Saturdays and public holidays excepted) from the registered office of the Issuer, the registered office of the Representative of the Noteholders and the Specified Office of the Paying Agent (as set forth in Condition 17 (Notices)):

- (a) the by-laws (*statuto*) and the deed of incorporation (*atto costitutivo*) of the Issuer;
- (b) the annual audited (to the extent required) financial statements of the Issuer for the last two financial years ended on 31 December 2012 and 31 December 2013, respectively. The Issuer does not publish statutory interim accounts;
- (c) the Servicer Reports setting forth the performance of the Claims and Collections made in respect of the Claims prepared by the Servicer; and
- (d) copies of the following documents:
 - 1. the Subscription Agreement;
 - 2. the Agency and Accounts Agreement;
 - 3. the Mandate Agreement;
 - 4. the Intercreditor Agreement;
 - 5. the Italian Deed of Pledge;
 - 6. the English Deed of Charge and Assignment;
 - 7. the Corporate Services Agreement;
 - 8. the Administrative Services Agreement;
 - 9. the Quotaholder's Commitment;
 - 10. the Letter of Undertaking;
 - 11. the Transfer Agreements;
 - 12. the Servicing Agreement;
 - 13. the Warranty and Indemnity Agreement;
 - 14. the Subordinated Loan Agreement;
 - 15. the Investor Reports; and
 - 16. a copy of this Prospectus.

The Prospectus will be published on the websites of, respectively, the Irish Stock Exchange (www.ise.ie) and the Central Bank (www.centralbank.ie).

Any references to websites and website addresses (and the contents thereof) do not form part of this Prospectus.

Notes freely transferable

The Rated Notes shall be freely transferable.

Annual fees

The estimated annual fees and expenses payable by the Issuer in connection with the transaction described herein (inclusive of the total expenses related to the admission to trading, being equal to € 7,000) amount to approximately € 75,000.00, excluding all fees payable to the Servicer under the Servicing Agreement, plus any VAT if applicable.

ISSUER

BPL Mortgages S.r.l.
via Alfieri, 1
I-31015 Conegliano (Treviso)
Italy

ORIGINATOR AND SERVICER

Banca Popolare – Società Cooperativa
Piazza Nogara, 2
I-37121 Verona
Italy

**PAYING AGENT COMPUTATION AGENT AND AGENT BANK AND REPRESENTATIVE OF THE
NOTEHOLDERS**

BNP Paribas Securities Services
3, Rue d'Antin, Paris
France

BNP Paribas Securities Services, Milan branch
Via Ansperto, 5, 20123 Milan
Italy

TRANSACTION BANK,
BNP Paribas Securities Services, London branch
55 Moorgate – London EC2R 6PA,
United Kingdom

ADMINISTRATIVE SERVICER
Banco Popolare – Società Cooperativa
Piazza Nogara, 2
I-37121 Verona
Italy

QUOTAHOLDER
SVM Securitisation Vehicles Management S.r.l.
via Alfieri, 1, 31015 Conegliano (Treviso)
Italy

CORPORATE SERVICER
Securitisation Services S.p.A.
via Alfieri, 1, 31015 Conegliano (Treviso),
Italy

INTERIM ACCOUNT BANK
Banco Popolare – Società Cooperativa
Piazza Nogara, 2
I-37121 Verona
Italy

TRANSACTION BANK,
Banco Popolare, London Branch
1-5 Moorgate, EC2R 6JH London,
United Kingdom

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Italy

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00161 Rome
Italy

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